

“Iberdrola Retribución
Flexible”: Optional Dividend
Information Booklet
January 2024



Dear shareholder,

On 24 October 2023, the Board of Directors of “Iberdrola, S.A.” (the “Company”) resolved to carry out the implementation of the second edition of the “Iberdrola Retribución Flexible” optional dividend system of the fiscal year 2023.

For such purposes, the Board of Directors resolved to: (a) execute the second paid-up capital increase, which is expected to be consummated by January 2024, and which was approved by the General Shareholders’ Meeting of the Company held on 28 April 2023, under item 11 of its agenda¹ (the “Capital Increase”); and (b) the payment of an interim dividend corresponding to the fiscal year 2023, subject, in any event, to the fulfilment of the requirements set out in article 277 of the Spanish Companies Act –*Ley de Sociedades de Capital*– (the “Interim Dividend”). The Company is expected to attest the fulfilment of these requirements during December 2023, and this will be published by means of a notice of other significant information (*comunicación de otra información relevante*) to be filed with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*).

This booklet explains the implications for shareholders of the Company of receiving shares or cash through a corporate nominee service.

Shares, when referred to in this booklet, means CREST Depository Interests (“CDIs”), which represent an entitlement to shares of “Iberdrola, S.A.” held through the Iberdrola Corporate Nominee Facility, and **shareholders**, when referred to in this booklet, means the holders of those CDIs through that service. Please refer to the Glossary on page 11 for other terms used in this booklet.

Under this second edition of the “Iberdrola Retribución Flexible” optional dividend system of the fiscal year 2023, shareholders will have the following options:

- **Option 1:** receive their remuneration through the delivery of fully paid-up new shares as a result of the Capital Increase.
- **Option 2:** transfer all or part of their free allocation rights on the market.
- **Option 3:** receive their remuneration in cash by means of the Interim Dividend.

This optional dividend system offers shareholders the possibility to decide whether to receive their remuneration under the system in cash (in this edition, through the transfer of the corresponding free allocation rights on the market or through the payment of the Interim Dividend – Options 2 and 3) – or in new fully paid-up shares of the Company (Option 1). Therefore, this initiative provides flexibility by enabling shareholders to choose their preferred payment option according to their personal situation.

Under this scheme, shareholders will receive – free of charge – one free allocation right for every share of the Company held as of 10 January 2024 at 11:59 pm Madrid time (record date for the free allocation rights).

As a result, in this second edition of the “Iberdrola Retribución Flexible” optional dividend system, you will have the following options as a shareholder:

Option 1: Receive new shares of “Iberdrola, S.A.”

Shareholders can elect to receive, for free, a number of fully paid-up newly-issued shares of the Company to which they are entitled depending on the number of rights they hold. The number of shares received will depend on the share price of “Iberdrola, S.A.” on 28 and 29 December 2023 and 2, 3 and 4 January 2024

This option has no Spanish withholding or taxation liability for non-residents in Spain when they do not act through a permanent establishment in Spain. However, any sale of the newly received shares of the Company may trigger a taxable capital gain in Spain for non-residents in Spain and, even if no Spanish taxation applies to this sale, pursuant to your specific conditions, it could generate a potential Spanish tax reporting obligation for you. This taxation may be reduced or exempted pursuant to Spanish domestic legislation or under the income tax treaties ratified by Spain. See further information on page 3.

Option 2: Sell your rights on market

Shareholders can sell their rights on market (the Spanish Stock Exchanges). The proceeds that shareholders choosing this option will receive from such sale will fluctuate depending on market prices and the currency exchange rate between Euro and Sterling and, accordingly, there can be no guarantee of the price received.

¹ And under the section titled «Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented».

This option has no Spanish withholding tax liability for non-residents in Spain when they do not act through a permanent establishment in Spain. However, this option may generate a taxable capital gain in Spain for non-residents in Spain and, even if no Spanish taxation applies, pursuant to your specific conditions, it could generate a potential Spanish tax reporting obligation for you. This taxation may be reduced or exempted pursuant to Spanish domestic legislation or under the income tax treaties ratified by Spain. See further information on page 4.

Option 3: Receive cash through the payment of the Interim Dividend (the default option)

Shareholders can choose to receive their remuneration in cash through the payment of the Interim Dividend. The Company expects that the Interim Dividend will be at least €0.200 gross per share.

Shareholders who elect this option will have to apply to their remuneration the same tax treatment applicable to cash dividends and, therefore, this income will be subject to the relevant withholding and taxation in Spain, unless an exemption or reduced tax rate applies under Spanish domestic rules or under the income tax treaties ratified by Spain. The Sterling proceeds you will receive will fluctuate due to the currency exchange rate between Euro and Sterling. See further information on pages 4 and 5.

For the avoidance of doubt, the value of the compensation received by the shareholders under options 1 and 3 will be equivalent (in terms of market value and without prejudice of the tax treatment applicable to each of them and the currency exchange rate between Euro and Sterling) and the choice of one of the three options excludes the right to choose any of the remaining options.

IMPORTANT: SPANISH TAX REPORTING MATTERS

If you choose option 1 or 2 please note that any sale of shares or free allocation rights may trigger a capital gain taxable at a rate of 19% in Spain for non-residents in Spain and, even if no Spanish taxation applies pursuant to your specific conditions, it could generate a potential Spanish tax reporting obligation for you.

This taxation may be reduced or exempted pursuant to Spanish domestic legislation or under the income tax treaties ratified by Spain. For more information, please see the Taxation section of this information booklet.

Default option

The default option is option 3. Consequently, it will automatically be applied to you if you choose to do nothing, unless you had previously elected any of the other options.

If you wish to choose a different option, you should complete, sign and return a new optional dividend mandate form to the Iberdrola Corporate Nominee Facility.

Please note that an election by UK shareholders in respect of the January 2024 optional dividend shall be applied in respect of future optional dividend schemes unless shareholders give a different instruction before a later optional dividend.

The Company and the Provider of the Iberdrola Corporate Nominee Facility will not be liable as a result of the decisions made by UK shareholders (nor as a result of the failure to make an express and valid decision, in the absence of an express election by shareholders).

UK shareholders wishing to make or change an election must send an election form, to be received by the Provider of the Iberdrola Corporate Nominee Facility during the election period, which is 9 to 23 January 2024. Any election form received by the Provider of the Iberdrola Corporate Nominee Facility after 5:00 p.m. (UK time) on 15 January 2024 will not be valid and will not be accepted by the Provider of the Iberdrola Corporate Nominee Facility. The Company will not be liable as a result of non-compliance with this period.

Where to find help

At the end of this booklet there are some questions and answers in respect of the optional dividend scheme. If you have further questions, please contact the Provider of the Iberdrola Corporate Nominee Facility using the details below. Please quote your Shareholder Reference when contacting the helpline. This can be found on your nominee statement or dividend tax voucher.

Iberdrola Corporate Nominee Facility



ONLINE

If you have any queries please visit help.shareview.co.uk (from here you will be able to email your query securely)



HELPLINE

+44 (0) 371 384 2936 (Please use the country code when contacting us from outside the UK)
Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales)



POST (Provider)

Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
United Kingdom

Calls from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes.

Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company's share register and is unable to give advice on the merits of the optional dividend scheme or to provide legal, financial, tax or investment advice.

Option 1 - Receive shares

If you choose this option, your nominee will continue to hold your rights (along with those of the other participants who have chosen this option) throughout the trading period (except for those rights which represent a fractional entitlement).

At the end of the trading period your rights will automatically convert into a number of new shares that is calculated as follows:

$$\text{Number of rights} / \text{Conversion Ratio}$$

The Conversion Ratio will be calculated by reference to the number of shares of "Iberdrola, S.A." in issue on 5 January 2024 divided by the maximum potential number of shares to be issued pursuant to the scheme.

If you hold a number of rights that would result in an entitlement to a fraction of a share, the rights representing that fractional entitlement will be aggregated with the fractions of other shareholders and sold on the Spanish Stock Exchanges. The amount you receive in respect of fractions will depend on the market prices on the Spanish Stock Exchanges and the currency exchange rate between Euro and Sterling. There is no guarantee of the price you will receive for such fractions. Any cash amounts in respect of fractions will be paid to you less brokerage fees in Sterling in accordance with your usual instructions which apply to the payment of your dividends.

Subject to necessary approvals, new shares are expected to be added to your holding by 9 February 2024. Cash will be paid to the shareholder entitled to a fraction of a share (through a sale on the Spanish Stock Exchanges of the rights exercisable into fractional shares) and no Spanish withholding tax will apply to this sale of the rights for non-residents in Spain when they do not act through a permanent establishment in Spain, although the sale of the newly received shares may trigger a taxable capital gain in Spain for non-residents in Spain and, even if no Spanish taxation applies pursuant to your specific conditions, it could generate a potential Spanish tax reporting obligation for you. This taxation may be reduced or exempted pursuant to Spanish domestic legislation or under the income tax treaties ratified by Spain. For more information, please see the Taxation section of this information booklet.

You must complete, sign and return your optional dividend mandate form to the address shown on the form by 5.00 p.m. (U.K. time) on 15 January 2024.

Example – Option 1

✓ I hold 500 shares.

✓ I receive 500 rights.

✓ The Conversion Ratio for the purposes of this example only is 51.

✓ The number of new shares I will receive is 9 (being 500 / 51 rounded down to the nearest whole number).

✓ I receive 9 new shares of the company which accounts for 459 of my rights (being 9 multiplied by the Conversion Ratio). My remaining 41 rights are sold on the Spanish Stock Exchanges for €0.200² gross each.

² This amount is for illustrative purposes only. The actual consideration for the rights sold will depend on the market price of the rights on the Spanish Stock Exchanges at the time of the sale. Furthermore, the amount you will receive will depend on the currency exchange rate between Euro and Sterling.

I now hold 509 shares and I receive the Sterling equivalent of €8.200 (41 rights x €0.200) in cash less brokerage fees of 0.3% (€0.0246) = €8.175. This is without prejudice to any applicable Spanish (and non-Spanish) taxation.

Option 2 - Sell the rights on market and receive cash

The rights will be admitted to trading on the Spanish Stock Exchanges on 9 January 2024.

If you choose this option, your rights (along with those of the other shareholders who have chosen this option) will be delivered to a broker in one aggregated amount and sold on the Spanish Stock Exchanges by 23 January 2024.

The amount you receive per right will depend on the market price on the Spanish Stock Exchanges and the currency exchange rate between Euro and Sterling. There is no guarantee of the price you will receive for such rights. In addition, you will be charged with brokerage fees of 0.3%.

Following settlement of the on-market sale of your rights, you will receive the equivalent in Sterling of the proceeds of the sale of your rights on the market less brokerage fees. This amount will be paid to you in Sterling in accordance with your usual instructions which apply to the payment of your dividends.

Spanish withholding tax does not apply to this option if the rights are sold by non-residents in Spain when they do not act through a permanent establishment in Spain, although this sale may trigger a taxable capital gain in Spain currently at a tax rate of 19% for non-residents in Spain and, even if no Spanish taxation applies, pursuant to your specific conditions, it could generate a potential Spanish tax reporting obligation for you. This taxation may be reduced or exempted pursuant to Spanish domestic legislation or under the income tax treaties ratified by Spain. For more information, please see the Taxation section of this information booklet.

IMPORTANT

In order for rights to be sold on market (Option 2), Equiniti Financial Services Limited as Provider of the Iberdrola Corporate Nominee Facility must hold additional information about you (see Q13 in the Questions and Answers section of this information booklet).

If you have not previously elected for Option 2 and you wish that this option applies to your dividend, you must complete, sign and return the enclosed dividend mandate form providing the mandatory information as requested. Your completed form must be received by 5.00 p.m. (U.K. time) on 15 January 2024 in order to apply for your January 2024 dividend.

If you choose to do nothing, or your form is incomplete or unclear and has been rejected, option 3 will be automatically applied to you.

Example – Option 2

✓ I hold 500 shares.

✓ I receive 500 rights.

✓ These rights are sold on the Spanish Stock Exchanges at a price which will depend on the market price on the Spanish Stock Exchanges (for illustrative purposes only, we assume that such price is €0.200³). No Spanish withholding tax is deducted if the rights are sold by non-residents in Spain when they do not act through a permanent establishment in Spain. This without prejudice to any applicable Spanish (and non-Spanish) taxation.

I still hold 500 shares and I receive the Sterling equivalent of €100.000 (500 rights x €0.200) in cash less brokerage fees of 0.3% (€0.30) = €99.700.

Option 3 - Receive cash through the payment of the Interim Dividend

Shareholders can choose to receive their remuneration in cash through the payment of the Interim Dividend. The Company expects that the payment of the Interim Dividend will be at least €0.200 gross per share. The final value of the gross Interim Dividend per share will be announced on 5 January 2024 and published at www.iberdrola.com. Please note that, when the final gross Interim Dividend per share is announced, there will be no direct communication with shareholders.

Spanish withholding tax applies in the same way as it does in relation to a normal cash dividend.

³ This amount is for illustrative purposes only. The actual consideration for the rights sold will depend on the market price of the rights on the Spanish Stock Exchanges at the time of the sale. Furthermore, the amount you will receive will depend on the currency exchange rate between Euro and Sterling.

For more information in relation to taxation of this option, please see the Taxation section of this information booklet.

This gross amount of the Interim Dividend per share less Spanish withholding tax will be paid to you in Sterling in accordance with your usual instructions which apply to the payment of your dividends.

Accordingly, the final amount you will receive will depend on the currency exchange rate between Euro and Sterling.

You must complete, sign and return your optional dividend mandate form to the address shown on the form by 5.00 p.m. (U.K. time) on 15 January 2024.

Example – option 3

✓ I hold 500 shares.

✓ I receive 500 rights⁴.

✓ The gross Interim Dividend per share amounts up to €0.200⁵.

I still hold 500 shares and I receive the Sterling equivalent of €100.000 (500 rights x €0.200) in cash less Spanish withholding tax of €19 (19%⁶ x €100.000) = €81.

⁴ These rights will be deemed to have been waived by shareholders choosing to receive their remuneration in cash through the payment of the Interim Dividend. Accordingly, once they have chosen to receive the Interim Dividend, these shareholders will not be able to choose to receive their remuneration in shares or to sell their rights in the market.

⁵ This amount is for illustrative purposes only. The actual amount of the Interim Dividend will depend on the different variables used in the formulas approved by the 2023 General Shareholders' Meeting of the Company.

⁶ A reduced rate or exemption may apply in specific conditions.

Timetable for January 2024 optional dividend scheme

5 January 2024	Conversion Ratio and gross Interim Dividend per share announced (information published at www.iberdrola.com).
8 January 2024	Last trading date.
9 January 2024	Ex-date.
	Commencement of the Common Election Period and the trading period for rights.
10 January 2024	Record date.
15 January 2024	Latest date to make or revoke your choice of option (5.00 p.m. UK time).
By 23 January 2024	On market sales completed.
23 January 2024	End of the Common Election Period and the trading period for rights.
By 9 February 2024	New shares added to existing shareholdings.
	Cash received by the UK corporate sponsored nominees for those rights sold on market and for the Interim Dividend
	Despatch of sale advice and cheque to shareholders for rights sold on market.
	BACS payments made to shareholders for rights sold on market and for the Interim Dividend.
By 14 February 2024	Despatch of sale advice and cheque to shareholders for the Interim Dividend.
	Statements despatched for those choosing to hold shares including cheques in relation to fractional amounts.

Questions and answers

This section contains the answers to many of the questions that you may have. However, this section is not exhaustive. If once you've read through this section you have any further questions, please see the "Iberdrola Retribución Flexible" at www.iberdrola.com or contact the Shareholder Helpline using the details in this booklet.

1. What is the "Iberdrola Retribución Flexible" optional dividend system?

Through this system a shareholder is entitled to receive new shares free of charge issued by a company instead of a fixed cash amount. It is a Spanish process requirement that rights be issued before shares. The Company has been offering the shareholders the option to choose to receive new shares or a cash amount since 2010.

2. I just want to continue to receive a fixed amount of cash – what do I do?

If you prefer to receive the payment of a fixed amount of cash that is considered as a dividend - option 3, you can make your choice by completing an optional dividend mandate form. Please note that any choice that you make must reach the Provider no later than 5.00 p.m. (U.K. time) on 15 January 2024 or in accordance with published dates for future dividend payments.

3. How do I change my choice?

You can change your choice by completing the dividend mandate form. Any new choice that you make must reach the Provider no later than 5.00 p.m. (U.K. time) on 15 January 2024.

4. How will the Conversion Ratio and the gross Interim Dividend per share be calculated?

The Conversion Ratio will be calculated by reference to the number of shares of "Iberdrola, S.A." in issue on 5 January 2024 divided by the maximum potential number of shares to be issued pursuant to the scheme. The Interim Dividend will be calculated applying the formulas approved at the 2023 General Shareholders' Meeting under item 11 on the agenda and under the section titled «Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented» available at www.iberdrola.com.

5. Can I change my mind once the Company publishes the Conversion Ratio and the gross Interim Dividend per share?

Yes, you can change your mind by requesting and completing a new dividend mandate form which is available by calling the Shareholder Helpline. Any new choice you make must reach your nominee by no later than 5.00 p.m. (U.K. time) on 15 January 2024.

6. Do my new shares have the same rights as my existing shares?

Yes.

7. Are there any circumstances in which I won't be issued shares under the optional dividend scheme?

Yes, (i) if you do not return a valid form and choose to receive shares you will receive cash through option 3; (ii) if you return an optional dividend mandate form choosing to receive the Interim Dividend or that your rights are sold on the Spanish Stock Exchanges you will also receive cash; or (iii) if you have insufficient rights to receive a new share you will receive cash. For the avoidance of doubt, the choice of one of the three options excludes the right to choose any of the remaining options.

8. What are the benefits of this system?

The scheme offers flexibility and enables you to choose what to receive depending upon your personal circumstances.

A benefit for those shareholders who (i) are not resident in Spain and do not act through a permanent establishment in Spain, and (ii) who opt for receiving shares; will be that they will not be subject to Spanish withholding tax (currently at 19% tax rate) which applies to cash dividends. Shareholders subject to Spanish Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) ("NRIT"), with a permanent establishment in Spain, will be taxed in accordance with the accounting regulations (taking into consideration, when applicable, the Resolution of 5 March 2019 of the Spanish Institute of Accounting and Account Audits (ICAC) that develops the presentation criteria of financial instruments and other accounting aspects in relation to the corporate regulation of the corporate enterprises⁷). All of this without prejudice to the rules for determining the taxable base that may be applicable.

⁷ Resolución de 5 de marzo de 2019, del Instituto de Contabilidad y Auditoría de Cuentas, por la que se desarrollan los criterios de presentación de los instrumentos financieros y otros aspectos contables relacionados con la regulación mercantil de las sociedades de capital.

Spanish withholding tax will be deducted from the cash payment of the Interim Dividend (currently at a 19% tax rate unless an exemption or reduced tax rate applies under Spanish domestic rules or under the UK-Spain double tax treaty, in the event that you are fully entitled to the benefits of this tax treaty) for shareholders who opt to receive cash by means of the payment of the Interim Dividend (although a refund may apply in specific circumstances).

You should read the Taxation section of this information booklet when considering the Spanish taxation and other tax reporting implications before deciding which option you wish to apply.

9. I want to receive cash. Is it better for me to sell on market or to choose the Interim Dividend?

This is a decision you need to make for yourself. If you have any doubts as to what to do, please seek independent financial advice from your stockbroker, bank manager, accountant or other appropriately authorised financial adviser.

However, as a general matter:

- If you choose to receive the Interim Dividend, you will receive a fixed amount which will be determined by reference to the gross Interim Dividend per share and the total number of shares you hold, subject to the Spanish withholding tax that applies to cash dividends.
- If you sell on market, there will be no Spanish withholding tax for non-residents in Spain when they do not act through a permanent establishment in Spain, but the amount received will depend on the market price for the rights on the Spanish Stock Exchanges and is not guaranteed by the Company. Please keep in mind that the amount obtained by selling the rights will be treated for Spanish tax purposes as a capital gain that may be taxable depending on your specific conditions. Brokerage fees will be deducted from the gross sale proceeds. In this case, you may receive a greater, lesser or equal cash amount to the amount you would receive if you choose to receive the Interim Dividend.

In both cases, the final amount you will receive will depend on the currency exchange rate between Euro and Sterling. Please also consider the Spanish tax and tax reporting implications applicable to the sale of rights on the Spanish Stock Exchanges when considering your choice.

10. Can I participate even if I am resident outside the UK?

You may treat this booklet as an invitation to receive new shares if such an invitation could lawfully be made to you in the jurisdiction in which you reside without compliance with any registration, tax or other legal requirements. If it could not, you should do nothing and continue to receive cash (less the relevant Spanish withholding tax) under the default option (Option 3).

11. Will I receive shares for every dividend if I choose to receive shares under the “Iberdrola Retribución Flexible” optional dividend system?

If you choose to receive shares in the January 2024 “Iberdrola Retribución Flexible” optional dividend system your choice shall be applied in respect of any future optional dividend schemes that are put in place by the Company, unless you give a different instruction before a later optional dividend.

12. Will the Company offer a “Iberdrola Retribución Flexible” optional dividend system alternative in the future?

The Company will indicate when announcing future dividends whether the optional dividend alternative will be offered.

13. Why do I need to provide additional information if I wish to sell my rights on market (Option 2)?

MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II (MiFID II)

MiFID II is a financial regulation which came into force on 3 January 2018. It has been designed to protect investors, such as yourself, by introducing enhanced obligations for firms (such as Equiniti Financial Services Limited) who provide investment services. Its aim is to increase transparency and prevent market abuse. As a result, these firms have to provide additional information to regulatory bodies about your transactions, and in order to do this, Equiniti Financial Services Limited as Provider of the Iberdrola Corporate Nominee Facility must collect additional information about you in order for rights to be sold on market (Option 2).

Taxation

The implementation of the optional dividend system will not alter the UK tax treatment of future cash dividends received by holders of shares of the Company.

This section of the booklet summarises certain UK and Spanish tax consequences of the optional dividend system for holders of shares of the Company. The summary of the Spanish general tax treatment provided in this section is based on Spanish legislation currently in force and on what is understood to be current HM Revenue & Customs and Spanish tax authorities' practice.

Please have in mind that the Law to implement a Spanish tax on financial transactions (*Ley del Impuesto sobre las Transacciones Financieras*) (the "FTT Law" and the "Spanish FTT", respectively) entered into force on 16 January 2021.

According to the FTT Law, the Spanish FTT charges at a fixed rate of 0.2% on the onerous acquisition of listed shares issued by Spanish companies admitted to trading on a Spanish or other EU-regulated market, or on an equivalent market of a non-EU country, with a market capitalisation exceeding EUR 1,000 million on 1 December of the year prior to the acquisition, regardless of the jurisdiction of residence of the parties involved in the transaction. Additionally, the Spanish FTT also applies, inter alia, to the acquisition of shares represented by depository receipts (such as CREST Depository Interests - CDIs -).

The list of the Spanish companies with a market capitalization exceeding EUR 1,000 million on 1 December of each year is published on the Spanish tax authorities' website before December 31 each year (this list is published only for illustrative purposes and it does not exempt the taxpayer/taxable person from its obligations if a Spanish company meets the FTT requirements in order for the onerous acquisitions of its shares to be subject to FTT). Given that the Company was included in the list published in 2022 (as it had a market capitalization exceeding EUR 1,000 million), in principle it falls within the scope of the Spanish FTT for transactions carried out and settled in 2023. The application of the Spanish FTT on the onerous acquisition of the Company's shares in 2024 would depend on whether it has a market capitalization exceeding EUR 1,000 million as of December 1, 2023 (without prejudice of the corresponding exemptions that may apply).

In any case, the Spanish tax authorities have published some Guidelines regarding the Spanish FTT according to which the acquisition of paid-up shares in the context of optional dividend schemes (commonly known as "scrip dividend") falls outside the scope of the Spanish FTT.

In any event, the shareholders and the holders of free allocation rights are advised to consult with their tax advisors in relation to the impact of these tax measures (in particular, the application of Spanish FTT) taking into consideration the particular circumstances of each shareholder or holder of free allocation rights.

Please note that this summary does not constitute legal advice and it is not a substitute thereof. It applies only to holders of shares of the Company who are resident (and, in the case of individuals, ordinarily resident and domiciled) for tax purposes in the UK, who hold their shares of the Company as an investment and not through a permanent establishment located in Spain, and who are the absolute beneficial owners of their shares of the Company. Special rules may apply to certain classes of shareholders, including insurance companies, collective investment schemes, individuals who are resident but not domiciled in the UK, partnerships and shareholders who have acquired (or are deemed for tax purposes to have acquired) their shares of the Company by reason of an office or employment.

Shareholders who are in any doubt as to their tax position or who are resident or domiciled in, or subject to tax in, a jurisdiction other than the UK should consult their own professional advisers immediately. Remember that your position depends on your own particular circumstances and may be subject to change in the future.

Option 1 – Receive new shares of Iberdrola, S.A.

For UK tax purposes, your receipt of additional shares of Iberdrola, S.A. should not give rise to taxable income or to a disposal for the purposes of taxation of capital gains. Spanish withholding tax will also not be deducted and no taxation liability will arise if you choose Option 1, given that you are not resident in Spain and you do not act through a permanent establishment located in Spain. Your new shares should be treated as part of the same asset as your existing holding of shares of the Company for the purposes of taxation of capital gains, with any base cost in your corresponding existing shares of the Company being apportioned between your existing shares (from which they derive) and your new shares of the Company for Spanish tax purposes.

If you receive any cash in respect of the sale of an entitlement to a fraction of a share, this will be treated as a disposal by you of rights to subscribe for shares of the Company for Spanish tax purposes, with the implications described in the tax summary for Option 2 below, which may give rise to the tax obligations discussed in that tax summary.

Option 2 – Sell the rights on market and receive cash

The cash payment you receive should be treated for UK tax purposes as a capital distribution rather than as dividend income. The amount of the capital distribution will be equal to the cash payment you receive.

Spanish tax law treats Option 2 as a disposal by you of rights to subscribe shares of the Company and therefore Spanish withholding tax will not be deducted from your cash payment (provided that you are not an individual resident in Spain and you do not act through a permanent establishment located in Spain). However, the amount obtained by the shareholders selling the rights received under Option 2 on the market will be treated for Spanish tax purposes as a capital gain. As a result, you are required to file a tax return with the Spanish tax authorities in order to (a) claim, if applicable, an exemption or a reduced rate from Spanish NRIT on the capital gain derived from the disposal of your rights (either under the UK-Spain double tax treaty, if you are fully entitled to the benefits of this tax treaty, or under the Spanish NRIT Law, as the case may be, and in all cases subject to the satisfaction of the conditions specified thereunder, including providing evidence of your tax residence in the UK by means of a valid in-force certificate of tax residence duly issued by the UK tax authorities within the meaning of the UK-Spain double tax treaty, if applicable) or, otherwise, (b) pay the relevant Spanish NRIT (currently, at 19% tax rate pursuant to Spanish NRIT Law). For further details as to the tax implications of this option, you should consult your tax advisors. Please note that, from a Spanish tax standpoint, tax residence certificates generally expire in one year as from their issuance and should refer to the tax year in which the capital gain was accrued.

Option 3 – Receive cash through the payment of the Interim Dividend

Spanish withholding tax will be deducted from the cash payment at the corresponding rate (currently at a 19% tax rate unless an exemption or reduced tax rate apply under Spanish domestic rules or under the UK-Spain double tax treaty, in the event that you are fully entitled to the benefits of this tax treaty and provide evidence of your tax residence in the UK by means of a valid in-force certificate of tax residence duly issued by the UK tax authorities within the meaning of the UK-Spain double tax treaty, if applicable) to dividend payments. Depending on your circumstances, you may be able to claim a full or partial refund of the Spanish withholding tax on account of Spanish NRIT from the Spanish tax authorities, either under the UK-Spain double tax treaty or under the Spanish NRIT Law. For further details as to this refund, you should consult your tax advisors.

Glossary of terms used in this booklet

Conversion Ratio means the calculation used to establish the number of rights needed to receive a new share of "Iberdrola, S.A." on conversion of the rights which is calculated as described on page 7. The Conversion Ratio will be announced to shareholders on 5 January 2024 and published at www.iberdrola.com.

Iberdrola Corporate Nominee Facility means the nominee service provided by Equiniti Financial Services Limited part of the Equiniti Group. Their registered offices are Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 6208699. FCA No. 468631.

Interim Dividend means the Interim Dividend corresponding to the fiscal year 2023 that will be offered to the shareholders as an alternative under the optional dividend scheme. The gross Interim Dividend per share is expected to be at least €0.200. The final amount of the gross Interim Dividend per share will be announced to shareholders on 5 January 2024 and published at www.iberdrola.com.

Last trading date means the final date upon which the shares of the Company are traded with the right to participate in the optional dividend scheme (being 8 January 2024).

Record date means the date upon which you have to be a holder of shares of the Company in order to be eligible to receive rights in connection with the optional dividend scheme (being 10 January 2024) provided that the shares of the Company have been acquired on or before the last trading date.

Rights means the rights issued to you in connection with the optional dividend scheme which will convert automatically into new shares of the Company unless they are sold on market before the end of the trading period on 23 January 2024. **Rights**, when used in this booklet, also include the rights issued to the shares underlying the CDIs which will convert automatically into new CDIs of the Company.

"Iberdrola Retribución Flexible" optional dividend system means the Company's optional dividend system approved at the Company's General Shareholders' Meeting held, on first call, on 28 April 2023, under items 9, 10 and 11 of the agenda and under the section titled «*Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented*» of its agenda.

Shares when used in this booklet means CREST Depository Interests ("CDIs") which represent an entitlement to shares of the Company held through a nominee service and corresponding references to "**shareholders**" means the holders of those CDIs through that service.

