



**Annual
financial information**
Iberdrola, S.A.

Financial Year 2024

Auditor's report



Auditor's Report on Iberdrola, S.A.

(Together with the annual accounts and
directors' report of Iberdrola, S.A. 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 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 ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Iberdrola, S.A. (the "Company"), which comprise the balance sheet at 31 December 2024, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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 annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investments in Group companies and associates See note 10 to the annual accounts	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The recoverable amount of investments in Group companies and associates is determined, for those companies in which there is objective evidence of impairment, by applying valuation techniques which often require the exercising of judgement by the Directors and the use of assumptions and estimates.</p> <p>Due to the uncertainty associated with the establishment of these estimates, it has been considered a relevant aspect of the audit.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Evaluating the design and implementation of the key controls related to the process of identifying and calculating the recoverable amount.• Analysing the Company's evaluation of the existence of indications of impairment.• Evaluating the reasonableness of the methodology used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists.• Analysing the consistency of the estimated growth in future cash flows with the business plans approved by the Company's governing bodies.• Performing a comparative analysis of the cash flow forecasts estimated in the prior year with the actual cash flows obtained (retrospective analysis).• Assessing whether the disclosures in the annual accounts comply with the requirements of the applicable financial reporting framework.

Other Information: Directors' Report

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



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

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

- a) Determine, solely, whether the non-financial information statement 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.
- b) Assess and report on the consistency of the rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the 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 directors' report is consistent with that disclosed in the 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 Annual Accounts _____

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

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

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

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

Our objectives are to obtain reasonable assurance about whether the 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.



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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 annual accounts.

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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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



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From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the 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 file of Iberdrola, S.A. for 2024 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, 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 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 directors' report.

Our responsibility consists of examining the digital file prepared by the Company's Directors, 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 annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 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
03/25/00294 issued
by the Spanish
Institute of
Registered Auditors
(ICJCE)*

Financial statements and management report for the year ended 31 December 2024

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Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 26). In the event of a discrepancy, the Spanish-language version prevails

Statement of financial position at 31 December 2024

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

Assets	Notes	31.12.2024	31.12.2023 (*)
Intangible assets	7	156	133
Computer software		156	133
Property, plant and equipment	8	308	284
Land and buildings		211	211
Technical installations and other items		93	69
Plant and equipment in progress and prepayments		4	4
Non-current investments in group companies and associates		49,559	48,959
Equity instruments	10	49,378	48,794
Loans to companies	9, 23.1.a	127	127
Derivatives	9, 15, 23.1.c	54	38
Non-current investments		8	13
Loans to third parties	9	2	2
Derivatives	9.15	6	11
Deferred tax assets	17.4	356	347
Non-current trade and other receivables	17.7	758	724
Total non-current assets		51,145	50,460
Current trade and other receivables		288	271
Trade receivables, group companies and associates	23.1.b	35	32
Other receivables		3	2
Current tax assets	17.1	188	205
Other taxes receivable	17.1	62	32
Current investments in group companies and associates		143	137
Loans to companies	9, 23.1.a	4	4
Derivatives	9, 15, 23.1.c	15	4
Other financial assets	9, 23.1.a	124	129
Current investments		72	48
Derivatives	9, 15	35	7
Other financial assets	9	37	41
Current prepayments		5	2
Cash and cash equivalents		0	6
Cash on hand		0	6
Total current assets		508	464
Total assets		51,653	50,924

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

The accompanying Notes are an integral part of the statement of financial position at 31 December 2024.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 26). In the event of a discrepancy, the Spanish-language version prevails

Statement of financial position at 31 December 2024

Liabilities	Notes	31.12.2024	31.12.2023 (*)
Capital and reserves		35,534	33,966
Capital	11.1	4,773	4,763
Registered capital		4,773	4,763
Share premium	11.2	13,777	13,924
Reserves		1,635	1,527
Legal and bylaw reserves	11.3	969	969
Other reserves		666	558
Treasury shares and own equity investments	11.5	(2,310)	(1,457)
Prior years' profit and loss		11,962	10,103
Retained earnings		11,962	10,103
Profit/(loss) for the year		5,652	5,066
Other equity instruments	12	45	40
Valuation adjustments	11.6	(4)	1
Hedging instruments		(4)	1
Total equity	11	35,530	33,967
Non-current provisions		496	480
Non-current employee benefits	13.1	179	184
Other provisions	13.2	317	296
Non-current payables		245	351
Bank borrowings	9, 14	183	279
Finance lease payables	8, 9, 14	45	48
Derivatives	9, 15	0	8
Other financial liabilities	9	17	16
Payables to group companies and associates, non-current	9, 15, 23.1.a, 23.1.c	11,347	10,108
Deferred tax liabilities	17.4	871	868
Total non-current liabilities		12,959	11,807
Current payables		1,334	362
Bank borrowings	9, 14	1,221	225
Finance lease payables	8, 9, 14	3	3
Derivatives	9, 15	64	96
Other financial liabilities	9	46	38
Current payables to group companies and associates	9, 15, 23.1.a, 23.1.c	1,700	4,669
Trade and other payables		130	119
Suppliers, group companies and associates	23.1.b	10	15
Other payables		65	40
Personnel (salaries payable)		29	25
Current tax liabilities	17.1	0	1
Other taxes payable	17.1	26	38
Total current liabilities		3,164	5,150
Total equity and liabilities		51,653	50,924

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

The accompanying Notes are an integral part of the statement of financial position at 31 December 2024.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 26). In the event of a discrepancy, the Spanish-language version prevails

Income statement for the year ended in 31 December 2024

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

	Notes	2024	2023 (*)
Continuing operations			
Revenue	18.1	6,794	6,271
Finance income from equity investments in group companies and associates	10, 23.2	6,302	5,829
Finance income from marketable securities and other financial instruments of group companies and associates	23.2	23	25
Income from services rendered to group companies and associates	23.2	469	417
Own work capitalised	7	10	7
Other operating income		4	2
Non-trading and other operating income		4	2
Personnel expenses		(218)	(214)
Salaries, wages and similar items		(146)	(115)
Employee benefits expense	18.2	(72)	(99)
Other operating expenses		(436)	(495)
External services		(327)	(272)
Taxes	18.4	(107)	(218)
Other current management expenses		(2)	(5)
Amortisation and depreciation	7, 8	(62)	(53)
Impairment and gains or losses on disposals of financial instruments from group companies and associates		(15)	(19)
Impairment and losses	10	(15)	(19)
Operating income		6,077	5,499
Finance income	18.6	39	23
From transferable securities and other third-party financial instruments		39	23
Finance expenses	18.5	(589)	(570)
Due to borrowings from group companies and associates	23.2	(548)	505
Due to third-party borrowings		(24)	(48)
Restatement of provisions		(17)	(17)
Change in fair value of financial instruments	18.7	(47)	(66)
Trading portfolio and other		(47)	(66)
Exchange differences	18.8	(8)	0
Net finance income/(expense)		(605)	(613)
Profit/(loss) before tax		5,472	4,886
Income tax	17.3	180	180
Profit/(loss) for the year from continuing operations		5,652	5,066
Profit/(loss) for the year		5,652	5,066

(*) The income statement for the year ended 31 December 2023 is presented for comparison purposes only.

The accompanying Notes are an integral part of the income statement for the year ended on 31 December 2024.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 26). In the event of a discrepancy, the Spanish-language version prevails

Statement of changes in equity for the year ended 31 December 2024

A) Statement of recognised income and expense for the year ended 31 December 2024

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

	Notes	2024	2023 (*)
Profit/(loss) for the period		5,652	5,066
Income and expense recognised directly in equity			
Hedging costs	11.6	(12)	(41)
Actuarial gains and losses and other adjustments	13.1.a	13	(1)
Tax effect	11.6, 17.4	(1)	10
Total income and expense recognised directly in equity		0	(32)
Amounts transferred to the income statement			
Cash flow hedges	11.6	2	2
Hedging costs	11.6	4	35
Tax effect	11.6	(1)	(9)
Total amounts transferred to the income statement		5	28
Total recognised income and expense		5,657	5,062

(*) The statement of recognised income and expense for 2023 is presented for comparison purposes only.

The accompanying Notes are an integral part of the statement of recognised income and expense for the year ended 31 December 2024.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 26). In the event of a discrepancy, the Spanish-language version prevails

B) Statement of changes in equity for the year ended 31 December 2024

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

	Capital (Note 11.1)	Share premium (Note 11.2)	Reserves (Notes 11.3 11.4 y 11.5)	Treasury shares and own equity investments (Note 11.5)	Prior years' profit and loss	Profit/(los s) for the year (Note 3)	Other equity instruments (Note 12)	Valuation adjustmen ts (Note 11.6)	Total
Balance at 01.01.2023 (*)	4,772	14,070	1,404	(1,750)	10,292	2,840	49	4	31,681
Total recognised income and expense	0	0	(1)	0	0	5,066	0	(3)	5,062
Transactions with shareholders or owners									
Reduction in share capital	(155)	0	155	2,112	(2,112)	0	0	0	0
Scrip issue	146	(146)	0	0	0	0	0	0	0
Distribution of earnings	0	0	0	0	1,923	(2,840)	0	0	(917)
Transactions with treasury shares or own equity instruments (net)	0	0	14	(1,819)	0	0	0	0	(1,805)
Other transactions with shareholders or owners	0	0	(31)	0	0	0	0	0	(31)
Other changes in equity	0	0	(14)	0	0	0	(9)	0	(23)
Balance at 31.12.2023 (*)	4,763	13,924	1,527	(1,457)	10,103	5,066	40	1	33,967
Total recognised income and expense	0	0	10	0	0	5,652	0	(5)	5,657
Transactions with shareholders or owners									
Reduction in share capital	(137)	0	137	2,072	(2,072)	0	0	0	0
Scrip issue	147	(147)	0	0	0	0	0	0	0
Distribution of earnings	0	0	0	0	3,931	(5,066)	0	0	(1,135)
Transactions with treasury shares or own equity instruments (net)	0	0	4	(2,925)	0	0	0	0	(2,921)
Other transactions with shareholders or owners	0	0	(31)	0	0	0	0	0	(31)
Other changes in equity	0	0	(12)	0	0	0	5	0	(7)
Balance at 31.12.2024	4,773	13,777	1,635	(2,310)	11,962	5,652	45	(4)	35,530

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

The accompanying Notes are an integral part of the statement of changes in equity for the year ended 31 December 2024.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 26). In the event of a discrepancy, the Spanish-language version prevails

Statement of cash flows for the year ended 31 December 2024

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

	Notes	2024	2023 (*)
Profit/(loss) for the year before tax		5,472	4,886
Adjustments for:		(5,572)	(5,113)
Amortisation and depreciation	7, 8	62	53
Impairment		15	19
Finance income	18.1, 18.6	(6,364)	(5,877)
Finance expenses	18.5	589	570
Exchange differences	18.8	8	0
Change in fair value of financial instruments	18.7	47	66
Other income and expenses		71	56
Changes in operating assets and liabilities		(24)	51
Trade and other receivables		(38)	57
Trade and other payables		14	(6)
Other cash flows from operating activities		5,939	5,518
Interest paid		(534)	(371)
Dividends received		6,314	5,834
Interest received		31	38
Income tax proceeds/(payments)		203	129
Other proceeds/(payments)		(75)	(112)
Cash flows from operating activities		5,815	5,342
Payments for investments		(3,394)	(1,205)
Group companies and associates	10	(2,472)	(335)
Intangible assets	7	(56)	(49)
Property, plant and equipment	8	(44)	(30)
Other financial assets		(822)	(791)
Proceeds from investments		2,620	3,371
Group companies and associates		2,034	2,639
Intangible assets		3	4
Other financial assets		583	728
Cash flows from investing activities		(774)	2,166
Proceeds from and payments for equity instruments		(1,997)	(2,677)
Acquisition of own equity instruments	11.5	(2,074)	(2,785)
Disposal of own equity instruments	11.5	77	108
Proceeds from and payments for financial instruments		(1,884)	(4,043)
Instruments issued		1,534	1,005
Bank borrowings		34	3
Payables to group companies and associates		1,500	1,000
Other payables		0	2
Redemption and repayment		(3,418)	(5,048)
Bank borrowings		(64)	(59)
Payables to group companies and associates		(3,354)	(4,989)
Dividends paid and payments on other equity instruments		(1,166)	(948)
Dividends		(1,166)	(948)
Cash flows used in financing activities		(5,047)	(7,668)
Net (decrease)/Increase in cash and cash equivalents		(6)	(160)
Cash and cash equivalents at beginning of year		6	166
Cash and cash equivalents at end of year		0	6

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

The accompanying Notes are an integral part of the statement of cash flows for the year ended 31 December 2024.

IBERDROLA, S.A.

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

1. Company activity

Pursuant to Article 4 of its By-Laws, the corporate purpose of Iberdrola, S.A. (hereinafter "IBERDROLA"), a company incorporated in Spain, is as follows:

- To carry out all manner of activities, works and services inherent in or related to the business of production, transmission, switching and distribution or supply of electric power or electricity by-products and applications thereof and the raw material or energy needed for the generation thereof; energy, engineering, information-technology, telecommunications and internet-related services; water treatment and distribution; the integral provision of urban and gas supply services, as well as other gas storage, regasification, transportation or distribution activities, which will be carried out indirectly through the ownership of shares or equity interests in other companies that will not engage in the supply of gas.
- The distribution, representation and marketing of all manner of goods and services, products, articles, merchandise, software programs, industrial equipment and machinery, tools, utensils, spare parts and accessories.
- The investigation, study and planning of investment and corporate organisation projects, as well as the promotion, creation and development of industrial, commercial or service companies.
- The provision of services assisting or supporting companies and businesses in which it has an interest or which are within its corporate group, for which purpose it may provide appropriate guarantees and bonds in favour thereof.

The aforementioned activities may be carried out in Spain as well as abroad, and may be carried out, in whole or in part, either directly by IBERDROLA or through the ownership of shares or equity interests in other companies, subject in all cases and at all times to applicable legal provisions for each industry, especially the electricity industry.

IBERDROLA also provides various services to other group companies, mainly including the provision of IT services and other non-operating, structural and support services. IBERDROLA, individually considered, has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant impact on its equity, financial position or results. Therefore, no specific environmental disclosures have been included in these Notes to the financial statements.

IBERDROLA has its registered office at Plaza Euskadi 5, in Bilbao.

2. Basis of presentation of the financial statements

2.1. Accounting legislation applied

The financial statements have been prepared in accordance with the Spanish General Chart of Accounts (*Plan General de Contabilidad*) (PGC) approved by Royal Decree 1514/2007 of 16 November, which was amended in 2016 by Royal Decree 602/2016 of 2 December, and Royal Decree 1/2021 of 12 January and prevailing commercial legislation.

The accounting principles and measurement methods used to draw up IBERDROLA's 2024 financial statements are fully consistent with those used to draw up IBERDROLA's 2023 financial statements.

IBERDROLA has drawn up its consolidated financial statements in accordance with current law, pursuant to the provisions of International Financial Reporting Standards (IFRS) as approved by the European Union. The main figures shown in the IBERDROLA Group's 2024 and 2023 consolidated financial statements are as follows (in millions of euros):

	2024	2023
Total assets	158,293	150,033
Equity:		
Parent	47,125	43,111
Non-controlling interests	13,926	17,181
Revenue	44,739	49,335
Profit/(loss) for the year:		
Parent	5,612	4,803
Non-controlling interests	336	591

2.2. True and fair view

The financial statements have been prepared on the basis of IBERDROLA's auxiliary accounting records, in accordance with prevailing accounting legislation and the electronic reporting format requirements set out in Commission Delegated Regulation EU 2018/815, in order to give a true and fair view of the equity, financial position and results of IBERDROLA.

The statement of cash flows has been drawn up to present fairly the source and application of IBERDROLA's cash and cash equivalents.

At 31 December 2024, IBERDROLA's statement of financial position showed a working capital deficit (current liabilities exceeding current assets) in the amount of EUR 2,656 million. This deficit is largely due to the existence of current debt with group companies and associates amounting to EUR 1,700 million, and bank borrowings amounting to EUR 1,221 thousand. According to IBERDROLA's directors, this will be offset by the generation of funds from the IBERDROLA Group's businesses and the dividends received from its subsidiaries. In addition, the IBERDROLA Group has committed but undrawn credit facilities in the amount of EUR 15,206 million (Note 5).

2.3. Comparative information

In accordance with commercial legislation, figures for the previous year have been provided along with the figures for 2024 for comparative purposes in relation to each item on the statement of financial position, income statement, statement of changes in equity and statement of cash flows. Quantitative information from the previous year is also included in the Notes.

3. Distribution of earnings

IBERDROLA's Board of Directors has agreed to submit for the approval of the shareholders at the General Shareholders' Meeting the following distribution of 2024 profit and prior years' profit and loss, all expressed in millions of euros:

	2024
Basis for distribution:	
Prior years' profit and loss	11,962
Profit for financial year 2024	5,652
Total	17,614
Distribution:	
To legal reserve	0
To dividends	Amount to be determined by adding: (a) the Total Interim Dividend; and (b) the result of multiplying the Final Dividend by the total number of shares in respect of which the holders have decided to receive the Final Dividend under the framework of the first-time application of the <i>Iberdrola Retribución Flexible</i> optional dividend system for 2025.
To retained earnings	Amount to be determined by deducting the amounts set aside for the dividend from the total amount for distribution.
Total	17,614

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 *Total 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.

On the date of authorisation for issue of these financial statements, it is not possible to determine the amount of the *Final Dividend* or, consequently, the amount of the dividend charged to 2024 profit.

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.

4. Accounting policies

4.1. Intangible assets

Intangible assets are measured at acquisition cost or production cost, less any accumulated amortisation and any impairment losses. An intangible asset is recognised only if it is probable that it will generate future economic benefits that will flow to IBERDROLA and the cost of the asset can be measured reliably. The recoverability of intangible assets is analysed when events or changes in circumstances take place that indicate that their carrying amount may not be recovered.

The acquisition price or production cost includes specific and generic finance expenses, incurred prior to putting the asset to use for those intangible assets that take more than one year to be ready for use.

Intangible assets are amortised using the straight-line method over their estimated useful life. If the useful life cannot be reliably estimated, the intangible assets will be amortised on a 10-year basis, unless another legal or regulatory provision establishes a different time limit. The amortisation periods and methods are revised annually at year end and, where appropriate, adjusted prospectively.

Computer software

The costs incurred in connection with the basic computer systems used in the management of IBERDROLA and developed in-house, and the amounts paid for ownership of or the right to use programs, are also recorded under the "Intangible assets" heading of the statement of financial position. These items are amortised on a straight-line basis over a maximum period of five years from the date on which each application comes into service. Personnel expenses for employees who have worked on IT projects are recognised as an increase in the cost of the projects and recorded with a credit to "Own work capitalised" in the income statement.

4.2. Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production cost, including the legally permitted revaluations undertaken by IBERDROLA under Royal Decree-law 7/1996, less accumulated depreciation and impairment losses, if any.

The acquisition price or production cost includes specific and generic financial costs incurred prior to putting the asset into use for assets that take more than one year to be ready for use. Also, personnel expenses related directly or indirectly to facilities under construction are recognised as an increase in the cost of the projects and recorded with a credit to “Own work capitalised” in the income statement.

Repairs that do not prolong the useful life of the assets and maintenance expenses are charged directly to the income statement as accrued. Expenses incurred for expansion or improvements that increase the productivity or prolong the useful life of the asset are capitalised as an increase in the value of the assets.

Replacements or renewals of complete units are recorded as an increase in property, plant and equipment, and the units replaced or renewed are derecognised.

IBERDROLA transfers work under construction to property, plant and equipment in use upon startup of the plant.

Leases are classified as finance leases when an analysis of the nature of the agreement and its terms and conditions reveals that all risks and rewards of ownership of the asset have been substantially transferred to IBERDROLA. Therefore, the property acquired under these leases is accounted for by its nature in property, plant and equipment for an amount equal to the lower of its fair value and the present value of minimum payments set at the beginning of the lease.

The amortisation and depreciation of the fixed assets shown on the statement of financial position at 31 December 2024 is based on cost using the straight-line method over the following estimated years of useful life:

	Average years of estimated useful life
Buildings	50
Equipment for IT processes	4 – 8
Other fixed assets	7 – 40

At each financial year end, IBERDROLA reviews and adjusts, where necessary, the assets' residual values, useful lives and depreciation method, prospectively adjusting them, as appropriate.

4.3. Impairment of non-current non-financial assets

IBERDROLA assesses, at least annually, whether there is any indication that its non-current non-financial assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

An asset's recoverable amount is the higher of fair value less cost to sell, or value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risk to the asset. For assets that do not generate cash inflows that are largely independent of those from other financial assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Impairment losses are recognised for all assets or, where appropriate, their cash-generating units, when the carrying amount exceeds the recoverable amount. Impairment losses are recognised in the income statement and, except in the case of goodwill, reversed if there has been a change in the estimates used to determine the asset's recoverable amount. Reversal of an impairment loss is recognised as income in the income statement and only to the extent that the increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset.

4.4. Financial instruments

4.4.1 Classification and measurement of financial assets and liabilities

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

The financial assets and liabilities of IBERDROLA are classified as follows:

a) Financial assets at cost

This category includes investments in companies in which the entity exercises control (group companies) or joint control via by-law resolutions or contractual arrangements with one or more partners (jointly controlled entities), or has significant influence (associates) and investments in equity instruments the fair value of which cannot be reliably determined.

In the statement of financial position, these investments are initially recognised at fair value which, barring evidence to the contrary, is the transaction price. The transaction price is equivalent to the fair value of the consideration given. The initial value includes preferential subscription and similar rights acquired. After initial measurement, these financial assets are stated at cost, less any accumulated impairment loss.

In the case of non-monetary contributions to a group company for the purpose of a business, the investment is measured at the carrying amount of the delivered assets and liabilities in the consolidated financial statements on the date the transaction was performed. The consolidated financial statements used are those of the higher group or subgroup, whose parent is Spanish, in which the assets and liabilities are included.

When these assets must be valued, for derecognition from the statement of financial position or other purposes, they are measured using the weighted average cost method by standard groups, understanding that these values have the same rights. When pre-emptive subscription rights or similar are sold or transferred for exercise, the cost of the rights is deducted from the carrying amount of the related assets.

b) Financial 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 income statement applying the effective interest 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.

c) Financial assets at fair value through profit or loss

This category includes all other financial assets, including derivative financial instruments, that do not qualify for hedge accounting in accordance with applicable accounting regulations (Note 15).

Assets at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense in the Income statement. Changes in fair value are recognised in the income statement for the year under “Changes in fair value of financial instruments”.

d) Financial liabilities

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

Financial liabilities at amortised cost are initially recognised at fair value which, barring evidence to the contrary, is the transaction price. The transaction price is equivalent to the fair value of the consideration received. Directly attributable transaction costs are included in the initial measurement of financial liabilities. After initial recognition, financial liabilities included in this category are subsequently measured at amortised cost. Interest accrued is recognised in the income statement applying the effective interest method.

However, trade payables maturing within one year that do not have a contractual interest rate are measured at nominal value when the impact of not discounting cash flows is not significant.

4.4.2. Interest and dividends received on financial assets

Dividends are recognised as income in the income statement when the investee or any group company in which the investee holds an interest generates profits in excess of the equity to be distributed.

When the dividends paid come explicitly from profits obtained prior to the acquisition date, these dividends are not recognised as income, but are rather deducted from the carrying amount of the investment.

The judgement as to whether the investee has generated profits will be made solely on the basis of the profits recognised in the separate income statement since the date on which the investee was acquired, unless it is clear that the dividend payment out of those profits should be treated as a recovery of the investment in the eyes of the entity receiving the dividend.

Interest is recognised using the effective interest rate method and dividends when the right to receive the payment is established.

4.4.3. Impairment of financial assets

IBERDROLA regularly assesses whether its financial assets or groups of financial assets are impaired.

a) Financial assets at amortised cost

If there is objective evidence that an impairment loss on an asset or group of assets carried at amortised cost has been incurred, due to an event or series of events that have occurred after initial recognition and that lead to a reduction or delay in the estimated future cash flows, the carrying amount of the asset or group of assets is corrected.

The amount of the impairment loss on these financial assets is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. For variable-rate financial assets, the effective interest rate at the year-end financial statements date based on the contractual terms is used. Impairment losses on a group of financial assets are calculated using models based on statistical formulas or methods.

Impairment adjustments and their reversal, when the amount of such loss decreases due to causes related to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The loss can only be reversed to the limit of the carrying amount of the asset had the impairment loss not been recognised.

b) Equity investments in group companies and associates

When there is objective evidence that the carrying amount of an investment cannot be recovered, it is adjusted accordingly.

The amount of the loss is measured as the difference between the carrying amount of the investment and its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the present value of the estimated future cash flows. In estimating impairment on investments, the investee's equity (or consolidated equity, as the case may be) is taken into consideration, corrected for any unrealised gains at the measurement date, unless better evidence of the recoverable amount of the investment is available.

The impairment losses and, where appropriate, their reversals are recognised as an expense or income, respectively, in the income statement. An impairment loss may be reversed up to the carrying amount of the asset recognised at the date of reversal had no impairment loss been recognised previously.

4.4.4. Derecognition of financial assets

IBERDROLA derecognises a financial asset, or part of a financial asset, when the contractual rights to receive cash flows from the asset have expired or are transferred, and it has transferred substantially all the risks and rewards incidental to its ownership. This is assessed by comparing IBERDROLA's exposure to the change in the amounts and schedule of net cash flows from the transferred asset before and after the transfer.

If IBERDROLA has neither transferred nor retained substantially all the risks and rewards of the financial asset, the financial asset is derecognised when it has not retained control of the asset, which is determined based on the transferee's ability to transfer the asset. If IBERDROLA retains control of the asset, it continues to recognise the asset at the amount of the company's exposure to changes in the fair value of the transferred asset; that is, to the extent of its continuing involvement, and recognises the related liability.

When the financial asset is derecognised, the difference between the net consideration received less directly attributable transaction costs, taking into account any new asset acquired less any liability assumed, and the carrying amount of the financial asset plus any cumulative amounts recognised directly in equity determines the related gain or loss and is recognised in the income statement in the year.

IBERDROLA does not derecognise financial assets and recognises a financial liability at the amount received in return in transfers of financial assets where it has retained substantially all the risks and rewards inherent to ownership.

4.4.5. Derecognition of financial liabilities

IBERDROLA derecognises a financial liability when the obligation has been extinguished.

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 liability is recognised. The difference between the carrying amount of the financial liability or part of the financial liability and the amount paid to extinguish the liability, including attributable transaction costs and any asset transferred other than cash or liability assumed, is recognised in the income statement for the period.

IBERDROLA considers that the conditions are substantially different if the present value of the discounted cash flows under the new conditions, including any fee paid net of any fee received, and using the original effective interest rate for the discount, differs at least 10 per cent from the current discounted value of the remaining cash flows from the original financial liability.

When the debt instrument is replaced by another on terms that are not substantially different, the original financial liability is not derecognised in the statement of financial position, and the carrying amount is adjusted for the fees paid. The amortised cost of the financial liability is determined using the effective interest rate, which is the rate used to discount the carrying amount of the financial liability at the date of modification to the cash flows payable under the new terms.

4.4.6. Derivative financial instruments and hedging arrangements

Derivative financial instruments are initially recognised at fair value in the statement of financial position, and subsequently remeasured at fair value as necessary. Any gains or losses arising from changes in fair value on derivatives are recognised directly in the income statement except for those designated as cash flow hedges, in which case the changes in fair value are temporarily recognised in equity.

At the beginning of each hedging relationship, IBERDROLA formally designates and documents the relationship. This documentation includes the beginning and end date of the hedge, the identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how it assesses the instrument's effectiveness. In addition, hedges are assessed periodically to determine that they are highly effective both prospectively and retrospectively.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

a) Fair value hedges

Hedge the exposure to changes in the fair value of a recognised asset or liability or firm commitment.

Changes in the fair value of the derivative financial instruments designated as a hedge, or the exchange rate component of a monetary item in the case of hedging instruments that are not derivatives, as well as changes in the fair value of the hedged item due to the hedged risk, are recognised in the income statement.

b) Cash flow hedges

Used to hedge exposure to fluctuations in cash flows that are either attributable to a specific risk associated with an asset or liability or a highly probable planned transaction, or fluctuations in foreign currency risk under a firm commitment.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss. When the hedged relates to a forecast transaction that leads to the recognition of a non-financial asset or liability, the amounts taken to equity are transferred to the cost of the asset acquired or liability assumed. The part of the hedge considered ineffective is recorded in the income statement.

c) Hedges of net investment in foreign operations

Hedges of investments in foreign operations are treated as fair value hedges for the foreign currency component.

Changes in value of the hedging instrument or exchange rate differences associated with the monetary item used as the hedging instrument are recognised in the income statement. Changes in value of the investments associated with the underlying amount in foreign currency are recognised in the income statement.

Discontinuation of hedge accounting

The IBERDROLA Group prospectively discontinues fair value hedge accounting where the hedging instrument expires, is sold, released or exercised, the hedge no longer fulfils the hedge accounting conditions or the designation is revoked.

When hedge accounting is discontinued, the cumulative amount at that date recognised under “Adjustments for changes in value” in the statement of financial position is maintained in said heading until the hedged transaction occurs, whereupon the gain or loss on the transaction will be adjusted. If a hedged transaction is no longer expected to occur, the amount accumulated under the aforementioned heading is transferred to the income statement.

Fair value of derivative financial instruments

The fair value of derivative financial instruments is calculated as follows (Note 15):

- The fair value of derivatives quoted on an organised market corresponds to their quoted price at year end.
- For derivatives not traded in organised financial markets, IBERDROLA uses assumptions based on market conditions at the date of the statement of financial position. 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.

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.

4.5. Cash and cash equivalents

This heading includes cash, bank current accounts, short-term deposits and purchases of assets under repurchase agreements that meet the following requirements:

- They are readily convertible to cash.
- They mature within less than three months from the acquisition date.
- The risk of change in value is insignificant.
- They are part of the IBERDROLA's standard cash management policy.

For the statement of cash flows, occasional bank overdrafts used as part of IBERDROLA's cash management strategy are recognised as a decrease in cash and cash equivalents. There are no significant restrictions on the availability of cash.

4.6. Treasury shares

Treasury shares held by IBERDROLA at the date of the statement of financial position under the "Equity – Treasury shares and own equity investments" heading are measured at acquisition cost.

Gains and losses arising from the sale of treasury shares by IBERDROLA Group companies are recognised under "Reserves – Other reserves" in the statement of financial position.

4.7. Post-employment and other employee benefits

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

In the case of defined benefit plans, IBERDROLA's policy is to recognise the related expense on an accrual basis over the working lives of the employees based on actuarial studies by independent experts using the projected unit credit method to measure the obligation accrued at the end of the period. Any actuarial gains and losses are recognised under the "Reserves – Other reserves" heading when they arise. The provision recognised for this item represents the present value of the defined benefit obligation reduced by the fair value of the plan assets.

When the fair value of the assets exceeds the present value of the obligation, the net asset is not recognised in the statement of financial position unless it is virtually certain that it will be recovered by IBERDROLA.

4.8. Early retirement plans

IBERDROLA recognises termination benefits when there is an agreement with the employees or a certain expectation that such an agreement will be reached that will enable the employees to be terminated in exchange for a severance payment.

IBERDROLA has labour force reduction plans in progress which guarantee those benefits will be received throughout the pre-retirement period.

IBERDROLA 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 actuarial gains and losses disclosed each year are recognised in the income statement for that year.

4.9. Termination benefits

Under current labour regulations, IBERDROLA is required to make severance payments to terminated employees under certain conditions.

4.10. Share-based employee compensation

The delivery of IBERDROLA shares to employees as consideration for their services is recognised under the “Personnel expenses” heading in the income statement as the employees perform the services, with a credit to equity under the “Reserves – Other reserves” heading in the statement of financial position at the fair value of the equity instruments on the grant date, defined as the date when IBERDROLA and its employees reach an agreement establishing the terms of the compensation.

If share-based remuneration is paid in cash, the amount booked as “Personnel expenses” in the income statement is credited to “Non-current payables – Other financial liabilities” on the liabilities side of the statement of financial position, and the fair value of the cash consideration is remeasured at each reporting date.

4.11. Provisions, contingent assets and liabilities

IBERDROLA relies on its best estimates to recognise provisions for contingencies and expenses to cover probable or certain quantifiable liabilities arising from litigation in progress or from indemnity payments, obligations or unpaid expenses of an undetermined amount, and collateral and other similar guarantees provided by the company.

Provisions are recognised in the statement of financial position when IBERDROLA has a present obligation (legal, contractual, constructive or tacit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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 “Finance expenses” in the income statement.

In addition, contingent liabilities are understood as possible obligations resulting from past events, the occurrence of which is subject to future events that are not entirely under the control of IBERDROLA, as well as current obligations resulting from past events, for which it is not probable that an outflow of resources will be required to settle the obligation or that they cannot be measured reliably. These contingent liabilities are not recognised, but are detailed in the Notes when an outflow of resources is possible.

Contingent assets are only recognised when their realisation is deemed virtually certain.

4.12. Transactions in foreign currency

Transactions in foreign currency are initially recognised at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the date of the statement of financial position. All translation differences, both gains and losses, originated in this process, including those arising from the settlement of items on the statement of financial position, are taken to the income statement for the year in which they arise.

4.13. Income tax

IBERDROLA files consolidated tax returns with certain group companies.

Income tax expense for the year is calculated as the sum of the current tax expense derived by applying the corresponding tax rate to the tax base for the year, after taking into account all applicable tax relief and deductions, and the change in deferred tax assets and liabilities recognised. Tax deductions and credits are recognised in the companies that generated them.

Income tax expense is recognised in the income statement except when it relates directly to items recognised in equity, in which case it is also recognised in this heading.

Current tax assets and liabilities are measured at the amount expected to be recovered from/paid to the tax authorities. The tax rates used are those in force at the date of the statement of financial position, including any tax adjustments from previous years.

Meanwhile, temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements generate deferred income tax balances.

IBERDROLA recognises deferred tax liabilities for all taxable temporary differences unless the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affected neither accounting profit nor taxable profit or loss.

IBERDROLA recognises deferred tax assets for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that IBERDROLA will have taxable profit available against which these can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss.

At the end of each year, IBERDROLA reviews the deferred tax assets recognised at the date of the statement of financial position and those that have not been recognised previously. Based on this review, IBERDROLA derecognises a previously recognised asset if it is no longer probable that it will be recovered or recognises a deferred tax asset not previously recorded only if it is probable that IBERDROLA will have sufficient taxable profit available for it to be utilised.

Unless there is evidence to the contrary, it is not considered likely that the tax group will have future tax gains if future recovery is expected in more than 10 years from the reporting date. However, it is considered likely that the tax group will have sufficient tax gains to recover deferred tax assets where there are taxable temporary differences that may be reversed in the same year as the expected reversal of deductible temporary differences or in years in which a tax loss, due to a deductible temporary difference, can be netted against previous or subsequent gains.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply at the time of the reversal based on tax laws in effect and on how it is reasonably expected to recover the deferred tax asset or settle the deferred tax liability. Changes to the carrying amounts of deferred tax assets and liabilities are recognised in the income statement, except where the related deferred tax assets and liabilities are recognised directly in equity.

Deferred tax assets and liabilities are measured without taking into account the impact of the time value of money.

4.14. Current/non-current classification of assets and liabilities

Assets and liabilities are classified in the statement of financial position as current or non-current. Accordingly, assets and liabilities are classified as current when they are associated with IBERDROLA's operating cycle and are expected to be sold, consumed, realised or settled within one year.

4.15. Income and expenses

Income and expenses are recognised at the time the goods or services they represent are delivered or rendered, regardless of when actual payment or collection occurs.

Income from the sale of goods and rendering of services is recognised at the fair value of the consideration received or to be received, derived from them, less the amount of any discount, price reduction or similar granted by the company, as well as the indirect taxes levied on the transactions which can be passed on to third parties.

Income is recognised based on the economic substance of the transaction and is recognised when all of the following conditions are met:

- IBERDROLA has transferred the significant risks and rewards of ownership of the goods to the buyer, regardless of when legal title is transferred.
- IBERDROLA does not maintain managerial involvement to the extent usually associated with ownership and effective control over the goods.
- The amount of the income can be measured reliably.

- It is probable that the economic benefits associated with the transaction will flow to IBERDROLA.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

In addition, income from the rendering of services is recognised when the outcome of the transaction can be estimated reliably, taking into account the stage of completion at the reporting date. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, income should be recognised to the extent of the expenses recognised that are deemed recoverable.

As a holding company of the IBERDROLA Group, IBERDROLA includes dividends and accrued income from financing granted to subsidiaries, as well as services rendered to group companies, under the heading “Revenue” in the income statement.

4.16. Related-party transactions

Related-party transactions are accounted for pursuant to the aforementioned valuation standards

5. Financial risk management

The IBERDROLA Group, of which Iberdrola, S.A. is the parent, is exposed to various financial risks inherent in the countries, industries and markets in which it operates and the businesses it carries out, which could prevent it from achieving its objectives and successfully pursuing its strategies.

In particular, the Financing and Financial Risk Policy and the Corporate Risk Credit Policy of the IBERDROLA Group, both approved by the Board of Directors, identify the risk factors described below that could affect the Company. The IBERDROLA Group has an organisation and systems that enable it to identify, measure and control the financial risks to which it is exposed.

The Company performs its corporate business activities indirectly through the ownership of shares or other equity investments in other companies (country subholding companies, which in turn operate through the parent companies of their respective businesses). The corporate and governance organisation is based on the recognition of the multinational nature of the Group.

Interest rate risk

The Company is exposed to the risk of fluctuations in interest rates affecting cash flows and fair value 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 Company determines the desired structure of the debt between fixed and floating interest rate. The actions to be carried out throughout the year are regularly planned: new sources of financing (at a fixed, floating or indexed rate) and/or the use of interest rate derivatives.

IBERDROLA's debt structure, comprising bank borrowings and financial lease payables, at 31 December 2024 and 2023, after taking into account hedging via derivatives, is as follows (in millions of euros):

	2024	2023
Fixed interest rate	271	309
Floating interest rate	1,181	246
Total	1,452	555

The debt structure with IBERDROLA group companies and associates at 31 December 2024 and 2023, after taking into account hedges via derivatives, is as follows (in millions of euros):

	2024	2023
Fixed interest rate	11,244	9,919
Floating interest rate	1,802	4,857
Total ⁽¹⁾	13,046	14,776

⁽¹⁾ Does not include derivatives with group companies and associates.

Floating rate debt is referenced to Euribor.

Currency risk

As IBERDROLA's functional currency is the euro, fluctuations in the value of the currencies of borrowings and transactions (mainly pound sterling, US dollar and Brazilian real) with respect to the euro may have an impact on the Group's finance expenses, earnings for the year and equity.

IBERDROLA mitigates this risk by ensuring that all of its economic flows are in euros, provided that this is possible, economically viable and efficient, or otherwise through the use of derivatives.

The impact of exchange rate variations on investments in foreign subsidiaries is mitigated by holding debt in foreign currency, as well as through financial derivatives.

Liquidity risk

Exposure to adverse situations in the debt or capital markets or Iberdrola, S.A.'s economic and financial situation can hinder or prevent it from obtaining the financing required to properly carry out its business activities.

The IBERDROLA Group's liquidity policy, which has a global focus, is designed to ensure that it can meet its payment obligations without having to rely on financing under unfavourable terms. For this purpose, various management metrics are used, such as the arrangement of committed credit facilities of sufficient amount, term and flexibility, diversification of the hedging of financing needs through access to different markets and geographical areas, and diversification of the maturities of the debt issued.

Figures showing IBERDROLA's debt performance are included in Note 14 to the financial statements.

At 31 December 2024 and 2023, IBERDROLA had no undrawn loans or other borrowings. At 31 December 2024, the IBERDROLA Group had undrawn loans and other borrowings amounting to EUR 15,206 million (Note 2.2).

Credit risk

IBERDROLA Group companies are exposed to the credit risk arising from the possibility that their counterparties (customers, financial institutions, partners, insurers, insurance firms, etc.) might fail to honour their contractual obligations.

Risk is properly managed and limited, depending on the type of transaction and the creditworthiness of counterparties. Notably, there is a *Corporate Credit Risk Policy* setting the framework and principles of conduct for proper risk management.

Receivables do not carry a material credit risk for IBERDROLA since its activity as a holding company for the Group is centred on services provided to other group companies. There were no material non-payments or losses in 2024 or 2023 in relation to other exposures (counterparties in transactions with derivatives, placement of cash surpluses, etc.).

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 profit or loss to changes in interest rates, an increase or decrease of 50 basis points (equally across all currencies) is applied to the closing balance of financial assets and liabilities referenced to a floating interest rate, 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 of 50 bp	(9)	0	(9)
	Reduction of 50 bp	9	0	9
2023	Increase of 50 bp	(24)	0	(24)
	Reduction of 50 bp	24	0	24

- Exchange rates:

To calculate the sensitivity of profit or loss to changes in exchange rates, a decrease or increase of 5% is applied mainly to balance sheet items denominated in non-euro currencies (net of economic hedges arranged). The sensitivity of equity to exchange rates is calculated by applying an appreciation or depreciation of 5% on the cash flow hedge derivatives whose variation in fair value is recognised in equity.

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

	Change	Impact on profit before tax Income/(Expense)	Direct impact on equity before tax	Impact on equity before tax
2024	Depreciation of 5%	4	0	4
	Appreciation of 5%	(4)	0	(4)
2023	Depreciation of 5%	4	0	4
	Appreciation of 5%	(4)	0	(4)

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

	Change	Impact on profit before tax Income/(Expense)	Direct impact on equity before tax	Impact on equity before tax
2024	Depreciation of 5%	0	0	0
	Appreciation of 5%	0	0	0
2023	Depreciation of 5%	10	0	10
	Appreciation of 5%	(11)	0	(11)

6. Use of accounting estimates

IBERDROLA relied on certain assumptions and estimates in drawing up these financial statements. The main matters subject to estimate in the preparation of these financial statements are as follows:

- Provision for pensions and similar obligations:

At each year end, IBERDROLA estimates the current actuarial provision required to cover obligations relating to pensions plans and other similar commitments with its employees. In preparing these estimates, IBERDROLA receives advice from independent actuaries (Notes 4.7 and 4.8).

- Impairment of investments in group companies and associates:

As described in Note 4.3, IBERDROLA, in accordance with applicable accounting regulations, conducts an annual impairment test for those investments that require such a test. Specific tests are also conducted if indications of impairment are detected. These impairment tests require the estimate of the future business performance and the most appropriate discount rate in each case. IBERDROLA believes these estimates are appropriate and consistent with the current market situation.

- Provisions for contingencies and expenses:

As described in Note 4.11, IBERDROLA recognises provisions to cover present obligations arising from past events. For this purpose, it must assess the outcome of certain procedures of a legal or other nature that are ongoing at the date of authorisation for issue of these financial statements, based on the best information available.

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

7. Intangible assets

Changes in the items comprising “Intangible assets” in 2024 and 2023 are as follows (in millions of euros):

	Balance at 01.01.2024	Additions and allowances	Decreases, disposals or reversals	Balance at 31.12.2024
Cost				
Computer software	910	70	(193)	787
Other intangible assets	30	0	0	30
Total cost	940	70	(193)	817
Accumulated amortisation				
Computer software	(777)	(44)	190	(631)
Other intangible assets	(30)	0	0	(30)
Total accumulated amortisation of intangible assets	(807)	(44)	190	(661)
Net carrying amount	133	26	(3)	156

	Balance at 01.01.2023	Additions and allowances	Decreases, disposals or reversals	Balance at 31.12.2023
Cost				
Computer software	852	60	(2)	910
Other intangible assets	30	0	0	30
Total cost	882	60	(2)	940
Accumulated amortisation				
Computer software	(737)	(38)	(2)	(777)
Other intangible assets	(30)	0	0	(30)
Total accumulated amortisation of intangible assets	(767)	(38)	(2)	(807)
Net carrying amount	115	22	(4)	133

In 2024 and 2023, personnel expenses of the employees who worked on IT projects were capitalised to the cost of those projects and amounted to EUR 10 million and EUR 7 million, respectively.

At 31 December 2024 and 2023 there were no intangible assets securing bank loans.

At 31 December 2024 and 2023, there were no amounts of intangible assets acquired from group companies and associates. In addition, intangible assets worth EUR 3 million were sold or otherwise transferred to group companies in 2024 (2023: no amount).

IBERDROLA had no intangible assets whose rights may be exercised outside of Spain in 2024 and 2023.

Fully amortised intangible assets still in use amounted to EUR 242 million and EUR 235 million at 31 December 2024 and 2023, respectively, of which EUR 212 million and EUR 203 million relate to computer software, respectively.

At 31 December 2024 IBERDROLA had firm commitments to acquire intangible assets amounting to EUR 7 million (EUR 7 million at 31 December 2023). At 31 December 2024 and 2023 there were no firm commitments to sell intangible assets.

Expenses incurred in research and development activities amounted to EUR 39 million in 2024 (EUR 38 million in 2023).

8. Property, plant and equipment

Changes in the items comprising “Property, plant and equipment” in 2024 and 2023 are as follows (in millions of euros):

	Balance at 01.01.2024	Additions and allowances	Transfer	Decreases, disposals or reversals	Balance at 31.12.2024
Cost					
Land	59	0	0	0	59
Buildings	196	4	0	0	200
Technical installations and other items	434	38	0	(4)	468
Total property, plant and equipment in use	689	42	0	(4)	727
Plant and equipment in progress and prepayments	4	0	0	0	4
Total cost	693	42	0	(4)	731
Accumulated amortisation					
Buildings	(44)	(4)	0	0	(48)
Technical installations and other items	(365)	(14)	0	4	(375)
Total accumulated depreciation of PP&E	(409)	(18)	0	4	(423)
Total net cost	284	24	0	0	308

	Balance at 01.01.2023	Additions and allowances	Transfer	Decreases, disposals or reversals	Balance at 31.12.2023
Cost					
Land	59	0	0	0	59
Buildings	195	1	0	0	196
Technical installations and other items	418	19	1	(4)	434
Total property, plant and equipment in use	672	20	1	(4)	689
Plant and equipment in progress and prepayments	0	5	(1)	0	4
Total cost	672	25	0	(4)	693
Accumulated					
Buildings	(40)	(4)	0	0	(44)
Technical installations and other items	(358)	(11)	0	4	(365)
Total accumulated depreciation of PP&E	(398)	(15)	0	4	(409)
Total net cost	274	10	0	0	284

In 2024 and 2023, IBERDROLA did not capitalise any finance expenses as an increase in the value of property, plant and equipment.

In 2024 and 2023, no amount was recognised for personnel expenses directly or indirectly related to property, plant and equipment in progress and capitalised in the cost of those assets.

In 2024 and 2023, no items of property, plant and equipment were acquired from, or transferred to, group companies and associates.

IBERDROLA owned no property, plant and equipment outside of Spain in 2024 or 2023.

At 31 December 2024 and 2023, the cost of fully depreciated property, plant and equipment in use was EUR 335 million and EUR 332 million, respectively, of which no amount related to buildings.

At 31 December 2024 and 2023, IBERDROLA had no property, plant and equipment securing bank loans.

At 31 December 2024 and 2023, property, plant and equipment included a total of EUR 82 million and EUR 83 million, respectively, as the carrying amount of IBERDROLA's land and corporate head offices in Madrid, which is held under a finance lease. The amount for which the asset was recognised initially amounted to EUR 104 million, matching the present value of the minimum future payments to be made on the initial recognition date.

Information related to the minimum payments on the finance lease at 31 December 2024 is as follows, expressed in millions of euros:

	2024
2025	4
2026	4
2027	4
2028	4
2029	4
2030 and beyond	41
Total	61

	2024
Financial cost	13
Present value of the payments	48
Total	61

The present value of these lease payments is recognised under “Non-current payables – Finance lease payables” and “Current payables – Finance lease payables” in the statement of financial position.

At 31 December 2024, IBERDROLA had no firm commitments to acquire property, plant and equipment (EUR 3 million at 31 December 2023).

9. Categories and measurement of financial instruments

At 31 December 2024 and 2023, the carrying amount of each category of financial asset and liability, except for equity investments in group companies and associates, trade and other receivables, trade and other payables, and cash and cash equivalents, is as follows (in millions of euros):

Category	Non-current financial assets					
	Loans and receivables		Derivatives		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
At fair value through profit or loss	0	0	0	0	0	0
At amortised cost	129	129	0	0	129	129
Hedging derivatives	0	0	60	49	60	49
Total	129	129	60	49	189	178

Current financial assets						
Category	Loans and receivables		Derivatives		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
At fair value through profit or loss	0	0	16	5	16	5
At amortised cost	165	174	0	0	165	174
Hedging derivatives	0	0	34	6	34	6
Total	165	174	50	11	215	185

Non-current financial liabilities								
Category	Bank borrowings		Derivatives ⁽¹⁾		Other		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
At fair value through profit or loss	0	0	0	0	0	0	0	0
At amortised cost	228	327	0	0	11,364	10,124	11,592	10,451
Hedging derivatives	0	0	0	8	0	0	0	8
Total	228	327	0	8	11,364	10,124	11,592	10,459

Current financial liabilities								
Category	Bank borrowings		Derivatives ⁽¹⁾		Other		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
At fair value through profit or loss	0	0	16	5	0	0	16	5
At amortised cost	1,224	228	0	0	1,745	4,706	2,969	4,934
Hedging derivatives	0	0	49	92	0	0	49	92
Total	1,224	228	65	97	1,745	4,706	3,034	5,031

⁽¹⁾ Includes derivatives with third parties and with group companies and associates.

The fair value of “Bank borrowings”, “Finance lease payables” and “Borrowings with group companies and associates” (except derivative financial instruments with group companies and associates) under current and non-current liabilities in the statement of financial position at 31 December 2024 and 2023 amounted to EUR 14,448 million and EUR 14,995 million, respectively. Their carrying amount was EUR 14,499 million and EUR 15,331 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.

Fair value is determined by discounting future cash flow payments using the applicable market rates at the valuation date.

IBERDROLA recognises derivative financial instruments at their fair value provided such value can be reliably measured and classifies them at 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)	110	0	110	0
Derivative financial instruments (financial liabilities)	(65)	0	(65)	0
TOTAL (Note 15)	45	0	45	0

	31.12.2023	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	60	0	60	0
Derivative financial instruments (financial liabilities)	(105)	0	(105)	0
TOTAL (Note 15)	(45)	0	(45)	0

10. Investments in group companies and associates

Details of “Non-current investments in group companies and associates – Equity instruments” in 2024 and 2023 are as follows (in millions of euros):

	Balance at 01.01.2024	Additions and allowances	Decreases, disposals or reversals	Valuation of net investment hedges	Balance at 31.12.2024
Non-current					
Investments in group companies	49,266	2,472	(2,034)	161	49,865
Investments in associates	1	0	0	0	1
Impairment:					
On investments in group companies and associates	(473)	(54)	39	0	(488)
Total	48,794	2,418	(1,995)	161	49,378

	Balance at 01.01.2023	Additions and allowances	Decreases, disposals or reversals	Valuation of net investment hedges	Balance at 31.12.2023
Non-current					
Investments in group companies	48,885	335	0	46	49,266
Investments in associates	1	0	0	0	1
Impairment:					
On investments in group companies and associates	(454)	(184)	165	0	(473)
Total	48,432	151	165	46	48,794

Below is a description of the activities performed by IBERDROLA Group through its main country subholding companies:

Company	Activity
Iberdrola España, S.A.U.	Conventional generation, renewable generation, retail supply of electricity and gas, and electricity distribution in Spain.
Iberdrola Participaciones, S.A.U.	Real property and holding of interests in companies.
Iberdrola Energía, S.A.U.	Conventional generation, renewable generation, retail supply of electricity and gas, and transmission and distribution of electricity in Brazil.
HidroIa I, S.L.U.	Conventional generation, renewable generation, and retail supply of electricity in Mexico.
Scottish Power Investments, Ltd.	Renewable generation, retail supply of electricity and gas and transmission and distribution of electricity in the United Kingdom.
Avangrid, Inc.	Renewable generation, transmission and distribution of electricity and gas in the United States.
Iberdrola Energía Internacional, S.A.U.	Renewable generation and retail supply of electricity and gas, mainly in Australia, Poland, Japan, Germany, France, Portugal, Greece, Italy and other countries.

The IBERDROLA Group companies and associates and data relating thereto at 31 December 2024 and 2023 are as follows (in millions of euros):

Company	Address	Functional currency	Share price at 31.12.2024 in euros	Activity	Percentage of ownership at 31.12.2024	Carrying amount 2024	Capital	Reserves	Profit/ (Loss)	Dividends received in 2024
Iberdrola España, S.A.U. (1)	Bilbao	EUR		Holding company	100%	7,514	2,921	4,732	2,896	5,666
Iberdrola Participaciones, S.A.U. (2)	Madrid	EUR		Holding company	100%	1,790	0	1,727	(38)	0
Iberdrola Energía, S.A.U. (2)	Madrid	EUR		Holding company	100%	2,263	1,478	1,259	311	80
Hidro I, S.L.U. (2)	Madrid	EUR		Holding company	100%	1,173	395	2,848	1,425	54
Iberdrola Financiación, S.A.U.	Bilbao	EUR		Financial – Holding company	100%	2,000	2,000	(198)	274	0
SPW Investments Ltd. (2)	United Kingdom	GBP		Holding company	100%	14,551	1	16,822	1,444	0
Avangrid, Inc. (2)	United States	USD		Holding company	100%	16,600	0	21,773	(681)	497
Scottish Power Overseas Holdings, Ltd. (2)	United Kingdom	GBP		Energy	100%	156	0	140	13	0
Iberdrola Finanzas, S.A.U.	Bilbao	EUR		Financial – Holding company	100%	100	100	14	0	0
Iberdrola International, B.V.	Netherlands	EUR		Financial – Holding company	100%	0	0	10	0	0
Iberdrola Inversiones 2010, S.A.U. (2)	Bilbao	EUR		Holding company	100%	160	144	68	6	0
Iberdrola Energía Internacional, S.A.U. (2)	Bilbao	EUR		Holding company	100%	2,922	0	3,295	66	0
Neoenergia, S.A. (3)	Brazil	BRL	2.92	Holding company	3.50%	138				5
Other companies						11				0
Total						49,378				6,302

Company	Address	Functional currency	Share price at 31.12.2023 in euros	Activity	Percentage of ownership at 31.12.2023	Carrying amount 2023	Capital	Reserves	Profit/(Loss)	Dividends received in 2023
Iberdrola España, S.A.U. (1)	Bilbao	EUR		Holding company	100%	9,549	2,921	9,452	3,021	5,000
Iberdrola Participaciones, S.A.U. (2)	Madrid	EUR		Holding company	100%	1,844	0	1,834	(108)	0
Iberdrola Energía, S.A.U. (2)	Madrid	EUR		Holding company	100%	2,263	1,478	1,567	361	0
Hidro I, S.L.U. (2)	Madrid	EUR		Holding company	100%	1,173	395	2,482	201	292
Iberdrola Financiación, S.A.U.	Bilbao	EUR		Financial – Holding company	100%	1,976	2,000	(525)	210	0
SPW Investments Ltd. (2)	United Kingdom	GBP		Holding company	100%	14,400	1	14,686	1,339	0
Avangrid, Inc. (2)	United States	USD		Holding company	81.5%	14,121	3	20,764	227	512
Scottish Power Overseas Holdings, Ltd. (2)	United Kingdom	GBP		Energy	100%	140	0	132	8	0
Iberdrola Finanzas, S.A.U.	Bilbao	EUR		Financial – Holding company	100%	100	100	14	3	0
Iberdrola International, B.V.	Netherlands	EUR		Financial – Holding company	100%	0	0	10	0	15
Iberdrola Inversiones 2010, S.A.U. (2)	Bilbao	EUR		Holding company	100%	160	144	64	4	0
Iberdrola Energía Internacional, S.A.U. (2)	Bilbao	EUR		Holding company	100%	2,919	0	3,243	57	0
Neoenergia, S.A. (3)	Brazil	BRL	3.99	Holding company	3.50%	137				10
Other companies						12				0
Total						48,794				5,829

⁽¹⁾ Group holding companies. The information regarding Capital, Reserves and Profit/(Loss) for financial years 2024 and 2023 is presented in consolidated form in accordance with standards for the preparation of consolidated accounts.

⁽²⁾ Group holding companies. The information regarding Capital, Reserves and Profit/(Loss) for financial years 2024 and 2023 is presented in consolidated form in accordance with International financial reporting standards, as adopted by the European Union (hereinafter, IFRS-EU).

⁽³⁾ Information for Neoenergia, S.A. in relation to Capital, Reserves and Profit/(Loss) for 2024 and 2023 is presented at Iberdrola Energía, S.A.U.

Significant transactions in 2024 and 2023

The most noteworthy transactions in 2024 and 2023 in relation to the holdings owned by IBERDROLA are as follows:

- 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 would 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 would 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 payable by Iberdrola to the current holders of AVANGRID shares other than IBERDROLA under the transaction amounted to USD 2,551 million, equivalent to EUR 2,454 million. In addition, the costs associated with the transaction amounting to EUR 18 million were included as a higher cost of the investment.

- In 2024 Iberdrola España, S.A. approved the distribution of reserves and an interim dividend amounting to EUR 7,700 million, of which EUR 5,666 million was recognised with a charge to "Revenue" and EUR 2,034 million as a reduction in the carrying amount of the investment, as it related to the recovery of part of the investment.
- On 2 August 2024, IBERDROLA entered into certain agreements with all the shareholders of North West Electricity Networks (Jersey) Limited (NWEN), 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.

Under the terms of the agreement, IBERDROLA was entitled to pass its contractual position under the purchase agreement to a wholly-owned subsidiary (directly or indirectly) up to 10 business days prior to the execution date, whereupon that subsidiary would assume the role of the purchaser under the agreement. The novation took place on 30 September 2024, with Scottish Power Energy Networks Holdings Limited (SPENH) becoming the new purchaser.

The acquisition by the IBERDROLA Group, through its subsidiary SPENH, of NWEN took place on 22 October 2024. The signing of the contract had no effect on IBERDROLA's separate annual financial statements at 31 December 2024.

- In 2023, IBERDROLA contributed a total of EUR 335 million in funds to Iberdrola Energía Internacional, S.A.

Impairment

- In 2024, Iberdrola Participaciones, S.A.U. recognised an impairment loss of EUR 54 million in respect of the same company to reflect the difference between its carrying amount and recoverable amount (EUR 184 million in 2023).
- At 31 December 2023, IBERDROLA's separate financial statements included a valuation adjustment in respect of the investment held in Iberdrola Financiación, S.A.U. amounting to EUR 24 million, which was subsequently reversed in 2024 (reversal of EUR 157 million in 2023). Valuation adjustments have been calculated as the difference between the carrying amount and fair value of all assets and liabilities of the investment.
- In 2024, the Company reversed the impairment loss on Scottish Power Overseas Holdings, Ltd. for the difference between its carrying amount and recoverable amount. The resulting reversal of the impairment charge amounted to EUR 15 million (EUR 8 million in 2023).

Analysis of impairment

The balance of group companies and associates at 31 December 2024 included the following items:

- EUR 2,400 million corresponding to the stake held in NEOENERGIA (EUR 137 million relating to the direct stake and EUR 2,263 million to the stake in Iberdrola Energía, S.A.U.). The value of IBERDROLA's stake on the stock exchange at year-end 2024 was EUR 1,898 million.
- EUR 16,600 million corresponding to IBERDROLA's direct stake in AVANGRID. The acquisition of 18.5% of the company at a price of USD 35.75 per share would result in a valuation of the 100% stake in IBERDROLA of EUR 13,255 million, without other considerations such as a possible control premium.

The directors ran an impairment analysis on the stake held in NEOENERGIA and AVANGRID at 31 December 2024 on the understanding that there was evidence of impairment, given that the quoted market value was lower than the carrying amount of the stake in the case of NEOENERGIA and lower than the purchase price in the case of AVANGRID.

The key assumptions for these tests were as follows, according to the businesses grouped in those interests:

- a) Assumptions used in the Networks business:
 - *Regulated remuneration:* the Company has used the remuneration approved for the years in which that remuneration was available, while for subsequent years it has used the appropriate legal mechanisms for updating this remuneration. This process has been applied in a manner consistent with the estimated costs of the corresponding cash-generating units.

- *Investment*: based on investment plans that reflect the expected growth in demand and commitments set out in the concession agreements, subject to the minimum values required by the various regulatory bodies and including an estimation of future remuneration to be used.
- *Operating and maintenance costs*: the best available estimate of likely changes in these costs has been considered, on the understanding that they are to be consistent with the remuneration assumed to be received in each year.

b) Assumptions used at the Renewable energies business:

- *Facility output*: the operating hours of each wind farm are consistent with their historical output. For this purpose, it is important to take into account the long-term predictability of farm power output, which is also subject to regulatory mechanisms so that the farms are able to generate power, prevailing weather and grid conditions permitting.
- *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 Company has relied on the best information available on the facilities expected to be commissioned in the coming years, based on the price stipulated in the wind turbine purchase agreements signed with different suppliers, as well as the technical and financial capacity of the IBERDROLA Group to successfully complete the projects concerned.
- *Operating and maintenance costs*: the prices set in land leases and maintenance agreements for the useful life of the facilities were used.

c) 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 States				
Transmission and distribution of electricity and gas	10	1.5 %	10	1.5 %
Renewable energies	Useful life	-	Useful life	-
Brazil				
Generation and retail supply of electricity	Useful life / 10	- / 3.0%	Useful life / 10	- / 3.0%
Transmission and distribution of electricity	Life concession	-	Life concession	-
Renewable energies	Useful life	-	Useful life	-

d) Discount rate:

The discount rate calculation methodology used by IBERDROLA was to take the time value of money or risk-free rate of each market and add to that the specific risks of the asset or risk premium of the asset or business in question.

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 risk premium is a product of the specific risks of the asset. Estimated betas are used to calculate the risk premium, based on comparable peer companies engaged in the same core 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 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 %

After analysing the recoverability of the stake held in NEOENERGIA and the investment in the direct stake held in Avangrid, IBERDROLA concluded that no write-down was necessary at 31 December 2024. In the case of AVANGRID, and following the change made to its future business plans (focusing more heavily on grids and slowing the pace in renewables), the lower value of its renewable assets was cushioned by the higher value of grid assets.

11. Equity

11.1. Registered 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. Accordingly, shareholders were free to choose between:

- receiving their remuneration in newly-issued scrip shares;
- transferring some or all of their free-of-charge allocation rights on the market; or
- receiving their remuneration in cash, through delivery of an amount on account of the dividend for the year.

The same characteristics have been maintained for the second application of the *Iberdrola Retribución Flexible* optional dividend system which IBERDROLA's Board of Directors will submit to the shareholders at the General Shareholders' Meeting for approval (Note 3).

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 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 depository is Bank of New York Mellon. The subsidiary Neoenergia is listed in 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.

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	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

The information provided on significant shareholdings is based on the disclosures made by their holders to the Spanish National Securities Market Commission (CNMV) and/or to the Company itself. Specifically, the percentages held by BlackRock, Inc. have been calculated on the basis of the voting rights reported in its last notification to the CNMV and the total number of voting rights of IBERDROLA at year-end 2024.

On 4 December 2024, Norges Bank announced that its stake had fallen below 3% to reach 2.934% of share capital. According to communications made since then, its stake did not reach the 3% threshold at year-end either.

At 31 December 2024, the direct and indirect stakes in the capital of IBERDROLA held by the members of the Board of Directors are as follows:

Directors	Number of shares			
	Direct	Indirect	Total	%
José Ignacio Sánchez Galán	11,534,643	4,045,541	15,580,184	0.245
Armando Martínez Martínez	169,719	0	169,719	0.003
Juan Manuel González Serna	0	732,565	732,565	0.012
Anthony L. Gardner	20,029	0	20,029	0.000
Ángel Jesús Acebes Paniagua	19,005	0	19,005	0.000
Iñigo Víctor De Oriol Ibarra	1,274,014	0	1,274,014	0.020
Manuel Moreu Munaiz	31,537	31,537	63,074	0.001
Xabier Sagredo Ormaza	43,205	0	43,205	0.001
Sara de la Rica Goiricelaya	21,623	0	21,623	0.000
Nicola Mary Brewer	5,000	0	5,000	0.000
Regina Helena Jorge Nunes	4,500	0	4,500	0.000
María Ángeles Alcalá Díaz	8,000	0	8,000	0.000
Isabel García Tejerina	70,774	0	70,774	0.001
Ana Colonques García-Planas	2,000	0	2,000	0.000
Total	13,204,049	4,809,643	18,013,692	0.283

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.

11.2. Share premium

The share premium amounted to EUR 13,777 million at 31 December 2024. The Consolidated Text of the Spanish Companies Act expressly permits the use of the share premium balance to increase capital and establishes no specific restrictions as to its use.

11.3. 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, amounting to EUR 969 million, may be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased amount of 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.

11.4. Redeemed capital reserve

In 2024, a capital reduction was effected through the cancellation of treasury shares, thus lowering share capital by EUR 137 million and voluntary reserves and retained earnings by EUR 2,072 million, further to the resolution approved by shareholders at the General Shareholders' Meeting held on 17 May 2024.

In accordance with Section 335.c of the Consolidated Text of the Spanish Companies Act, IBERDROLA has a restricted "Redeemed capital reserve" of EUR 1,782 million, equivalent to the par value of the reduced share capital.

11.5. Treasury shares

The Company buys and sells treasury shares in accordance with the prevailing law and the resolutions of the General Shareholders' Meeting. Such transactions include purchases and sales of IBERDROLA 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	90,376,098	1,140	105,786,997	1,211
Total return swaps	13,212,427	143	6,997,405	55
Put options	83,143,313	1,027	17,500,000	191
Total	186,731,838	2,310	130,284,402	1,457

a) Treasury shares

Changes in the Company's treasury shares were as follows in 2024 and 2023:

	No. of shares	Millions of euros
Balance at 01.01.2023	64,447,436	632
Acquisitions	256,119,934	2,785
Reduction in share capital	(206,364,000)	(2,112)
Disposals ⁽¹⁾	(9,492,205)	(94)
<i>Iberdrola Retribución Flexible</i> ⁽²⁾	1,075,832	0
Balance at 31.12.2023	105,786,997	1,211
Acquisitions	172,479,098	2,074
Reduction in share capital	(183,299,000)	(2,072)
Disposals ⁽¹⁾	(6,554,658)	(73)
<i>Iberdrola Retribución Flexible</i> ⁽²⁾	1,963,661	0
Balance at 31.12.2024	90,376,098	1,140

⁽¹⁾ Includes shares delivered to employees.

⁽²⁾ Shares received.

Gains/(losses) obtained by IBERDROLA in 2024 and 2023 on treasury share transactions showed a gain of EUR 4 million and EUR 14 million, respectively, recognised under "Reserves – Other reserves" in the statement of financial position.

b) Physically settled derivatives

IBERDROLA has recognised these transactions directly in equity under the heading "Treasury shares and own equity investments" and a liability for the obligation to buy back the shares under the "Current payables – Bank borrowings" heading in the statement of financial position.

- **Total return swaps**

IBERDROLA has swaps on treasury shares with the following features: during the life of the contract, IBERDROLA will pay the financial entity 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. On the maturity date, it will purchase the shares at the exercise price set out in the contract.

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

2024	No. of shares	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	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**

IBERDROLA has sold put options on own shares that grant the counterparty the option to sell such shares at the expiration date and at the strike price indicated 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	12.3521	17/01/2025 to 20/06/2025	1,027

(1) The amount is presented net of premiums collected, amounting to 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

11.6. Valuation adjustments

Changes in this reserve in 2024 and 2023 due to impairment of derivatives classified as cash flow hedges are as follows (in millions of euros):

	01.01.2024	Change in fair value	Amounts allocated to income	31.12.2024
Cash flow hedges				
Interest rate swaps	(2)	0	2	0
Hedging costs	4	(12)	4	(4)
Tax effect	(1)	2	(1)	0
Total	1	(10)	5	(4)

	01.01.2023	Change in fair value	Amounts allocated to income	31.12.2023
Cash flow hedges				
Interest rate swaps	(4)	0	2	(2)
Hedging costs	10	(41)	35	4
Tax effect	(2)	10	(9)	(1)
Total	4	(31)	28	1

The breakdown for the years in which this reserve is expected to affect the income statement is as follows (in millions of euros):

	2025	2026	2027	2028	2029 and beyond	Total
Cash flow hedges						
Hedging costs	(1)	(1)	(1)	(1)	0	(4)
Tax effect	0	0	0	0	0	0
Total	(1)	(1)	(1)	(1)	0	(4)

12. Long-term compensation plans

Long-term remuneration plans in shares

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	Level of achievement
IBERDROLA 2020-2022	IBERDROLA	2020-2022	2023-2025	100% ⁽¹⁾

⁽¹⁾ 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 quarter of 2024.

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

No. of shares	IBERDROLA 2020-2022
Balance at 31.12.2022	7,555,481
Cancellations	(13,334)
Deliveries ^{(1) (2)}	(2,534,752)
Other	118,890
Balance at 31.12.2023	5,126,285
Deliveries ^{(1) (2)}	(2,596,418)
Other	124,167
Balance at 31.12.2024	2,654,034

⁽¹⁾ These shares include those delivered to executive officers who also happen to be directors (Note 21).

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

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

The following long-term share-based remuneration plan was approved by shareholders at the General Shareholders' Meeting of IBERDROLA in 2023:

Long-term compensation programme	Settled in shares	Measurement period	Settlement period	Expected shares ^{(1) (2) (3)}
IBERDROLA 2023-2025	IBERDROLA	2023-2025	2026-2028	6,131,640

⁽¹⁾ Foreseeable number of shares to be delivered, depending on the level of success in attaining the related targets.

⁽²⁾ Includes shares pertaining to executive officers who also happen to be directors.

⁽³⁾ Includes the foreseeable number of shares to be delivered to senior management – 532,800 shares.

The benchmarks used for the overall assessment of the Company's performance during the measurement period are as follows:

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

Changes in "Other reserves" in the statement of financial position for the plans described above are as follows (in millions of euros):

	Iberdrola 2020-2022	Iberdrola 2023-2025	Total
Balance at 31.12.2022	49	0	49
Charges	17	1	18
Price effect charged to equity	8	0	8
Payments in shares	(35)	0	(35)
Balance at 31.12.2023	39	1	40
Charges	9	22	31
Price effect charged to equity	11	0	11
Payments in shares	(37)	0	(37)
Cash payments due to derecognition	0	0	0
Balance at 31.12.2024	22	23	45

13. Provisions

13.1. Non-current employee benefits

The breakdown of this item in the statement of financial position at 31 December 2024 and 2023 is as follows (in millions of euros):

	2024	2023
Remuneration stipulated in Article 49.1 of the By-Laws (Note 18.2)	6	5
Remuneration stipulated in Article 49.4 of the By-Laws (Note 18.2)	23	24
Defined benefit plans	111	129
Non-current benefits	6	6
Restructuring plans	33	20
Total	179	184

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

The IBERDROLA Group's main commitments to providing defined benefits for its employees, in addition to their Social Security benefits, are as follows:

- Employees subject to IBERDROLA's Collective Labour 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 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 IBERDROLA'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 of the event, if the latter were lower. The premiums on the aforementioned insurance policy for 2024 and 2023 are recognised under "Personnel expenses" in the income statement and came to less than one million euros in 2024 and to EUR 1 million in 2023 (Note 18.2).
- IBERDROLA also maintains a provision to cover certain commitments with its employees beyond those indicated above. These further commitments are covered by internal funds linked to social 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.

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

	Electricity tariff	Length of service bonus
Balance at 01.01.2023	130	6
Normal cost (Note 18.2)	(1)	1
Finance expense (Note 18.5)	5	0
Actuarial gains and losses:		
To reserves	1	0
Payments and other	(6)	(1)
Balance at 31.12.2023	129	6
Normal cost (Note 18.2)	0	1
Finance expense (Note 18.5)	4	0
Actuarial gains and losses:		
To reserves	(13)	0
Payments and other	(9)	(1)
Balance at 31.12.2024	111	6

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)	Mortality tables
Electricity tariff	3.58%		2025: 0.14328 2026: 0.17290 2027: 0.15935 2028: 0.15618 2029: 0.15361 [...]	PER 2020 – first segment
Length of service bonus	3.19%	1.00%		PER 2020 – first segment

	2023			
	Discount rate	Wage increase	Price kWh (euros)	Mortality tables
Electricity tariff	2.81 %		2024: 0.20066 2025: 0.19752 2026: 0.1733 2027: 0.16119 2028: 0.14145 [...]	PER 2020 – first segment
Length of service bonus	3.04 %	1.00 %		PER 2020 – first segment

b) Defined contribution plans

Serving employees of IBERDROLA and employees who retired after 9 October 1996, who are beneficiaries under 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). For those hired after 20 July 2015, 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.

IBERDROLA's contributions in 2024 and 2023 were EUR 4 million and EUR 3 million, respectively, and are recognised under "Personnel expenses" in the income statement (Note 18.2).

c) Restructuring plans

Given the interest shown by some employees in requesting early retirement, IBERDROLA has offered them mutually agreed termination of the employment relationship through individual contract termination agreements.

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 contracts	Provisions	No. of contracts
2014 restructuring plan	0	1	0	3
2017 restructuring plan	1	4	1	7
2019 restructuring plan	0	1	0	3
2020 restructuring plan	1	9	2	10
2021 restructuring plan	3	13	4	14
2023 restructuring plan	12	25	13	24
2024 Restructuring plan	16	27	0	0
Total	33	80	20	61

The discount to present value of the provisions is charged to the "Finance expense" heading in the income statement (Note 18.5).

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

	2024	2023
Opening balance	20	11
Charges	17	12
Financial cost	1	0
Payments and other	(5)	(3)
Closing balance	33	20

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

	2024		2023	
	Discount rate	CPI	Discount rate	CPI
Collective redundancy procedures and other restructuring plans	3.01%-3,17%	0.70% - 1%	3.37%-3.60%	0.70% - 1%

13.2. Other non-current provisions

The details and breakdown of this liabilities heading of the statement of financial position in 2024 and 2023 are as follows (in millions of euros):

	2024	2023
Opening balance	296	275
Charges	14	16
Allowance for discount to present value	12	12
Provision surplus	0	(5)
Uses, payments and other.	(5)	(2)
Closing balance	317	296

14. Bank borrowings and finance lease payables

The detail of bank borrowings outstanding at 31 December 2024 and 2023, taking into account foreign exchange hedges, and the corresponding repayment schedules are as follows (in millions of euros):

	Balance at 31.12.2024	Current	Non-current					Total non-current
		2025	2026	2027	2028	2029	2030 and beyond	
Euros								
Financial lease	48	3	3	3	3	3	33	45
Loans and drawdowns of credit facilities	127	0	0	127	0	0	0	127
Derivatives on the company's own shares with a physical settlement (Note 11)	1,180	1,180	0	0	0	0	0	0
	1,355	1,183	3	130	3	3	33	172
Pounds sterling								
Loans and drawdowns of credit facilities	96	40	41	15	0	0	0	56
Unpaid accrued interest	1	1	0	0	0	0	0	0
	97	41	41	15	0	0	0	56
Total	1,452	1,224	44	145	3	3	33	228

	Balance at 31.12.2023	Current	Non-current					Total non-current
		2024	2025	2026	2027	2028	2029 and beyond	
Euros								
Financial lease	51	3	3	3	3	3	36	48
Loans and drawdowns of credit facilities	127	0	0	0	127	0	0	127
Derivatives on the company's own shares with a physical settlement (Note 11)	246	185	0	0	0	0	61	61
	424	188	3	3	130	3	97	236
Pounds sterling								
Loans and drawdowns of credit facilities	130	39	39	38	14	0	0	91
Unpaid accrued interest	1	1	0	0	0	0	0	0
	131	40	39	38	14	0	0	91
Total	555	228	42	41	144	3	97	327

The breakdown by maturity of future unaccrued interest payment commitments (excluding financial leases, see Note 8) at 31 December 2024 and 2023, after factoring in the effect of exchange rate and interest rate hedges and considering that the prevailing interest rates and exchange rates remain constant through to maturity, is as follows:

	2025	2026	2027	2028	2029	2030 and beyond	Total
Pounds sterling	2	1	0	0	0	0	3
Total	2	1	0	0	0	0	3

	2024	2025	2026	2027	2028	2029 and beyond	Total
Pounds sterling	3	2	1	0	0	0	6
Total	3	2	1	0	0	0	6

The loans outstanding at 31 December 2024 and 2023 accrue a weighted average annual interest rate of 1.77% and 1.79%, respectively, once adjusted for the corresponding hedges.

At 31 December 2024 and 2023, IBERDROLA was fully current on all its financial debt payments. None of the amounts in the table above matured prior to 31 December 2024. The terms of the IBERDROLA's borrowings include the usual covenants applied to such agreements.

In relation to covenants regarding credit ratings, IBERDROLA's funding from the European Investment Bank (EIB) amounted to EUR 96 million and EUR 131 million at 31 December 2024 and 2023, respectively. This funding may need to be renegotiated in the event of a significant rating downgrade, possibly to bring the price in line with other financing arranged with the EIB that does not include such covenants. Moreover, these transactions, together with the existing syndicated loan of EUR 127 million, are likely to be declared due and payable in advance or require additional guarantees in the event of a change of control, unless the EIB or lender in question does not consider the change to be detrimental to its interests.

At the date of authorisation for issue of these financial statements, IBERDROLA was not in breach of its financial obligations or any kind of obligation that could trigger early repayment of its financial commitments. IBERDROLA considers that the covenant clauses will have no effect on the classification of borrowings as current or non-current in the statement of financial position.

15. Derivatives

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				2023			
	Current		Non-current		Current		Non-current	
With non-Group third parties	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Exchange rate hedges:								
Cash flow hedges								
Currency	0	(10)	0	0	6	0	0	0
Fair value hedges								
Currency swaps	34	(4)	6	0	(2)	(14)	11	(8)
Hedging of net investment								
Currency forwards	0	(35)	0	0	2	(78)	0	0
Non-hedging derivatives:								
Exchange rate derivatives								
Currency	1	0	0	0	0	0	0	0
Commodity								
Futures	0	(15)	0	0	1	(4)	0	0
Total	35	(64)	6	0	7	(96)	11	(8)

	2024				2023			
	Current		Non-current		Current		Non-current	
With group companies and associates	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Exchange rate hedges:								
Cash flow hedges								
Currency forwards	0	0	54	0	0	0	38	0
Non-hedging derivatives:								
Exchange rate derivatives								
Currency forwards	0	(1)	0	0	0	0	0	0
Commodity derivatives								
Futures	15	0	0	0	4	(1)	0	0
Total	15	(1)	54	0	4	(1)	38	0

The maturity schedule of the notional amounts of derivative instruments arranged by IBERDROLA and outstanding at 31 December 2024 is as follows (in millions of euros):

	2025	2026	2027	2028	2029 and beyond	Total
Exchange rate hedges:						
Cash flow hedges						
Currency forwards	125	0	0	263	0	388
Fair value hedges						
Currency swaps	297	0	0	211	0	508
Hedging of net investment abroad						
Currency forwards	586	0	0	0	0	586
Non-hedging derivatives:						
Exchange rate derivatives						
Currency forwards	35	0	0	0	0	35
Commodity derivatives						
Futures	247	8	0	0	0	255
Total	1,290	8	0	474	0	1,772

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) and, therefore, which do not involve a risk assumed by IBERDROLA since this amount only records the basis on which the calculations to settle the derivative are made.

The nominal value of the liabilities for which foreign exchange hedges have been arranged is as follows:

Millions of	2024	
	US dollars	Pounds sterling
Type of hedge		
Fair value	600	0
Cash flows	364	0

Millions of	2023	
	US dollars	Pounds sterling
Type of hedge		
Fair value	600	325
Cash flows	364	0

IBERDROLA also engages in interest rate hedging transactions as part of its risk management policy. The purpose of these transactions is to offset the effect that fluctuations in interest rates could have on future cash flows from loans and borrowings with floating rates of interest and on the fair value of fixed-rate loans and borrowings.

At 31 December 2024 and 2023, there were no financial liabilities subject to interest rate hedging.

16. 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	20	21
Paid transactions ratio	19	21
Outstanding transactions ratio	34	22

	2024	2023
Total payments made	426	345
Total payments due	21	23

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 thousands of euros and millions of euros paid within the maximum period established	412	337
Percentage of total monetary amount of payments to suppliers	96.6 %	97.7 %
Number of invoices paid within the maximum period established	34,751	21,678
Percentage of total number of invoices paid to suppliers	98.5 %	97.0 %

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 products of each of the outstanding payment transactions by the number of unpaid days, and the total amount of outstanding payments.
- Suppliers: trade payables generated from debts with suppliers of goods or services included in the current liabilities heading of the statement of financial position.
- 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.

17. Taxes

17.1. Public entities

The breakdown of taxes receivable and payable in the statement of financial position at 31 December 2024 and 2023 is as follows (in millions of euros):

	2024	2023
Taxes receivable		
VAT	25	30
Income tax	188	205
Withholdings	2	2
Taxes receivable	35	0
Total	250	237
Taxes payable		
VAT	23	33
Withholdings	0	4
Other taxes	1	1
Social Security	2	1
Total	26	39

17.2. Income tax

IBERDROLA is the parent company of two tax consolidation groups in Spain: group 2/86 for the whole of Spain and group 02415BSC in Biscay. IBERDROLA falls within the second of these groups.

Group 2/86 consists of 95 companies, while group 02415BSC consists of 27 companies.

In previous years, IBERDROLA was involved in a series of corporate restructuring arrangements under the special tax neutrality regime provided for in Chapter VII, Title VII of Spanish Income Tax Law 27/2014 of 27 November. The disclosures required under this law are provided in the Notes to the financial statements for the years when those transactions were carried out.

Taxation in other countries

Other Group companies whose tax residence is outside Spain are taxed based on the income tax rate applicable in their resident jurisdiction. In the United States, the United Kingdom, France, Australia, Italy, Romania and Portugal, eligible companies apply a joint taxation regime. In other jurisdictions, Group companies operating there pay taxes on an individual basis.

Nominal tax rates applicable in the jurisdictions in which the IBERDROLA Group is present are as follows (OECD figures, including the federal/general rate and, as applicable, the state/local rate):

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 an approved Domestic Top-Up Tax (see section “Minimum Global Taxation – Top-Up Tax” of this note). Those jurisdictions that have an approved Domestic Top-Up Tax but that are not yet included in the OECD’s “Qualified Domestic Top-Up Tax” list (published on 13 January 2025) are marked with an asterisk (*).

The reconciliation between the Company's accounting profit and its taxable profit for income tax purposes in 2024 and 2023 is as follows (in millions of euros):

	2024	
	Income statement Increases/(decreases)	Income and expense recognised directly in equity Increases/(decreases)
Income and expenses for the year	5,652	5
Income tax	(180)	2
Permanent differences	(6,291)	0
Temporary differences:		
Arising in the year	17	(1)
Arising in prior years	(26)	(6)
Taxable base (tax result)	(828)	0

	2023	
	Income statement Increases/(decreases)	Income and expense recognised directly in equity Increases/(decreases)
Income and expenses for the year	5,066	(9)
Income tax	(180)	(2)
Permanent differences	(5,805)	0
Temporary differences:		
Arising in the year	52	42
Arising in prior years	(31)	(37)
Taxable base (tax result)	(898)	(6)

Permanent differences are due to dividends received (Note 18.1), to changes in valuation adjustments on holdings in group companies and associates for which no deferred tax asset was recognised (Note 10), and to other expenses that do not qualify as tax-deductible.

The most significant temporary differences derive from the tax effect of expenses recognised for pension commitments, and the cost of restructuring plans and other provisions.

17.3. Income tax expense

The breakdown between current and deferred income tax is as follows (in millions of euros):

	2024	
	Income statement	Income and expense recognised directly in equity
Effective tax (Income)/Expense		
Current	(172)	0
Deferred	(8)	2
Total	(180)	2

	2023	
	Income statement	Income and expense recognised directly in equity
Effective tax (Income)/Expense		
Current	(148)	(1)
Deferred	(32)	(1)
Total	(180)	(2)

Income tax expense for 2024 and 2023 is as follows (in millions of euros):

	2024	2023
Accounting profit before tax	5,472	4,886
Permanent differences	(6,291)	(5,805)
Adjusted accounting profit (a)	(819)	(919)
Gross tax (b)	(196)	(220)
Deductions from the tax charge (c)	(7)	(8)
Adjustment of prior years' income tax expense (d)	8	36
Net change in litigation, claims, indemnities and similar, and other provisions	13	8
Others (b)	2	4
(Income)/Expense accrued for corporate income taxes	(180)	(180)
Effective tax rate (b+c)/a	24.79 %	24.81 %

(d) In 2023 it relates mainly to the re-assessment of the tax effect of certain intra-group transactions, with no impact on the consolidated Group.

(e) In 2024 and 2023, this item related mainly to income tax paid abroad.

Permanent differences are due to dividends received (Note 18.1), to changes in valuation adjustments on holdings in group companies and associates for which no deferred tax asset was recognised (Note 10), and to other expenses that do not qualify as tax-deductible.

17.4. Deferred taxes

Changes in “Deferred tax assets” and “Deferred tax liabilities” in 2024 and 2023 are as follows (in millions of euros):

	01.01.2024	Credit (charge) to the income statement	Credit (charge) to “Other reserves”	Credit (charge) to “Valuation adjustments”	31.12.2024
Deferred tax assets:					
Cash flow hedges	3	0	0	(3)	0
Pensions and similar commitments	70	(2)	(3)	0	65
Tax credits for losses and deductions	244	17	0	0	261
Other deferred tax assets	30	0	0	0	30
Total	347	15	(3)	(3)	356

	01.01.2023	Credit (charge) to the income statement	Credit (charge) to “Other reserves”	Credit (charge) to “Valuation adjustments”	31.12.2023
Deferred tax assets:					
Cash flow hedges	13	0	0	(10)	3
Pensions and similar commitments	60	10	0	0	70
Tax credits for losses and deductions	220	24	0	0	244
Other deferred tax assets	34	(4)	0	0	30
Total	327	30	0	(10)	347

	01.01.2024	Charge (credit) to the income statement	Charge (credit) to “Valuation adjustments”	31.12.2024
Deferred tax liabilities:				
Cash flow hedges	1	0	(4)	(3)
Accelerated depreciation	8	0	0	8
Deferred amounts associated with financial goodwill (art.12.5)	859	7	0	866
Total	868	7	(4)	871

	01.01.2023	Charge (credit) to the income statement	Charge (credit) to "Valuation adjustments"	31.12.2023
Deferred tax liabilities:				
Cash flow hedges	12	0	(11)	1
Accelerated depreciation	8	0	0	8
Deferred amounts associated with financial goodwill (art.12.5)	861	(2)	0	859
Total	881	(2)	(11)	868

The breakdown of taxable income generated by the tax group by business in 2024 and 2023 is as follows (in millions of euros):

	31.12.2024 (*)	31.12.2023 (*)
Customer Business Spain	15	(17)
Renewables Business and Sustainable Generation Spain	(103)	(24)
Networks business – Spain	671	721
Other businesses	325	283
Corporation	(908)	(1,005)
Total	0	(42)

Income tax credits and debits at the end of 2024 and 2023 by business between the companies belonging to the tax group are as follows (in millions of euros):

Millions of euros	31.12.2024 (*)	31.12.2023 (*)
Customer Business Spain	4	(4)
Renewables Business and Sustainable Generation Spain	(25)	(6)
Networks business – Spain	161	173
Other businesses	78	68
Corporation	(218)	(241)
Total	0	(10)

(*) Amounts of taxable income, credits and debits pertaining to the tax group to which Iberdrola, S.A. belongs. The difference between this net balance at year-end and the amount recorded as Income tax receivable (Note 17.1) will be settled with the other companies belonging to the Tax Group once the consolidated tax return has been filed.

17.5. 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, the home country of the group's ultimate parent company, Council Directive (EU) 2022/2523 of 15 December 2022 has now been transposed into Spanish law, mainly —and as far as IBERDROLA is concerned— 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 of effectiveness of the new minimum global taxation obligations for the IBERDROLA Group is 2024 and it is subject to the provincial legislation of Bizkaia, although the provisions of Law 7/2024 will apply on an interim basis until the final terms of the tax are agreed. The tax self-assessment for this first period must be filed in July 2026.

The Group has made an assessment of the potential impact of the global minimum tax based on its most recent tax returns, its country-by-country report and the financial statements of Group entities. As a result of this valuation, IBERDROLA does not expect a significant economic impact from the application of the model rules. This results from the alternative or simultaneous existence of the following circumstances in each of the jurisdictions in which it operates: an effective tax rate of 15%, either very similar or higher; substantial presence of personnel and property, plant and equipment implying the exclusion of income subject to minimum taxation; or insignificant amounts of income and profits. As a result, the 2024 income statement includes no current tax expense related to this regulation.

The “Income tax” section of this note includes a list of the jurisdictions in which IBERDROLA has a presence, indicating in each case whether they have an approved Domestic Top-Up Tax.

There is currently widespread uncertainty about the impact of the GloBE rules on the deferred tax assets and liabilities of the entities subject to them. Therefore, the First Consultation of BOICAC 136 of the Spanish Institute of Accounting and Auditing (ICAC) to accommodate it to the model rules contemplates a temporary exception to the new requirements in this respect. IBERDROLA is applying this temporary exception to the 2024 financial statements.

17.6. Administrative proceedings

IBERDROLA includes among its principles the strengthening of the relationship with the tax authorities, based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith. However, legitimate disputes may arise in relation to the interpretation of tax regulations. Therefore, when such disputes do arise, IBERDROLA conducts its actions before the authorities based on a cooperative relationship, in accordance with the principles of transparency and mutual trust.

All of IBERDROLA’s actions have been analysed by its internal and external advisers, both for this year and for preceding years, and they have found that these actions have been carried out in accordance with the law and are based on a reasonable interpretation of tax law. The occurrence of contingent liabilities has also been subject to analysis. IBERDROLA generally posts provisions for tax litigation when the risk of it being detrimental to its interests is probable, and posts no provisions when the risk is possible or remote.

On 25 January 2024, the Tax and Customs Control Unit of the Central Office for Large Taxpayers attached to the Spanish State Tax Agency (AEAT) notified IBERDROLA, S.A. of the initiation of inspection and investigation proceedings in respect of the Temporary Energy Levy for 2023, in the company’s capacity as principal operator in the energy sector in accordance with the resolutions of the National Commission for Markets and Competition of 10 December 2020, 16 December 2021 and 9 June 2020, as referred to in Article 1(1) of Spanish Law 38/2022.

In the course of this inspection, IBERDROLA requested that certain income be excluded from the tax base, mainly expenses incurred by the distribution companies’ retail suppliers to be passed on to the end customer, equivalent to those arising from the regulated activities exempt from the tax. It also asked that the self-assessments filed in relation to this tax be rectified, considering that the rule that created and that regulates the levy is unconstitutional and also happens to infringe EU Law, leading to a refund of all amounts paid and the corresponding late payment interest.

In January 2025, the Company was notified of the settlement agreement confirming the company's non-conformity document filed in July 2024, accepting the request for exclusion of the aforementioned income from the tax base, and instructing the refund of the amounts paid, along with the corresponding interest. However, it rejected the request for total rectification, on the grounds that the AEAT has no jurisdiction to assess whether the regulation creating the levy infringes domestic and/or EU law, or to submit a motion of unconstitutionality before the Constitutional Court or obtain a preliminary ruling from the High Court of Justice in this regard.

IBERDROLA has submitted a request for rectification of the self-assessments filed and paid in relation to the levy for financial year 2024 (analogous to the one filed for 2023), and is currently awaiting a response.

Meanwhile, in early May 2024, Iberdrola Energía España S.A. was notified of the commencement of general inspection and investigation proceedings for corporate income tax for the years 2018 to 2020 in respect of Tax Group 2/86, of which the company is the representative and Iberdrola, S.A. the parent.

On that same date, Iberdrola, S.A. was also notified of the initiation of general inspection and investigation proceedings for Value Added Tax for the years 2018 to 2020 in respect of Business Group 0220/08 for VAT purposes 0220/08, in its capacity as the representative and parent company of that tax group.

At the end of 2024, both procedures were still ongoing.

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.

17.7. Tax litigation

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 relate 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 office 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 set out in Section 15.1 of Spain's General Tax Law in relation to a debtor-swap operation in a number of debt issues.

In relation to the latter case, on 28 November 2024 the National Court (*Audiencia Nacional*) handed down a judgment favourable to Iberdrola's interests, annulling the AEAT's referral to the dispute procedure and related settlements and upholding the company's appeal in its entirety. The AEAT has appealed the ruling before the Supreme Court.

The other proceedings being pursued before the *Audiencia Nacional* have been suspended until a final decision has been delivered in the proceedings currently being heard by the Court of Justice of the European Union in relation to the amortisation of financial goodwill, as the Spanish *Audiencia Nacional* believes that these proceedings could have a pre-trial effect in relation to certain matters under discussion.

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 public administration related to the applicability of the temporary allocation criteria established in numerous Supreme Court decisions regarding income received by the Group as a result of payments made pursuant to rules that are contrary to law.

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 *Audiencia 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. These years had already been the subject of a general audit. Moreover, in some of the cases there was a final judgment and therefore the effect of *res judicata*. On 3 January 2024, IBERDROLA was notified of the TEAC's decision rejecting the claims of the Company, which then lodged a contentious-administrative appeal with the Audiencia Nacional and filed the lawsuit in June 2024.

Meanwhile, in December 2021 and July 2022, tax appeals were filed with the Central Tax Appeals Board (TEAC) against the settlement agreements upholding the certificate signed in protest in relation to corporate income tax for Tax Group 2/86, in relation to the financial years 2012 to 2014 and 2015 to 2020, respectively. The adjustments in dispute are substantially similar to those disputed in relation to the years 2008 to 2011. On 5 June 2024, the TEAC's served notice of its decision in relation to the claim filed in relation to financial years 2012 to 2014, partially upholding the group's claims, accepting the deductibility of the directors' remuneration but rejecting the other issues. The company has since lodged a tax appeal before the Audiencia Nacional, and the lawsuit was filed in November 2024. The claim relating to the financial years 2015 to 2020 is still awaiting a decision by the court, with the relevant submissions having been presented in the second quarter of 2023.

With regard to Value Added Tax, in July 2022 tax appeals were filed with the TEAC against the settlement agreement confirming the report signed in protest initiated against Iberdrola, S.A, as representative of the Tax Group 0220/08BVA, in relation to the financial years 2015 to 2017, following certain adjustments made by the AEAT arising from the inclusion in the denominator of the pro-rata amount of the capital gains arising on portfolio transfers or on corporate restructurings. The case is currently awaiting a decision, with the corresponding submissions having been presented in the last quarter of 2022 and further submissions made in the first quarter of 2023.

In January 2024, Iberdrola S.A., as the representative and parent of Tax Group 0220/08BVA for VAT purposes, was notified of the settlement agreement initiated by the Tax and Customs Control Unit attached to the Central Delegation of Large Taxpayers of the AEAT, marking an end to the partial inspection proceedings for 2018 and 2019, and confirming, in all its terms, the report signed in protest initiated against the group in March 2023. The matters in dispute are substantially similar to those disputed in relation to VAT for the years 2015 to 2017. Settlement agreements have also been initiated in relation to corporate income tax for those years, given the effect that the proposed VAT adjustments had on this tax. Tax appeals have been lodged against all of them before the TEAC. They were still awaiting a decision at year-end 2024.

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. The amount of the levy paid by IBERDROLA in 2023 amounted to EUR 213 million (Note 18.4), although, as a result of the inspection proceedings disclosed in Note 17.6, a rebate of EUR 33 million plus the corresponding late payment interest has been instructed. The income arising from this rebate reduces the actual expense for this tax in financial year 2024.

The amount of the levy paid by IBERDROLA in 2024 came to EUR 132 million (Note 18.4), having excluded from the tax base for that year the income for 2023 acknowledged to be non-eligible for such purposes during the inspection proceedings referred to in the preceding paragraph.

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.

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.

17.8. Other

Update of the financial goodwill situation (Section 12.5 of the Consolidated Text of the Corporate Income Tax Act (*Texto Refundido de la Ley del Impuesto sobre Sociedades*) (TRLIS)):

In 2017, the Spanish authorities applied the aid and grants recoupment procedure established in the General Tax Act, thus recouping from the IBERDROLA Group, in accordance with Section 12.5 of the TRLIS, the sum of EUR 665 million (EUR 576 million in principal and EUR 89 million in late payment interest) relating to the 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, along with additional default interest, in the proportion corresponding to Iberdrola, S.A., are shown under "Non-current trade and other receivables" in the statement of financial position.

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 (which we consider unlikely based on the information currently available), the financial impact 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) by upholding all the arguments submitted by the entities concerned, among them the Iberdrola Group.

Although this judgment of the GCEU has been appealed by the European Commission, it is enforceable and binding from the date of its pronouncement. The recovery order contained in the Third Decision is without effect, with no amount having 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.

18. Income and expenses

18.1. Revenue

The breakdown of this heading in the income statements for 2024 and 2023, by category and geographical market, is as follows (in millions of euros):

2024	European Union		Other countries	Total
	Spain	Euro zone		
Finance income from equity investments in group companies and associates (Notes 10 and 23.2)	5,800	0	502	6,302
Finance income from marketable securities and other financial instruments of group companies and associates (Note 23.2)	16	7	0	23
Income from services rendered to group companies (Note 23.2)	295	7	167	469
Total	6,111	14	669	6,794

2023	European Union		Other countries	Total
	Spain	Euro zone		
Finance income from equity investments in group companies and associates (Notes 10 and 23.2)	5,292	15	522	5,829
Finance income from marketable securities and other financial instruments of group companies and associates (Note 23.2)	16	9	0	25
Income from services rendered to group companies (Note 23.2)	285	8	124	417
Total	5,593	32	646	6,271

18.2. Employee benefits expense

This heading of the 2024 and 2023 income statements breaks down as follows (in millions of euros):

	2024	2023
Social security payable by the company	17	15
Charge to provisions for pensions and similar commitments (Note 13.1)	18	13
Defined contributions to the outsourced pension plan (Note 13.1)	4	3
Remuneration stipulated in Art. 49.1 of the By-Laws	10	17
Remuneration stipulated in Art. 49.4 of the By-Laws	10	4
Other employee expenses	13	47
Total	72	99

18.3. Operating leases

The “External services” heading of the income statement includes operating lease payments totalling EUR 7 million and EUR 11 million for 2024 and 2023, respectively. Total non-discounted future minimum payments under non-cancellable operating leases outstanding at 31 December 2024 and 2023 are as follows (in millions of euros):

	2024
2025	4
2026	3
2027 And beyond	1
Total	8

	2023
2024	8
2025	4
2026	3
Total	15

18.4. Taxes

This account breaks down as follows in 2024 and 2023 (in millions of euros):

	2024	2023
Temporary energy levy	99	213
Other assets	8	5
Total	107	218

Temporary energy levy (Note 17.7)

On 28 December, Law 38/2022 of 27 December was published, establishing temporary energy levies payable by credit institutions and financial credit establishments, creating the temporary solidarity tax on large fortunes, and amending certain tax rules.

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 obligation to pay runs from the first day of the calendar year, with full payment to be made within the first 20 calendar days of September of that same year, although an advance payment of 50% must be made in February.

The amount payable is calculated by applying a percentage of 1.2% to the net turnover generated from the activity carried out in Spain in the calendar year preceding the year in which the obligation arose.

Royal Decree-Law 10/2024, of 23 December, created a new temporary energy levy for the year 2025 that had the same nature and structure as that in force for 2023 and 2024 (although it also included a tax incentive that allowed the amount of the temporary levy to be reduced on condition that an unavailable reserve was set aside for certain strategic investments). However, this Royal Decree-Law was recently repealed by Congress of Deputies on 22 January 2025, meaning that the Royal Decree-Law is no longer in force.

18.5. Finance expenses

This account breaks down as follows in 2024 and 2023 (in millions of euros):

	2024	2023
Finance expenses related to liabilities at amortised cost:		
With third parties	6	14
With group companies and associates	548	505
Increase/(decrease) in finance expenses from fair value interest rate hedges	16	23
Increase/(decrease) in finance expenses from discontinued hedges	1	0
Other finance expenses	1	11
Discount to present value of provisions (Note 13)	17	17
Total	589	570

18.6. Finance income

This account breaks down as follows in 2024 and 2023 (in millions of euros):

	2024	2023
Finance income related to assets at amortised cost:		
With third parties	2	2
Other finance income	37	21
Total	39	23

18.7. Change in fair value of financial instruments

This account breaks down as follows in 2024 and 2023 (in millions of euros):

	2024	2023
Fair value measurement of:		
Equity instruments	(3)	(2)
Non-hedging derivatives	(2)	(20)
Hedging cost of:		
Hedging of net investment abroad	(48)	(51)
Cash flow hedges	6	7
Total income/(expense)	(47)	(66)

18.8. Exchange differences

The breakdown of exchange gains/(losses) in the 2024 and 2023 income statements is as follows (in millions of euros):

	2024	2023
Transactions settled during the year	(4)	(8)
Transactions pending settlement at year end	(4)	8
Total income/(expense)	(8)	0

18.9. Employees

The average number of IBERDROLA employees at the end of 2024 and 2023, by professional category, is as follows:

	2024	2023
Honours graduates	803	687
Graduates	104	143
Other	52	58
Total	959	888

The distribution of IBERDROLA's workforce by gender at the end of 2024 and 2023, by category, is as follows:

	2024			2023		
	Women	Men	Total	Women	Men	Total
Honours graduates	387	473	860	331	424	755
Graduates	44	56	100	48	67	115
Other	46	3	49	52	4	56
Total	477	532	1,009	431	495	926

In 2024, there were 6 IBERDROLA employees with a disability greater than or equal to 33 per cent (5 employees in 2023).

Legislative Royal Decree 1/2013 of 29 November, enacting the Revised Text of the General Law on the Rights of Persons with Disabilities and their Social Inclusion, requires public and private companies employing 50 or more workers to have jobs reserved for people with disabilities for at least 2% of their workforce.

As IBERDROLA does not meet this reserve, it has opted for a number of alternative measures established by the Royal Decree 364/2005 of 8 April which, on an exceptional basis, governs alternative compliance with the reserve in favour of employees with disabilities. The alternative measures that may be applied by corporations to meet the obligation of an employment reserve in favour of employees with disabilities are as follows:

- A corporate or civil contract with a special employment centre, or with a freelancer with a disability, to supply raw materials, machinery, equipment goods or any other kind of merchandise required for normal operation of the business of companies taking up this measure.
- Donations and sponsorships, always in a monetary format, to enable employment insertion activities to be carried out and jobs to be created for people with disabilities, when the organisation benefiting from these actions is a foundation or a public-interest association the purpose of which is, among other aspects, professional training, employment insertion or the creation of jobs for people with disabilities.
- Creation of a work enclave, after signing the corresponding contract with a special employment centre, in accordance with Royal Decree 290/2004 of 20 February, regulating work enclaves as a means of fostering employment opportunities for people with disabilities.

To fulfil the reserve requirement, IBERDROLA signed contracts with special employment centres to provide services that are ancillary to its usual business in 2024 and 2025. It also made donations to foundations dedicated to vocational training, job placement and job creation for people with disabilities, to help them carry out job placement and job creation activities for the benefit of such individuals.

19. Guarantee commitments with third parties

IBERDROLA and its subsidiaries are required to provide the bank or corporate guarantees associated with the normal management of the company's activities.

IBERDROLA extends guarantees to secure the obligations of subsidiaries of sub-holding company Iberdrola Energía Internacional vis-à-vis third parties, thus covering some of their commitments relating to the construction and commissioning of their offshore renewable facilities. It likewise extends guarantees to subsidiaries of sub-holding company Iberdrola España to secure their obligations under gas purchase and sale agreements at the Generation business.

IBERDROLA also secures the obligations of Group companies Iberdrola Finanzas, S.A.U., Iberdrola Finance Ireland, DAC, Iberdrola International, B.V. and Iberdrola Financiación, S.A.U., for their various bond issues and commercial paper, and bank financing and the arrangement of derivatives (ISDA).

IBERDROLA considers that any additional liability beyond those provisioned at 31 December 2024 and 2023 and arising from the guarantees posted at 31 December 2024 and 2023 would not be significant.

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 was notified of the court's decisions dismissing its claims. Contentious-administrative appeals were subsequently lodged against those decisions before the National Court (filed on 7 July 2020), and which remain in progress to this date, and suspension of enforcement of the settlements and the guarantees posted for that purpose remains in effect for the time being (Note 17.6). In 2022, the audits carried out by the State Tax Agency in relation to the Tax Group's corporate income tax were completed in general for the years 2015 to 2017 and partially in relation to the years 2012 to 2014 and 2018 to 2020. As a result of these audits, IBERDROLA was notified of the settlement agreements confirming the disputed tax decisions lodged in relation to each and every one of the fiscal years, thus adjusting and putting right the same substantive issues as in financial years 2008 to 2011, although, as regards these periods, the settlements resulted in amounts to be returned 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, the Central Tax Appeal Board's served notice of its decision on the claim filed by IBERDROLA in connection with the settlement relating to financial years 2012 to 2014, partially upholding the company's claims. To enforce this decision, further refunds have been recognised in the Company's favour, and the partial offsetting of the debts suspended due to the posting of a bank guarantee relating to financial years 2008 to 2011 has also been requested and agreed, once again reducing the amount of the debts owed and therefore reducing the amount covered by the collateral already posted as security, which remains in the hands of the tax office.

20. Remuneration of the Board of Directors

At the proposal of the Remuneration Committee, the Board of Directors agreed that the by-law mandated allocation for 2024 would be EUR 49.1 million, which has been recognised under “Personnel expenses” in the income statement (Note 18.2); the same amount as in the previous eight financial years.

20.1. Remuneration of the Board of Directors

The fixed annual remuneration of directors for membership of the Board of Directors and its committees and the attendance fees payable for each meeting, depending on the position held in each case, are those approved at the 2024 General Shareholders’ Meeting and are 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:				Fixed remuneration ⁽¹⁾	Attendance bonus	Remuneration in kind	Total 2024	Total 2023	
			Audit and Risk Supervision Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee						
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:				Fixed remuneration ⁽¹⁾	Attendance bonus	Remuneration in kind	Total 2024	Total 2023	
			Audit and Risk Supervision Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee						
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.

20.2. 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 amount of the adjusted premium under the insurance policy for the pensions relating to former members of the Board of Directors amounted to EUR 0.122 million in 2024, while in 2023 it came to EUR 0.395 million.
- c. The amount for external services and other policies amounted to 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.

21. Remuneration payable to executive officers

Executive officers who are also directors

The Board of Directors resolved not to change the amount of the annual fixed remuneration of the executive Chairman for 2024, which therefore remains at €2.25 million. It also decided to maintain in 2024 the existing cap on annual variable remuneration at EUR 3.250 million. Fixed and variable annual remuneration have not changed at all over the past 14 years.

The Board of Directors agreed that the fixed annual remuneration of the Chief Executive Officer would be EUR 1 million in 2024, and it set a cap on his annual variable remuneration of 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⁾ Dividends received in 2024.

⁽²⁾ The amount shown for financial year 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 12).

The second of the three annual settlements was made in the first quarter 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, as disclosed in Note 12.

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

Under the Group's governance structure, the businesses are effectively run in the different countries or territories by the country or territory subholding and head of business companies, or by their subsidiaries. At 31 December 2024, senior management consisted of four members (same number as in 2023), in addition to the executive Chairman and the Chief Executive Officer.

Senior management comprises those members of the Company's management who perform global functions—though not support, advisory or staffing functions—and who report directly to the Board of Directors, its Chairman or the Chief Executive Officer of the Company, as well as any other person recognised as such by the Board of Directors, at the proposal of its Chairman, and, invariably, the head of Internal Audit and Risks.

Senior management costs amounted to EUR 5.013 million and EUR 5.242 million in financial years 2024 and 2023, respectively, and are recognised under "Personnel expenses" in the income statement.

The following is a breakdown, in millions of euros, of remuneration and other benefits for financial years 2024 and 2023:

	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
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(*) 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, as disclosed in Note 12.

The indemnity clauses are described in sections 6.3 and C.1.39 of the Annual Corporate Governance Report included as part of the Management Report.

Meanwhile, no related-party transactions were concluded with the executive team in 2024 or 2023.

22. 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.

23. Related-party transactions and balances

The following transactions take place within the normal course of business and are carried out under normal market conditions.

23.1. IBERDROLA balances with group companies and associates

a) Financial balances with group companies and associates

Loans to group companies and associates

Current and non-current “Loans to group companies and associates” in the statement of financial position at 31 December 2024 and 2023 are as follows (in millions of euros):

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Iberdrola Financiación, S.A.U.	0	127	127	0	127	127
Unpaid accrued interest	4	0	4	4	0	4
Total	4	127	131	4	127	131

All of the above transactions are denominated in euros.

The average interest rate on these loans was 0.06% and 0.06% at 31 December 2024 and 2023, respectively.

The maturity schedule for the loans, expressed in millions of euros, is as follows:

Year	
2025	4
2027	127
Total	131

Other financial assets/liabilities with group companies and associates

Current and non-current “Other financial assets” and “Other financial liabilities” with group companies and associates in the statement of financial position at 31 December 2024 and 2023 are as follows (in millions of euros):

	2024		2023	
	Receivables	Payables	Receivables	Payables
Non-current				
Iberdrola Financiación, S.A.U.	0	8,714	0	7,216
Iberdrola International, B.V.	0	2,633	0	2,892
Total	0	11,347	0	10,108

	2024		2023	
	Receivables	Payables	Receivables	Payables
Current				
Avangrid, Inc. (US dollar)	121	0	126	0
Iberdrola Finance Ireland, DAC	0	0	0	71
Iberdrola Financiación, S.A.U.	0	965	0	3,626
Iberdrola Finanzas, S.A.U.	0	0	0	574
Iberdrola International, B.V.	0	330	0	0
Iberdrola Re, S.A.	0	52	0	77
Other	3	0	3	5
Accrued interest	0	352	0	315
Total	124	1,699	129	4,668

The Company has a current account agreement in effect with Iberdrola Financiación, S.A.U. for a term of one year, which automatically rolls over for successive one-year periods unless either party communicates their intention not to continue. The account is denominated in euros. At 31 December 2024, the credit balance in this account amounted to EUR 968 million (credit balance of EUR 3,629 million at 31 December 2023).

Interest is paid annually and the applicable interest rates for each quarter are as follows:

- 3-month EURIBOR plus 23.58 basis points for amounts receivable.
- 3-month EURIBOR plus 23.58 basis points for balances payable.

The short-term balance payable to Iberdrola Financiación, S.A.U. at 31 December 2024 was lower than the figure reported for the previous year due to the signing of long-term financing arrangements and because the Company's financing needs happened to be lower.

The maturity and currency breakdown of the balances payable as at 31 December 2024 and 2023 (in millions of euros) are as follows:

	Balance at 31.12.2024	Current	Non-current					
		2025	2026	2027	2028	2029	2030 and beyond	Total non- current
Euros	11,728	1,016	1,319	999	2,747	1,152	4,495	10,712
US dollars	966	331	0	0	0	0	635	635
Total	12,694	1,347	1,319	999	2,747	1,152	5,130	11,347
Accrued interest	352	352	0	0	0	0	0	0
Total	13,046	1,699	1,319	999	2,747	1,152	5,130	11,347

	Balance at 31.12.2023	Current	Non-current					
		2024	2025	2026	2027	2028	2029 and beyond	Total non- current
Euros	12,992	3,779	0	1,319	1,747	1,997	4,150	9,213
US dollars	895	0	301	0	0	0	594	895
Pounds sterling	574	574	0	0	0	0	0	0
Total	14,461	4,353	301	1,319	1,747	1,997	4,744	10,108
Accrued interest	315	315	0	0	0	0	0	0
Total	14,776	4,668	301	1,319	1,747	1,997	4,744	10,108

As explained in Note 5, balances in non-euro currencies are hedged for exchange rate risk.

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 and considering that the prevailing interest rates and exchange rates remain constant through to maturity, is as follows (in millions of euros):

	2025	2026	2027	2028	2029	2030 and beyond	Total
Euros	303	306	280	241	173	300	1,603
US dollars	51	42	42	42	45	278	500
Total	354	348	322	283	218	578	2,103

	2024	2025	2026	2027	2028	2029 and beyond	Total
Euros	261	245	239	213	174	299	1,431
US dollars	56	48	40	40	40	305	529
Pounds sterling	42	0	0	0	0	0	42
Total	359	293	279	253	214	604	2,002

The loans bore an average annual nominal interest rate at 31 December 2024 and 2023 of 3.25% and 3.37%, respectively, after taking into account the corresponding hedges.

The most significant financing transactions carried out by the Company in 2024 and 2023 with group companies were as follows:

2024				
Borrower	Transaction	Signed on	Millions	Currency
Main new financing arrangements				
Iberdrola Financiación, S.A.U. ⁽¹⁾	Loan	Jan-24	700	EUR
Iberdrola Financiación, S.A.U. ⁽¹⁾	Loan	Nov-24	800	EUR

2023				
Borrower	Transaction	Signed on	Millions	Currency
Main new financing arrangements				
Iberdrola Financiación, S.A.U. ⁽¹⁾	Loan	Jan-23	1,000	EUR

⁽¹⁾ There are acceleration clauses in favour of the lender.

b) Trade balances with group companies and associates

The breakdown of IBERDROLA's payables and receivables with group companies and associates at 31 December 2024 and 2023 is as follows (in millions of euros):

	2024		2023	
	Receivables	Payables	Receivables	Payables
Current				
Iberdrola Clientes, S.A.U.	0	10	0	4
Neoenergia, S.A.	28	0	26	0
Other	7	0	6	11
Total	35	10	32	15

Most of the balances above arise from transactions undertaken in the normal course of business.

c) Derivatives – group companies and associates

The breakdown of derivatives arranged by IBERDROLA with group companies and associates at 31 December 2024 and 2023 is as follows (in millions of euros):

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Iberdrola Financiación, S.A.U.	54	0	38	0
Total	54	0	38	0
Current				
East Anglia Three, Ltd.	12	0	4	1
Other	3	1	0	0
Total	15	1	4	1

23.2. Transactions between IBERDROLA and related parties

The following transactions take place within the normal course of business and are carried out under normal market conditions.

The most noteworthy transactions in 2024 and 2023 are as follows:

Transactions with significant shareholders (Note 11)

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 with other related parties

	2024		2023	
	Group entities or subsidiaries	Jointly controlled companies	Group entities or subsidiaries	Jointly controlled companies
Expenses and income				
Finance expenses	548	0	505	0
Leases	0	4	0	4
Services received	151	0	104	0
Total expenses	699	4	609	4
Finance income (Note 18.1)	23	0	25	0
Dividends received (Note 18.1)	6,302	0	5,829	0
Services rendered (Note 18.1)	469	0	417	0
Total income	6,794	0	6,271	0

Moreover, the distribution of reserves approved by Iberdrola España, S.A. in the year reduced the carrying amount of the investment by EUR 2,034 million, as it involved a recovery of part of the investment (Note 10).

24. Fees for services provided by the statutory auditors

Fees paid for services provided in 2024 and 2023 by the main auditor (KPMG Auditores, S.L.) are as follows (in millions of euros):

	2024	2023
Auditing services	4	3
Other non-audit services		
Limited financial information assurance services	1	1
Other services (*)	1	1
Total	6	5

(*) Relates to comfort letter reports for debt issues and underwriting and other reports required by the regulator.

25. Subsequent events

The main events following the close of the year 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 13 on the agenda:

- The maximum number of shares to be issued under the capital increase is 109,728,465.
- The number of free-of-charge allocation rights required to receive one new share is 58.
- The maximum nominal value of the capital increase 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 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 each with a par value of EUR 0.75 issued was 76,310,000, yielding a nominal capital increase (under this issue) of EUR 57 million and thus raising IBERDROLA's pre-issue share capital by 1.199%.
- 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.

Capital increase at Avangrid Inc.

On 14 January 2025, IBERDROLA, as the company's sole shareholder, authorised a capital increase at Avangrid amounting to USD 1,900 million (approximately EUR 1,822 million). The funds needed for the capital contribution were obtained through Iberdrola Financiación. The relevant funds were disbursed on 30 July 2025.

26. Explanation added for the translation to English

These Financial Statements are presented on the basis of accounting principles generally accepted in Spain.

Consequently, certain accounting practices applied by the Company may not conform with generally accepted accounting principles in other countries.

Appendix

FURTHER INFORMATION FOR FINANCIAL YEAR 2024 CONCERNING THE COMPANIES BELONGING TO THE TAX GROUPS

The following list names the companies that pay tax under the tax consolidation regime:

Companies of the State Tax Group 2/86	Activity
Anselmo León Distribución, S.L.	Energy
Anselmo León Hidráulica, S.L.	Energy
Biovent Energía, S.A.	Energy
Boreas Wind, S.L.	Energy
Ciener, S.A.U.	Energy
Curenergía Comercializador de Último Recurso, S.A.U.	Retail supplier
Dehesa Solar Sur, S.L.	Energy
Desarrollos Fotovoltaicos Fuentes, S.L.	Energy
Desarrollos Renovables Alcocero de Mola, S.L.	Energy
Desarrollos Renovables Escatron, S.L.	Energy
Desarrollos Renovables FV Laguna, S.L.U.	Energy
Desarrollos Renovables FV Lanza, S.L.U.	Energy
Desarrollos Renovables FV Teruel, S.L.U.	Energy
Desarrollos Renovables Tagus, S.L.	Energy
Desarrollos Renovables Trinidad, S.L.	Energy
Desarrollos Renovables Villamanrique, S.L.	Energy
Eme Hueneja Cuatro, S.L.	Energy
Energía de Castilla y León, S.A.	Energy
Energías Renovables de Belona, S.L.	Energy
Energías Renovables Cespedera, S.L.	Energy
Energías Renovables Cornicabra, S.L.	Energy
Energías Renovables de Circe, S.L.	Energy
Energías Renovables de Febe, S.L.	Energy
Energías Renovables de Hermes, S.L.	Energy
Energías Renovables de la Región de Murcia, S.A.U.	Energy
Energías Renovables de Tione, S.L.	Energy
Energías Renovables Espliego, S.L.	Energy
Energías Renovables Poleo, S.L.	Energy
Energyworks Aranda, S.L.	Energy
Energyworks Carballo, S.L.	Energy
Energyworks Cartagena, S.L.	Energy
Energyworks Fonz, S.L.	Energy
Energyworks Milagros, S.L.	Energy
Energyworks Monzón, S.L.	Energy
Energyworks San Millán, S.L.	Energy
Energyworks Villarrobledo, S.L.	Energy
Fincalia Agropecuaria, S.A.U.	Energy
Fincalia Agropecuaria siglo XXI, S.L.	Energy
Fotovoltaica Varadero, S.L.U.	Energy

Companies of the State Tax Group 2/86	Activity
Iberdrola Clientes, S.A.U.	Retail supplier
Iberdrola Energía España, S.A.U.	Energy
Iberdrola Generación, S.A.U.	Energy
Iberdrola Generación Nuclear, S.A.U.	Energy
Iberdrola Generación Térmica, S.L.U.	Energy
Iberdrola Operación y Mantenimiento, S.A.U.	Services
Iberdrola Renovables Andalucía, S.A.U.	Energy
Iberdrola Renovables Aragón, S.A.U.	Energy
Iberdrola Renovables Canarias, S.A.U.	Energy
Iberdrola Renovables Castilla – La Mancha, S.A.U.	Energy
Iberdrola Renovables Castilla y León, S.A.	Energy
Iberdrola Renovables Energía, S.A.U.	Holding company
Iberdrola Renovables Galicia, S.A.U.	Energy
Iberdrola Servicios Energéticos, S.A.	Retail supplier
Ibernova Promociones, S.A.U.	Energy
Iberjalón, S.A.	Energy
Icaro Renovables, S.A.	Energy
Llanos Pelaos Fotovoltaica, S.L.	Energy
Parque Eólico Capiemartin, S.L.	Energy
Parque Eólico Cordel Y Vidural, S.L.	Energy
Parque Eólico Cruz del Carrutero, S.L.	Energy
Parque Eólico Encinillas, S.L.	Energy
Parque Eólico Panondres, S.L.	Energy
Parque Eólico Verdigueiro, S.L.	Energy
Parque Solar Cáceres, S.L.	Energy
Peache Energías Renovables, S.A.	Energy
Producciones Energéticas Asturianas, S.L.	Energy
Producciones Energéticas de Castilla y León, S.A.	Energy
Productos y Servicios de Confort, S.A.	Services
Proyecto Nuñez de Balboa, S.L.	Energy
Proyecto Solar Francisco Pizarro, S.L.	Energy
Puerto Rosario Solar 2, S.L.	Energy
Puerto Rosario Solar 3, S.L.	Energy
PV I Ataulfo, S.L.	Energy
Renovables de Buniel, S.L.	Energy
Sistemas Eólicos de Muñó, S.L.	Energy
Sistemas Energéticos Chandrexa, S.A.	Energy
Sistemas Energéticos del Moncayo, S.A.	Energy
Sistemas Energéticos Jaralón, S.A.	Energy
Sistemas Energéticos de La Muela, S.A.	Energy
Sistemas Energéticos Mas Garullo, S.A.	Energy
Sistemas Energéticos Serra de Lourenza, S.A.	Energy
Sistemas Energéticos Finca San Juan, S.L.	Energy
Tarragona Power, S.L.U.	Energy
Desarrollos Renovables Ayora, S.L.	Energy

Companies of the State Tax Group 2/86**Activity**

Desarrollos Renovables Cofrentes, S.L.	Energy
Desarrollos Renovables Ciudad Rodrigo, S.L.	Energy
Iberdrola GREEN2NEXT, S.L.	Services
Aerothermal Solutions, S.L.	Services
CPD4green Centro de Datos, S.L.	Services
CPD4green Toledo, S.L.	Services
Balantia Energy Solutions & Technologies S.L.	Energy

OTHER BUSINESSES**Engineering**

Iberdrola Ingeniería y Construcción, S.A.U.	Engineering
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Real Property

Arrendamiento de Viviendas Protegidas Siglo XXI, S.L.	Real Property
Iberdrola Inmobiliaria Patrimonio, S.A.U.	Real Property
Iberdrola Inmobiliaria, S.A.	Real Property

Companies of Biscay Regional Tax Group 02415BSC	Activity
Iberdrola, S.A.	Holding company
Carbon2nature, S.A.	Services
CPD4Green, S.A.	Services
Ekienea, S.L.	Energy
Energyworks Vit-Vall, S.L.	Energy
Eólicas de Euskadi, S.A.U.	Energy
Fastlight, S.L.	Retail supplier
HidroIa I, S.L.U.	Holding company
Iberdrola Clientes Internacional, S.A.U.	Holding company
Iberdrola Cogeneración, S.L.U.	Holding company
Iberdrola Corporación, S.A.	Other
Iberdrola Energía Internacional, S.A.U.	Holding company
Iberdrola Energía Sostenible España, S.L.	Holding company
Iberdrola Energía, S.A.	Holding company
Iberdrola España, S.A.U.	Holding company
Iberdrola Finance Ireland, DAC	Financial
Iberdrola Financiación, S.A.	Financial
Iberdrola Finanzas, S.A.U.	Financial
Iberdrola Inversiones 2010, S.A.U.	Holding company
Iberdrola Participaciones España, S.A.	Holding company
Iberdrola Participaciones, S.A.U.	Holding company
Iberdrola Redes España, S.A.U.	Holding company
Iberdrola Renovables Internacional, S.A.U.	Holding company
Iberduero, S.L.U.	Energy
I-DE Redes Eléctricas Inteligentes, S.A.U.	Energy
Inversiones Financieras Perseo, S.L.	Holding company
OTHER BUSINESSES	
Iberdrola Ingeniería de Explotación, S.A.U.	Engineering

Companies belonging to the IBERMAP State Tax Group (453/22)	Activity
Desarrollos Renovables FV Olmedilla, S.L.U.	Energy
Desarrollos Renovables FV Romeral, S.L.U.	Energy
Energías Renovables IBERMAP, S.L.	Energy
Energías Renovables Jungla Verde, S.L.	Energy
Parques Eólicos Alto Layna, S.L.	Energy
Sistemas Energéticos Altamira, S.A.	Energy
Sistemas Energéticos de La Linera, S.A.	Energy
Sistemas Energéticos La Gomera, S.A.	Energy
Sistemas Energéticos Nacimiento, S.A.	Energy
Sistemas Energéticos Tacica de Plata, S.A.	Energy
Sistemas Eenergetics Savalla Comtat, S.A.	Energy

Companies belonging to the ROMEO State Tax Group (581/24)	Activity
Energías Eólicas de Cuenta, S.A.	Energy
Energías Renovables Romeo, S.L.	Energy
Sistemas Energéticos Loma del Viento, S.A.	Energy

Management report – 2024

1. Business performance

IBERDROLA is a holding company and therefore its earnings are chiefly produced by dividends and income from financing granted and services rendered to investees.

2. Significant events in 2024

The most significant transaction of the year was IBERDROLA's acquisition of the remaining 18.5% in AVANGRID. The transaction went ahead after securing the necessary clearance on 23 December 2024, whereupon IBERDROLA became the owner of 100% of AVANGRID's share capital.

2.1 Key figures from the IBERDROLA income statement

In 2024, revenue amounted to EUR 6,794 million, of which EUR 6,302 million related to dividends received from group companies and associates, EUR 23 million to finance income from financing subsidiaries and EUR 469 million to income from services provided to group companies.

Other operating income amounted to EUR 4 million, EUR 2 million more than in the previous year, due to the inclusion of an insurance indemnity amounting to EUR 2 million. Operating expenses amounted to EUR 436 million, EUR 59 million lower than in 2023. Personnel expenses stood at EUR 218 million. Depreciation and amortisation amounted to EUR 62 million. Impairment and disposal of non-current assets was a negative EUR 15 million, due to the valuation adjustments made in respect of investments, as well as an impairment allowance of EUR 54 million at Iberdrola Financiación, S.A.U. and reversal of impairment of EUR 24 million at Iberdrola Financiación, S.A.U. and of EUR 15 million at Scottish Power Overseas Holdings Ltd. All of these items yielded operating profit for the year of EUR 6,077 million.

Net finance expense amounted to EUR 605 million, largely due to debts held with group companies and associates.

Profit/(loss) for the year before tax amounted to EUR 5,472 million, while income tax generated income of EUR 180 million, yielding net profit/(loss) for the year of EUR 5,652 million, versus EUR 5,066 million in 2023.

Notably, two events had a significant impact on the income statement for the period:

- Dividends received from subsidiaries in 2024 were up EUR 473 million on the amount received in 2023, amounting to EUR 6,302 million, compared to EUR 5,829 million received in 2023. A breakdown of dividends received from group companies and associates is provided in Note 10. Changes in dividends received from the country subholding companies compared to the previous year are as follows (in millions of euros):

	2024	2023	Change
Iberdrola España, S.A.U.	5,666	5,000	666
Avangrid, Inc.	497	512	(15)
Neoenergía, S.A.	5	10	(5)
Iberdrola International, B.V.	0	15	(15)
Iberdrola Energía, S.A.U.	80	0	80
Hidro I, S.L.U.	54	292	(238)
Total	6,302	5,829	473

- Finance income for 2024 was up EUR 8 million on the previous year, largely due to the following factors: an increase in financial income of EUR 16 million as, together with an improvement in “Change in the fair value of financial instruments” of EUR 19 million, despite an increase in financial expenses of EUR 19 million and the worsening of exchange rate differences of EUR 8 million.

2.2 Statement of financial position

At 31 December 2024, IBERDROLA’s statement of financial position showed a working capital deficit (current liabilities exceeding current assets) in the amount of EUR 2,656 million. This deficit is largely due to the existence of current debt with group companies and associates amounting to EUR 1,700 million, and bank borrowings amounting to EUR 1,221 thousand. According to IBERDROLA’s directors, this will be offset by the generation of funds from the IBERDROLA Group’s businesses and the dividends received from its subsidiaries. In addition, the IBERDROLA Group has committed but undrawn credit facilities in the amount of EUR 15,206 million.

2.3 Compliance with Section 262.1 of the Spanish Companies Act (*Ley de Sociedades de Capital*) in relation to the average period for payment to suppliers

As set forth in Note 16, the Company’s average period for payment to suppliers in financial year 2024 was 20 days, well below the maximum 60-day period prescribed by law.

3. Main risk factors associated with the activities of the company

The companies belonging to the IBERDROLA Group, of which the Company is the parent, are exposed to various inherent risks in the countries, industries and markets in which they operate and the businesses they carry out, which could prevent them from achieving their objectives and successfully pursuing their strategies.

The Company performs its corporate purpose indirectly through the ownership of shares or other equity investments in other companies (country subholding companies, which in turn operate through the parent companies of their respective businesses). Therefore, the Company's main risk factors relate to its investees, as described in the section *Main risks and uncertainties* of the Management Report attached to the consolidated financial statements of the IBERDROLA Group for 2024. Moreover, Note 5 to the annual financial statements explains financial risks.

The Company has a well-established comprehensive risk management and control system, designed in accordance with international best practices. Detailed information thereon (component parts, taxonomy and agents, among other details) can be found in section 8.1 of the 2024 Annual Corporate Governance Report of Iberdrola, S.A.

4. Research and development activities

Iberdrola is currently a global energy leader thanks to its innovative strategy, which permeates all its business units and areas of activity. It is 20 years ahead of the curve in pursuing the energy transition. Thanks to its ongoing commitment to innovation, Iberdrola has been recognised for the fourth year running as the private utility that invests the most in R&D worldwide, according to the table drawn up by European Commission. This feat has been achieved thanks to the talent, experience and hard work of more than 40,000 people across more than 40 countries.

Innovation is a strategic variable for the Group, as it is through innovation that we guarantee the company's sustainability, efficiency and competitiveness. It also happens to be one of the biggest supporters of start-ups in Europe.

Our vision for R&D is to champion the development of innovative and sustainable technologies that are aligned with the main drivers of transformation within the energy sector: the decarbonisation of generation through the mass integration of renewable energies, the promotion of smart grids and the electrification of demand, mainly in transportation (through electric vehicles), building (through electric heat pumps) and industry. We have also pledged to promote new uses of electricity, such as the production of green hydrogen, which is essential for reducing emissions from high-temperature industrial processes and sectors that are difficult to decarbonise, notably heavy transport, shipping and aviation. This will allow us to achieve an improvement in our processes, operating conditions and the safety of our facilities, all while reducing the environmental impact of our operations.

In 2024, IBERDROLA allocated EUR 39 million into R&D activities.

5. Treasury shares and reduction in share capital

At the General Shareholders' Meeting held on 17 May 2024, the shareholders resolved to expressly authorise the Board of Directors, with powers to sub-delegate pursuant to the provisions of Section 146 of the Spanish Companies Act, to carry out the derivative acquisition of shares of Iberdrola, S.A. on the following terms (the same terms as for the authorisation that was in effect 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.

Transactions relating to the treasury shares of IBERDROLA in 2024 and 2023 mainly involved the redemption of said shares and their application to employee remuneration systems, as follows:

Treasury shares	No. of shares	Face value (millions of euros)	Cost of treasury shares (millions of euros)	Average price per share (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		
<i>Iberdrola Retribución Flexible</i> optional dividend system ⁽²⁾	1,075,832	1	0	0		
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		
Reduction in share capital	(183,299,000)	(137)	(2,072)	11		
Disposals ⁽¹⁾	(6,554,658)	(5)	(73)	11		
<i>Iberdrola Retribución Flexible</i> optional dividend system ⁽²⁾	1,963,661	1	0	0		
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.

6. Subsequent events

Events occurring after the close of the financial year are described in Note 25 to the financial statements.

7. Annual corporate governance report 2024

In accordance with Article 538 of the Spanish Companies Act (Ley de Sociedades de Capital), this directors' report incorporates by reference the full text of the 2024 Annual Corporate Governance Report 2024 approved by the Board of Directors of Iberdrola, S.A. and published on the website of the National Securities Market Commission (www.cnmv.es) and on the corporate website (www.iberdrola.com).

8. Annual Report on Director Remuneration 2024

In accordance with Article 538 of the Spanish Companies Act (Ley de Sociedades de Capital), this directors' report incorporates by reference the full text of the 2024 Annual Report on Remuneration of Directors and Officers approved by the Board of Directors of Iberdrola, S.A. and published on the website of the National Securities Market Commission (www.cnmv.es) and on the corporate website (www.iberdrola.com).

9. Non-financial information

IBERDROLA is a holding company. As a result, there are no environmental items to be included in these Notes to the financial statements in accordance with the Spanish General Chart of Accounts (*Plan General de Contabilidad*).

The Company and its subsidiaries are exempt from presenting the *Statement of Non-financial Information* referred to in Section 262 of the Spanish Companies Act and Article 49 of the Commercial Code, as both the Company and its subsidiaries are included in a separate report known as the consolidated *Statement of Non-Financial Information – Sustainability Report of IBERDROLA, S.A and its subsidiaries for 2024*. Said document has been verified by an independent assurance provider and is subject to the same requirements in terms of approval, deposit and publication as the IBERDROLA Group's consolidated Management Report.

Proposed distribution of profit

PROPOSED DISTRIBUTION OF PROFIT

2024

Euros	2024
Basis for distribution:	
Prior years' profit and loss	11,961,731,415.42
Profit for financial year 2024	5,651,977,196.55
Total	17,613,708,611.97
Distribution:	
To legal reserve	—
To dividends	Amount to be determined by adding: (a) the Total Interim Dividend; and (b) the result of multiplying the Final Dividend by the total number of shares in respect of which the holders have decided to receive the Final Dividend under the framework of the first-time application of the <i>Iberdrola Retribución Flexible</i> optional dividend system for 2025.
To retained earnings	Amount to be determined by deducting the amounts set aside for the dividend from the total amount for distribution.
Total	17,613,708,611.97

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.

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