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Confidential

Iberdrola International B.V.

To the General Meeting of Shareholders of Iberdrola
International B.V. and the Audit Committee of Iberdrola S.A.
Rapenburgerstraat 179D
1011 VM AMSTERDAM

Amstelveen, 23 April 2024

Subject: Audit of the financial statements for the year 2023

Dear Sirs,

We confirm our permission to include and publish the text of our auditor's report as enclosed with this letter in the section 'other information' of the Annual report as at 31 December 2023, provided that the Annual report is identical to the enclosed authenticated Annual report, subject to adoption of the audited financial statement, without modification.

We have enclosed a copy of our auditor's report with a signature. This copy is meant for your own filing purposes.

Within five days after the adoption by the General Meeting, the Annual report should be sent to the Authority for the Financial Markets (AFM) (Wft Section 5:25o). The AFM will send this Annual report to the Trade Register of the Chamber of Commerce within three days after receipt. Filing of a signed copy of the managing boards' report and financial statements is not advisable.

If prior to the General Meeting circumstances arise that require a modification to the financial statements, please note that under Section 2:362 subsection 6 and Section 2:380a of the Dutch Civil Code such modifications should be made prior to the General Meeting. In this situation, of course, we withdraw our permission granted above.

All members of the Managing Board and the Audit Committee of Iberdrola S.A. sign a copy of the financial statements. If signatures of a number of them are missing, the reason is included in the Annual report to be filed.

In order to prevent the abuse of signatures we discourage the filing of a signed copy of the Annual report. The Annual report to be filed with the Trade Register of the Chamber of Commerce should include the general meeting's adoption date of the financial statements.

If you wish to publish the Annual report including the audited financial statements on the Internet, it is your responsibility to ensure proper separation of the Annual report from other information on the website. For example, by presenting the Annual report as a separate, read-only file, or by issuing a warning if readers switch from the web page containing the Annual report ('You are now leaving the secured page containing the Annual report, including the audited financial statements.').



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Further, we recommend that you include the following disclaimer: 'In the event of any differences or inconsistencies between the text and quantitative information on this internet site and that in the original Annual report, including the audited financial statements, as filed at the trade register of the Chamber of Commerce, the latter shall prevail'.

Furthermore, please note that, as per the date on which a dividend is made payable, the Managing Board is required to assess, with due observance of the information then available, whether the Company will, following dividend payments, be able to continue to pay its eligible debts. Should dividends be paid and the Company turn out at a later stage, following and owing to the dividend payments, to be unable to continue to pay its eligible debts, the Managing Board may be held jointly and severally liable for payment to the Company of the deficit created by the dividend payments if they knew or should have foreseen at the time when the dividend was made payable that such situation would arise owing to the dividend payments.

We will be pleased to provide any further information you may require.

Yours faithfully,

KPMG Accountants N.V.

A handwritten signature in blue ink, appearing to read 'N.J. Hoes RA'.

N.J. Hoes RA
Partner

Enclosure(s):

Authenticated copy of the Annual report for the year ended 31 December 2023

One copy of the auditor's report

One unsigned copy of the auditor's report for publishing at the Trade register of the Chamber of Commerce

**Iberdrola International B.V.
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Amsterdam, The Netherlands



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2850545/24W00192542AVN dated
23 April 2024
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Iberdrola International B.V.
Rapenburgerstraat 179D
1011 VM Amsterdam
The Netherlands
Chamber of Commerce: 33241226

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1 Managing Board's report

The Managing Board of the Company hereby present its Managing Board's report, financial statements and other information for the year ended 31 December 2023.



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1.1 Activities and results

1.1.1 General information

Iberdrola International B.V. (the "Company") was incorporated as a private company with limited liability under the laws of the Netherlands on 10 September 1992 with its corporate seat in Amsterdam, The Netherlands. The registered office of the Company is at Rapenburgerstraat 179D, 1011 VM in Amsterdam, The Netherlands.

The main objective of the Company is to issue notes to third-party investors. The proceeds of the notes are on-lent to Iberdrola S.A. ("the Parent") or Iberdrola Financiacion S.A. ("the Sister"). Refer to note 2.4.2 for a complete description of the Note Programmes the Company has entered into.

Euro Medium Term Note Programme

On 27 January 2023 Series 108-1 was redeemed for an amount of EUR 600 million; the related group loan was also redeemed.

On 15 February 2023 Series 110-1 was redeemed for an amount of EUR 50 million; the related group loan was also redeemed.

On 12 June 2023 Series 104-1 was redeemed for an amount of EUR 38.3 million (NOK 450 million); the related group loan was also redeemed.

On 18 September 2023 Series 109-1 was redeemed for an amount of EUR 500 million; the related group loan was also redeemed.

At year-end, an amount of EUR 2,200 million (2022: EUR 3,393 million) was outstanding under the Euro Medium Term Note Programme (the "EMTN Programme").

A part of the long-term notes in the amount of EUR 500 million matures in the year 2024. As a consequence, these notes have been reclassified to the short-term notes (refer to note 2.5.9); the related group loans were also reclassified to the short-term loans (refer to note 2.5.2).

Euro Commercial Paper Programme

Under the 5,000 million Euro-Commercial Paper Programme, the Company issued Commercial Paper ("CP") during the year in the amount of EUR 14,809 million (2022: EUR 12,533 million) and repayments have been made in the amount of EUR 15,043 million (2022: EUR 12,257 million). The balance of the CP outstanding at year-end amounts to EUR 3,609 million (2022: EUR 3,843 million).

Undated Deeply Subordinated Reset Rate Guaranteed Securities (Hybrid Bond)

On 18 May 2023 the 1,000 million Undated Deeply Subordinated Reset Rate Guaranteed Securities were redeemed for an amount of EUR 1,000 million; the related group loan was also redeemed.

At year-end, the balance of the Hybrid Bonds amounts to EUR 6,500 million (2022: EUR 7,500 million)



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Parent company information

The Company is a wholly-owned subsidiary of the Parent, located in Bilbao, Spain. The financial statements of the Company are included in the consolidated financial statements of the Parent, which are presented on <https://www.iberdrola.com/shareholders-investors/annual-reports>.

Information concerning application of code of ethics

The Code of Ethics of the Parent and its subsidiaries was issued, approved and adopted by the Managing Board of the Parent on 27 February 2002 and was last amended on 19 December 2023. No major changes result from this amendment. The Code of Ethics is applicable to all professionals of the Iberdrola Group and the entity and summarizes the principles and guidelines regardless of their rank, their geographical or functional location in order to ensure ethical and responsible behaviour by all professionals in the performance of their activities. The Code of Ethics forms a part of the Iberdrola Group's Corporate Governance Systems and is fully respectful of the principles of corporate organisation established therein. The Code of Ethics is available on

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https://www.iberdrola.com/documents/20125/41995/code_of_ethics.pdf. The adoption and application of the Code of Ethics is mandatory. During the year there were no reportable events that directly or indirectly relate to the Code of Ethics.

1.1.2 Audit committee

Pursuant to the Decree of 26 July 2008 implementing Section 41 of Directive No. 2006/43/EC (hereinafter referred to as the "Decree"), published on 7 August 2008 (Bulletin of Acts and Decrees 2008/323), the Company qualifies as a public interest entity (Organisatie van Openbaar Belang) (hereinafter referred to as "PIE") based on the fact that the Company has issued notes that are listed on an EU regulated market.

According to the Decree, a PIE must establish an independent audit committee, unless it can claim exemption as described in the Decree. The Managing Board has advised the Company's sole shareholder that the Company can be in compliance with the Decree by either (i) the Company's General Meeting setting up an independent audit committee; or (ii) the tasks and requirements associated with the compulsory audit committee for a PIE be carried out and observed by the Company's sole shareholder's Audit and Risk Supervision Committee. The Managing Board of the Company has been notified that the Audit Committee of Iberdrola S.A. has taken the role as Audit Committee of the Company. The Audit Committee does not receive a renumeration with regard to the services provided to the Company.

1.1.3 Financial position and performance for the year

The net asset value of the Company as at 31 December 2023 amounts to EUR 10,360 thousand (2022: EUR 25,262 thousand) and the net result for the year 2023 amounts to EUR 98 thousand (2022: EUR 18,735 thousand). The decrease of the result is a consequence of the recognition in 2022 of expected reimbursements by the Dutch tax authorities of corporate income tax amounts concerning the years 2012 until 2017 as a result of a Mutual Agreement Procedure ("MAP") between the Netherlands and Spain and expected reimbursements of corporate income tax amounts for the years 2018 until 2020 for which the Company has not yet received a MAP. The solvency ratio of the Company as at 31 December 2023 is 0.08 (2022: 0.16). The liquidity ratio of the Company as at 31 December 2023 is 1.00 (2022: 1.00).

Mark-up Loan Agreements

With effect from 28 October 2020, the loan agreements entered into by the Company, as lender, and the Parent and the Sister, as borrowers, have been novated resulting in the cancellation of the interest mark-up that the Company was obtaining. The new methodology is aligned with the arm's length principle in accordance with the principles of the Mutual Agreement Procedure ("MAP") between the Netherlands and Spain and the Transfer Pricing Guidance on Financial Transactions released by the Organisation for Economic Co-operation and Development on 11 February 2020.

Service Provision Agreements

On 29 December 2021 the Company entered into a service provision agreement with the Parent and the Sister. The purpose of these agreements is to regulate the financial support services related to debt issues made by the Company for the benefit of the Parent and the Sister. These services include, among others, legal, tax, treasury, accounting and administrative services, all of which are linked to the management and administration of the note issues and intercompany financings in which the Parent and Sister participate.



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and the Sister plus mark-

up of 10% which may be subject to annual review.

The price for the services for the financial year 2023 amounts to EUR 479 thousand

(2022: EUR 362 thousand) and has been presented under operational income in the profit and loss account (refer to note 2.5.11).

also refers.

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This services fee is sufficient to cover the operating expenses and provide for profits. The proceeds of the notes are lent to the Parent or the Sister. The Parent provided an unconditional and irrevocable guarantee for the benefit of all bondholders with respect to the prescribed and punctual repayment of the notes (including interest) issued by the Company.

Financial income and expenses

Financial income and expenses are accounted for the profit and loss during the loan period following the effective interest methods established for the related financial instruments (see note 2.4.6. 'Financial instruments').

Corporate income tax

Tax is calculated on the profit before tax taking into account tax exempt items and non-deductible costs. The profit before tax will be taxed at the prevailing rate during the financial year. The corporate income tax for the year 2023 amounts to a tax expense of EUR 8 thousand (2022: tax income EUR 18,685 thousand). The corporate income tax for the year 2022 consists of an expense of EUR 6 thousand and an income of EUR 18,691 thousand. The income relates to amounts yet to be received from the Dutch tax authorities concerning the

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years 2012 until 2017 as a result of a Mutual Agreement Procedure ("MAP") between the Netherlands and Spain and the amounts expected to be received from the Dutch tax authorities for the years 2018 until 2020 for which the Company has not yet received a MAP.

1.1.4 Interest rates

Interest, maturity dates and currency of the Intercompany loans (the "group loans") correspond with those of the notes. The interest received on group loans equals the interest paid on the notes plus a certain spread (7 basis points in the contracts with the Sister that offset the guarantee fee that the Parent charges to the Company in relation to the corresponding notes).

1.1.5 Diversity policy in the Managing Board

Due to legal requirements, the diversity policy regarding the composition of the Managing Board should be implemented by the Company, including the balance between male and female ratio. The Company recognizes the value and importance of a balanced and diverse composition of its Managing Board. Therefore, the Managing Board profiles deal with aspects of diversity such as age, gender, nationality, education and working background when seeking, seating, and evaluating candidates for new appointments to the Managing Board. At the present date, the Managing Board consists of 3 males (Mr. G.J. Colino Salazar, Mr. J.P. van Leeuwen and Mr. P.C. van der Linden) which means the composition of the Managing Board consisted of 100% male. The Company acknowledges room for enhanced efforts at expanding gender diversity within its Managing Board membership. Accordingly, the Company is evaluating the implementation of the Dutch Gender Balance Act, which entered into effect on 1 January 2022 and has set a target of 50% figure to promote gender diversity on its Managing Board. The Company is convinced that this act will support the further optimization of its diversity policy.

1.1.6 Remuneration of the Managing Board and Board of Supervisory Directors

The Managing Board consists of three Directors, G. J. Colino Salazar, J.P. van Leeuwen and P.C. van der Linden. During the period the remuneration of the Directors amounted to EUR 20,534 (2022: EUR 20,431). The Company has no Board of Supervisory Directors.

1.1.7 Guarantees

With respect to its obligations under the notes, the Company is unconditionally and irrevocably guaranteed on a full recourse basis ("External Guarantee") by the Parent. Each such External Guarantee forms part of the respective note.

Furthermore, the Parent has unconditionally and irrevocably guaranteed to the Company the obligations of the Sister towards the Company (the "Internal Guarantee") under the Risk Limitation Agreement dated 18 February 2009. The on-lending of newly issued ECP notes proceeds by the Company to the Sister is arranged under the Intercompany Multicurrency Revolving Facility Agreement dated 22 March 2010.

1.1.8 Limited recourse

Under the internal agreement dated 18 February 2009 between the Company and the Parent (the "Risk Limitation Agreement"), the Parent's recourse claim on the Company under the External Guarantee is limited to EUR 2 million. This means that the Company will bear financial damages to a maximum amount of EUR 2 million before the Parent compensates the Company for any damages resulting from the group companies defaulting in payment under the Internal Loans. Additionally, it is agreed that the Internal Guarantee can only be invoked by the Company after the Company has born financial damages.

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1.1.9 Risk management

Due to the nature of the Company's activities, the Company is exposed to the following risks: financial risk, fiscal risk, risk related to financial reporting and other operational risks, risks related to change in laws and regulations and risks related to financial instruments (see note 2.4.5. 'Risk management' and note 2.4.6. 'Financial instruments'). All of these risks arise in the normal course of business. The risk appetite of the Company in respect to this risk is low and no amendments were made or are expected to be made in managing these risks.

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Financial risk

The Financing and Financial Risk Policy and the Corporate Credit Risk Policy of the Iberdrola Group, both approved by the Managing Board, identify the risk factors described below that could affect the Company. The Company makes use of the organisation and systems of the Parent and Intertrust (Netherlands) B.V. ("the Administrator") to identify, measure and control the financial risks to which it is exposed.

The activity with financial instruments exposes the Company to credit, market (interest rate and foreign currency) and liquidity risk.

Credit risk

The Company is exposed to the credit risk arising from the possibility that external counterparties, such as financial institutions, and group companies might fail to comply with obligations towards the Company.

The Company has significant short- and long-term loans receivable from the Parent and the Sister for a total value of EUR 13,258 million (2022: EUR 15,723 million). Other receivables from the Parent and the Sister consists of group loans interest receivable and other group receivables and have a value of EUR 173,779 thousand as at 31 December 2023 (2022: EUR 179,527 thousand). Repayment of the loans and other receivables depend ultimately on the operational performance of the Ultimate Parent. The Group's main activity is generation and distribution of electricity in Spain, UK, US, Brazil and other countries, which is a regulated business in most cases. Operating results could be materially affected by changes in laws, regulations or regulatory policies that apply to its business.

The credit ratings of the Parent are as follows:

Agency	Long-term(*)	Short-term	Perspective	Last modification date
S&P	BBB+	A-2	Stable	22 April 2016
Moody's	Baa1	P-2	Stable	14 March 2018
Fitch	BBB+	F-2	Stable	25 March 2014

* The above ratings may be revised, suspended or withdrawn by the rating agencies at any time.

The Company has extended loans to the Parent and the Sister. As they are interrelated, and as the Parent has guaranteed the obligations of the Sister to the Company, the related credit risk is interrelated. External ratings are used to determine the credit worthiness of the Group as counterparty of the Company. In view of the prevailing ratings, the Company has concluded that the overall credit risk is low, as far as the Parent maintains strong liquidity and solvency metrics. The current war in Ukraine and the Middle East has hardly affected the Parent operations. The Company will closely monitor the external ratings for the Group and the financial developments of the Parent.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.



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Notes. The proceeds from

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The interest received on group loans equals the interest paid on the notes plus a certain spread (7 basis points in the contracts with the Sister that offset the guarantee fee that the Parent charges to the Company in relation to the corresponding notes). The proceeds from the notes issuances are on-lent to the Parent or the Sister and therefore the assets and liabilities are fully matched. The interest receivable dates and interest payment dates of the notes are contractually aligned. The Company therefore considers the interest rate risk to be low.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Foreign currency risk

Foreign currency risk is incurred when a loan is made in a foreign currency other than the functional currency of the lender and the current exchange rate deviates from the exchange rate at the time of entering into the loan.

Effectively very limited foreign currency risks are incurred by the Company because it has agreed that the loan and the notes carry the same currency.

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Currency exchange results can also relate to currency exchange rate differences arising by the translation of assets and liabilities in foreign currencies into euros at their exchange rates prevailing on the balance sheet date and by the conversion of transactions in foreign currencies into euros at the exchange rates in effect at the time of the transactions.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Liquidity risk

The main liquidity risk that the Company faces is that it does not have sufficient cash to pay the interest and principal on the notes when these are due. Based on the payment terms under the notes, Company's forecasted cash flow and the strong performance of the related parties to which the loans are provided, all operational liabilities and contingencies are expected to be paid as they fall due. Through the Parent and the Administrator, the Company closely monitors its liquidity position in the days prior to the interest due date and maturity date and will ensure that it will collect the interest and principal from the Parent and the Sister prior to the interest due date and maturity date. The interest receivable dates and interest payments dates of the notes are contractually aligned, as are the maturity dates. The Company therefore considers the liquidity risk to be low.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Fiscal risks

The Company determines its transfer prices in line with the local and global transfer pricing guidelines and with the rationale of the Mutual Agreement Procedure resolution dated 28 January 2020.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Risks related to financial reporting

The financial information is prepared by the Administrator on behalf of the Company. This information is compared with the accounting information of the Parent and the Sister in the country where the Parent and Sister are based. Iberdrola Group and the Company are highly experienced in financing activities and all processes within Iberdrola Group are controlled. To assure the reliability of the reporting prepared by the Administrator, the Company has received an ISAE 3402 report from the Administrator. Risks related to payments are also monitored by the Company.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Risks related to changes in laws and regulations

The majority of the contracts/programmes contemplate the possibility of changes in tax or accountancy regulation, which is relatively straightforward (for example no deferred tax items and straightforward tax calculation). The Company therefore considers the risk to be low.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

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1.1.10 Fraud

In view of fraud, bribery and anti-corruption, the Directors rely on the internal controls of the administrator and the Iberdrola Group. The administrator and the Iberdrola Group have implemented manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behaviour. In addition, the administrator and the Iberdrola Group implemented, amongst others, a Code of Conduct, whistle-blower policies and internal policies around reporting non-compliance. The administrator and the Iberdrola Group apply a zero-tolerance policy in relation to fraud, bribery and anti-corruption. No instances of (internal and external) fraud or any other matters are identified in this respect that had a material effect on the financial statements.

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1.1.11 Research and development activities

In 2023 the Company did not perform activities connected to research and development. During 2024 the Company does not expect to perform activities connected to research and development.

1.1.12 Employees

During 2023 the Company did not employ any own personnel (2022: none).

1.1.13 Environmental, Social & Governance (ESG)

Consistent with a sustainable business model, the Iberdrola Group demonstrates this commitment to ESG (Environmental, Social and Governance) finances from the different geographies in which it operates and through the different instruments and formats in which it finances itself. The objective here is threefold: (i) to align its financial strategy with its purpose, values and investment strategy; (ii) to optimise the cost of its debt; and (iii) to diversify its sources of financing, making sustainability both an end and a means to achieve the financial strength it pursues and for which it is widely known.

1.1.14 Directors representation statement

The Directors declare that, to the best of their knowledge, the financial statements as at 31 December 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and a fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks that the Company faces.

1.2 Future developments

The Company is of the opinion that the present level of activities and operations will be maintained during the next financial year. The Company will continue to explore financing activities with the Sister.

Subsequent events

Undated Deeply Subordinated Reset Rate Guaranteed Securities (Hybrid Bond)

On 22 March 2024 the 700 million Undated Subordinated Reset Rate Guaranteed Securities were redeemed for an amount of EUR 700 million; the related group loan was also redeemed.

Euro Commercial Paper Programme

By a resolution dated 21 February 2024 the Board has resolved to implement certain amendments to the ECP Programme, so that the Company may issue and have outstanding at any time euro-commercial paper notes up to a maximum aggregate amount of EUR 6,000,000,000 (or its equivalent in other currencies).

Amsterdam, 23 April 2024

The Managing Board



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G. J. Colino Salazar

J.P. van Leeuwen

P.C. van der Linden

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2 Financial statements



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2.1 Balance sheet as at 31 December 2023

(before appropriation of result)

	<i>Notes</i>	31 December 2023	31 December 2022
		EUR 1,000	EUR 1,000
ASSETS			
Financial fixed assets	2.5.1		
Long-term group loans		<u>8,427,666</u>	<u>9,658,785</u>
		8,427,666	9,658,785
Current assets			
Short-term group loans	2.5.2	4,802,032	6,027,931
Group loans interest receivable	2.5.1/2.5.2/2.5.3	173,303	176,365
Corporate income tax receivable	2.5.4	6,523	18,690
Other group receivable	2.5.5	476	3,162
Cash and cash equivalents	2.5.6	<u>575</u>	<u>9</u>
		4,982,909	6,226,157
Total assets		<u>13,410,575</u>	<u>15,884,942</u>
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity	2.5.7		
Paid up and called up share capital		388	388
Other reserves		<u>9,874</u>	<u>6,139</u>
Unappropriated results		<u>98</u>	<u>18,735</u>
		10,360	25,262
Non-current liabilities	2.5.8		
Long-term notes		<u>8,427,526</u>	<u>9,658,626</u>
		8,427,526	9,658,626
Current liabilities	2.5.9		
Short-term notes		4,802,014	6,027,913
Interest payable	2.5.8/2.5.9	169,408	171,540
Accrued liabilities	2.5.10	<u>1,267</u>	<u>1,601</u>
		4,972,689	6,201,054
Total shareholder's equity and liabilities		<u>13,410,575</u>	<u>15,884,942</u>

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2.2 Profit and loss account for the year ended 31 December 2023

	<u>Notes</u>	2023	2022
		EUR 1,000	EUR 1,000
Financial income	2.5.11		
Servicing fee		479	362
Interest income from group loans		357,225	304,928
Fair value adjustment derivative financial instruments		0	37,727
Currency exchange income		42,698	56,615
Other interest income		72	0
		<u>400,474</u>	<u>399,632</u>
Financial expenses	2.5.11		
Interest expenses on loans		-349,253	-294,992
Other interest expenses		-11	-11
Other group financial expenses		-7,992	-9,830
Other financial expenses		-68	-119
Fair value adjustment derivative financial instruments		0	37,727
Currency exchange expense		<u>-42,696</u>	<u>-56,582</u>
		<u>-400,020</u>	<u>-399,261</u>
Financial result		<u>454</u>	<u>371</u>
Operating expenses	2.5.12		
General and administrative expenses		<u>-348</u>	<u>-321</u>
		<u>-348</u>	<u>-321</u>
Result before tax		106	50
Corporate income tax	2.5.4	<u>-8</u>	<u>18,685</u>
Net result		<u>98</u>	<u>18,735</u>



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2.3 Statement of cash flows for the year ended 31 December 2023

		2023	2022
		EUR 1,000	EUR 1,000
Net result		98	18,735
<i>Adjustment to Profit and loss account:</i>			
Interest expense	2.5.11	349,253	294,992
Interest income	2.5.11	-357,297	-304,928
Corporate income tax	2.5.4	8	-18,685
Fair value adjustment to issued loans	2.5.11	0	-37,727
Fair value adjustment to issued notes	2.5.11	0	37,727
Currency exchange income	2.5.11	-42,698	-56,615
Currency exchange expense	2.5.11	<u>42,696</u>	<u>56,582</u>
		-8,038	-28,654
		-7,940	-9,919
<i>Changes in working capital:</i>			
Movement current assets		2,686	6,480
Movement current liabilities		-333	-184
Corporate income tax received/(paid)	2.5.4	<u>12,159</u>	<u>18</u>
		<u>14,512</u>	<u>6,314</u>
Cash flow from operating activities		6,572	-3,605
Cash flow from investing activities			
New issued loans	2.5.1/2.5.2	-14,809,153	-12,533,228
Repaid loans	2.5.1/2.5.2	17,231,394	14,314,454
Cash amounts received derivative financial instruments	2.5.2	0	138,297
Interest received		<u>352,440</u>	<u>298,331</u>
		2,774,681	2,217,854
Cash flow from financing activities			
Distribution of dividend	2.5.7	-15,000	-8,000
New issued notes	2.5.8/2.5.9	14,809,153	12,533,228
Repaid notes	2.5.8/2.5.9	-17,231,394	-14,314,454
Cash amounts paid derivative financial instruments	2.5.2	0	-138,297
Interest paid		<u>-343,448</u>	<u>-287,188</u>
		<u>-2,780,689</u>	<u>KPMG Audit</u>
			<u>-2,214,711</u>
Net change in cash during the year			
Initial cash balance		564	-462
Effects of currency translation on cash		9	438
Cash at year-end		575	9

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2.4 General notes to the financial statements

2.4.1 General information

Reporting entity and relationship with Parent company

Iberdrola International B.V. (the "Company") was incorporated as a private company with limited liability under the laws of the Netherlands on 10 September 1992 with its corporate seat in Amsterdam, the Netherlands. The office address of the Company is at Rapenburgerstraat 179D, 1011 VM in Amsterdam, the Netherlands. The Company is registered with the Chamber of Commerce under number 33241226.

The main objective of the Company is to issue notes to third-party investors. The proceeds of the notes are on-lent to Iberdrola S.A. ("the Parent" or the "Ultimate Parent") and Iberdrola Financiacion S.A. ("the Sister"). Refer to note 2.4.2 for a complete description of the Note Programmes the Company has entered into.

The Company is a wholly-owned subsidiary of Iberdrola S.A., located in Bilbao, Spain. The financial statements of the Company are included in the consolidated financial statements of the Parent, which are presented on the website of the Parent and will be filed with the Mercantile Register of Vizcaya in Bilbao, Spain.

Financial reporting period

These financial statements cover the year 2023, which ended at the balance sheet date of 31 December 2023.

Basis of presentation

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in the Netherlands and comply with Section 9 Book 2 of the Dutch Civil Code. The financial statements are prepared under the historical cost convention and presented in the joint currency of the European Monetary Union, the euro ("EUR"), the functional currency of the Company. In principle, unless otherwise stated, assets and liabilities are stated at nominal value and financial assets and financial liabilities are stated at amortised cost using the effective interest method. If deemed necessary, a provision is deducted from the nominal amount of accounts receivable. Initial measurement is at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability are amortised over the period of the underlying transaction.

Going concern

The Company has the resources and activities to continue in business for the foreseeable future. Therefore, the financial statements have been prepared on the basis of the going concern assumption.

Audit committee

Pursuant to the Decree of 26 July 2008 implementing Section 41 of Directive No. 2006/43/EC (hereinafter referred to as the "Decree"), published on 7 August 2008 (Bulletin of Acts and Decrees 2008/323), the Company qualifies as a public interest entity (Organisatie van Openbaar Belang) (hereinafter referred to as "PIE") based on the fact that the Company has issued notes that are listed on an EU regulated market.

According to the Decree, a PIE must establish an independent audit committee, unless it can claim exemption as described in the Decree. The Managing Board has advised the Company's sole shareholder that the Company can be in compliance with the Decree by either (i) the Company's General Meeting setting up an independent audit committee; or (ii) the tasks and requirements associated with the compulsory audit committee for a PIE be carried out and observed by the Company's sole shareholder's Audit and Risk Supervision Committee. The Managing Board of the Company has been notified that the Audit Committee of Iberdrola S.A. will take the role as Audit Committee of the Company.



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2.4.2 Transaction structure and related parties

Euro Medium Term Note Programme

In July 1998 the Company entered into a Euro Medium Term Note Programme (the "EMTN Programme") pursuant to which the Company may issue to the aggregate principal amount of European Currency Unit (ECU) 1,500,000,000 of notes (or its equivalent in other currencies). By a resolution dated 19 May 1999 it was resolved to redenominate the EMTN Programme from ECU into Euro. By various resolutions as of 19 July 1999 it was resolved, inter alia, to make certain amendments and/or to up-date the EMTN Programme (most recently updated on 1 August 2018) so that the Company may issue up to the aggregate principal amount of EUR 20,000,000,000 (or its equivalent in other currencies) in notes. The EMTN Programme is guaranteed by Iberdrola S.A. (the "Guarantor"). The notes issued under the EMTN Programme are listed and are trading on the Regulated Market of the Luxembourg Stock Exchange. Such market is a regulated market for the purpose of the Markets in Financial Instruments Directive 2004/39EC. The EMTN Programme provides that notes may be

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listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Company, the Guarantor and the relevant dealer. The Company may also issue unlisted notes. The notes are usually issued in bearer form (the "bearer notes").

The Company on-lends proceeds from EMT notes issuances to the Sister (refer to note 2.5.1 and note 2.5.8).

Euro Commercial Paper Programme

By resolution dated March 2003 (the "Original Resolution"), the Managing Board of the Company (the "Board") has resolved that the Company entered into a Euro Commercial Paper Programme (the "ECP Programme") pursuant to which the Company may issue up to the aggregate principal amount of EUR 1,000,000,000 of euro-commercial paper notes (the "notes") (or its equivalent in other currencies) under the terms and conditions summarised in the Original Resolution. By resolutions dated 15 December 2005, 28 November 2007, 18 February 2010, 7 November 2012, 29 October 2015, 8 November 2018, 18 March 2021 and 21 February 2024 the Board has resolved to implement certain amendments to the ECP Programme, so that the Company may issue and have outstanding at any time euro-commercial paper notes up to a maximum aggregate amount of EUR 6,000,000,000 (or its equivalent in other currencies). The notes have the benefit of an unconditional guarantee by the Company's sole shareholder, the Guarantor and/or the Parent.

As of 18 March 2010, the Company on-lends proceeds from new ECP notes issuances to the Sister (refer to note 2.5.2 and note 2.5.9).

Yankee notes

The Yankee notes outstanding total to USD 350 million which bears 5.81% interest and are due in 2025. The Company on-lent proceeds from Yankee notes issuances to the Parent.

US Domestic debt Securities Indenture notes

Under the US Domestic debt Securities Indenture USD notes have been issued with various issuance and maturity dates and interest rates. Issued and outstanding is an amount of USD 700 million of which USD 200 million matures in 2033 and USD 500 million in 2036. All notes bear interest at the rate of 6.75%. The Company on-lent proceeds from US Domestic debt Securities Indenture issuances to the Parent.

Undated Deeply Subordinated Reset Rate Guaranteed notes (Hybrid Bonds)

On 22 November 2017 the Company issued EUR 1 billion of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 22 May 2023 of 1.875% per annum, commencing on 22 May 2018; and from 22 May 2023 at, in respect of each reset period, the relevant 5-year swap rate plus 1.592% until 22 May 2028; plus 1.842% until 22 May 2043; and plus 2.592% until maturity. The proceeds of the issuance of the notes were on-lent to the Sister in an intercompany loan, maturing in 2038 on conditions that are the same. On 18 May 2023 the notes were redeemed for an amount of EUR 1,000 million; the related group loan was also redeemed.

On 26 March 2018 the Company issued EUR 700 million of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 26 March 2024 of 2.625% per annum, commencing on 26 March 2019; and from 26 March 2024 at, in respect of each reset period, the relevant 5-year swap rate plus 2.061% until 26 March 2029; plus 2.311% until 26 March 2044; and plus 3.061% until maturity. The proceeds of the issuance of the notes were on-lent to the Sister in an intercompany loan, maturing in 2039 on conditions that are the same.

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notes were on-lent to the
Sister in an intercompany loan

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also refers.

~~Undated notes~~ The

On 12 February 2019 the Company issued EUR 800 million of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 12 February 2025 of 3.250% per annum, commencing on 12 February 2020; and from 12 February 2025 at, in respect of each reset period, the relevant 5-year swap rate plus 2.973% until 12 February 2030; plus 3.223% until 12 February 2045; and plus 3.973% until maturity. The proceeds of the issuance of the notes were on-lent to the Sister in an intercompany loan, maturing in 2038 on conditions that are the same.

On 28 October 2020 the Company issued EUR 1,600 million of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 28 April 2026 of 1.874% per annum, commencing on 28 April 2021; and from 28 April 2026 at, in respect of each reset period, the relevant 5-year swap rate plus 2.321% until 28 April 2031; plus 2.571% until 28 April 2046; and plus 3.321% until maturity. The proceeds of the issuance of the notes were on-lent to the Sister in an intercompany loan, maturing in 2040 on conditions that are the same.

On 28 October 2020 the Company issued EUR 1,400 million of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 28 April 2029 of 2.250% per annum,

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commencing on 28 April 2021; and from 28 April 2029 at, in respect of each reset period, the relevant 5-year swap rate plus 2.574% until 28 April 2034; plus 2.824% until 28 April 2049; and plus 3.574% until maturity. The proceeds of the issuance of the notes were on-lent to the Sister in an intercompany loan, maturing in 2040 on conditions that are the same.

On 9 February 2021 the Company issued EUR 1,000 million of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 9 February 2027 of 1.450% per annum, commencing on 9 February 2022; and from 9 February 2027 at, in respect of each reset period, the relevant 5-year swap rate plus 1.832% until 9 February 2032; plus 2.082% until 9 February 2047; and plus 2.832% until maturity. The proceeds of the issuance of the notes were on-lent to the Parent in an intercompany loan, maturing in 2041 on conditions that are the same.

On 9 February 2021 the Company issued EUR 1,000 million of Undated Deeply Subordinated Reset Rate Guaranteed notes. The notes are perpetual and bear an annual interest on their principal amount from the issue date to 9 February 2030 of 1.825% per annum, commencing on 9 February 2022; and from 9 February 2030 at, in respect of each reset period, the relevant 5-year swap rate plus 2.049% until 9 February 2035; plus 2.299% until 9 February 2050; and plus 3.049% until maturity. The proceeds of the issuance of the notes were on-lent to the Parent in an intercompany loan, maturing in 2041 on conditions that are the same.

All Undated Deeply Subordinated Reset Rate Guaranteed notes are listed and are trading on the Luxembourg Stock Exchange (Euro MTF).

Related parties

The Company is a wholly-owned subsidiary of Iberdrola S.A. (the "Parent"), located in Bilbao, Spain.

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the Company. This includes, amongst others, the relationship between the Company, shareholders, directors and key management personnel.

Intertrust (Netherlands) B.V. ("the Administrator") provides management and administrative services to Iberdrola International B.V. Intertrust (Netherlands) B.V. and Iberdrola S.A., as well as any entities belonging to those groups, are considered related parties to the Company. Transactions with those parties are detailed in the relevant disclosure notes (refer to notes 2.5.1, 2.5.2, 2.5.3, 2.5.5, 2.5.10 and 2.5.11).

2.4.3 Guarantees

With respect to its obligations under the notes, the Company is unconditionally and irrevocably guaranteed on a full recourse basis ("External Guarantee") by the Parent. Each such External Guarantee forms part of the respective note.

Furthermore, the Parent has unconditionally and irrevocably guaranteed to the Company the obligations of the Sister towards the Company (the "Internal Guarantee") under the Risk Limitation Agreement dated 18 February 2009. The on-lending of newly issued ECP notes proceeds by the Company to the Sister is arranged under the Intercompany Multicurrency Revolving Facility Agreement dated 22 March 2010.



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2.4.4 Limited recourse

Under the internal agreement dated 18 February 2009 between the Company and the Parent (the "Risk Limitation Agreement"), the Parent's recourse claim on the Company under the External Guarantee is limited to EUR 2 million. This means that the Company will bear financial damages to a maximum amount of EUR 2 million before the Parent compensates the Company for any damages resulting from the group companies defaulting in payment under the Internal Loans. Additionally, it is agreed that the Internal Guarantee can only be invoked by the Company after the Company has born financial damages.

2.4.5 Risk management

Due to the nature of the Company's activities, the Company is exposed to the following risks: financial risk, fiscal risk, risk related to financial reporting and other operational risks, risks related to change in laws and regulations and risks related to financial instruments. All of these risks arise in the normal course of business. The risk appetite of the Company in respect to this risk is low and no amendments were made or are expected to be made in managing this risk.

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Financial risk

The Financing and Financial Risk Policy and the Corporate Risk Credit Policy of the Iberdrola Group, both approved by the Managing Board of Iberdrola S.A., identify the risk factors described below that could affect the Company. The Company makes use of the organisation and systems of the Parent and the Administrator to identify, measure and control the financial risks to which it is exposed.

The activity with financial instruments exposes the Company to credit, market (interest rate and foreign currency) and liquidity risk.

Credit risk

The Company is exposed to the credit risk arising from the possibility that external counterparties, such as financial institutions, and group companies might fail to comply with obligations towards the Company.

The Company has significant short- and long-term loans receivable from the Parent and the Sister for a total value of EUR 13,258 million (2022: EUR 15,723 million). Other receivables from the Parent and the Sister consist of group loans interest receivable and other group receivables and have a value of EUR 173,779 thousand as at 31 December 2023 (2022: EUR 179,527 thousand). Repayment of the loans and other receivables depend ultimately on the operational performance of the Parent. The Group's main activity is generation and distribution of electricity in Spain, UK, US, Brazil and other countries, which is regulated business in most cases. Operating results could be materially affected by changes in laws, regulations or regulatory policies that apply to its business.

The credit ratings of the Parent are as follows:

Agency	Long-term(*)	Short-term	Perspective	Last modification date
S&P	BBB+	A-2	Stable	22 April 2016
Moody's	Baa1	P-2	Stable	14 March 2018
Fitch	BBB+	F-2	Stable	25 March 2014

* The above ratings may be revised, suspended or withdrawn by the rating agencies at any time.

The Company has extended loans to the Parent and the Sister. As they are interrelated, and as the Parent has guaranteed the obligations of the Sister to the Company, the related credit risk is interrelated. External ratings are used to determine the credit worthiness of the Group as counterparty of the Company. In view of the prevailing ratings, the Company has concluded that the overall credit risk is low, as far as the Parent maintains strong liquidity and solvency metrics. The current war in Ukraine and the Middle East has hardly affected the Parent operations. The Company will closely monitor the external ratings for the Group and financial performance of the Parent.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Interest rate risk

The interest received on group loans equals the interest paid on the notes plus a certain spread (7 basis points in the contracts with the Sister that offset the guarantee fee that the Parent charges to the Company in relation to the corresponding notes). The proceeds from the notes issuances are on-lent to the Parent or the Sister and therefore the assets and liabilities are fully matched. The interest receivable dates and interest payment dates of the notes are contractually aligned. The Company therefore considers the interest rate risk to be low.

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The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Foreign currency risk

Foreign currency risk is incurred when a loan is made in a foreign currency other than the functional currency of the lender and the current exchange rate deviates from the exchange rate at the time of entering into the loan.

Effectively very limited foreign currency risks are incurred by the Company because it has agreed that the loan and the notes carry the same currency.

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Currency exchange results can also relate to currency exchange rate differences arising by the translation of assets and liabilities in foreign currencies into euros at their exchange rates prevailing on the balance sheet date and by the conversion of transactions in foreign currencies into euros at the exchange rates in effect at the time of the transactions.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Liquidity risk

The main liquidity risk that the Company faces is that it does not have sufficient cash to pay the interest and principal on the notes when these are due. Based on the payment terms under the notes, Company's forecasted cash flow and the strong performance of the related parties to which the loans are provided, all operational liabilities and contingencies are expected to be paid as they fall due. Through the Parent and the Administrator the Company closely monitors its liquidity position in the days prior to the interest due date and maturity date and will ensure that it will collect the interest and principal from the Parent and the Sister prior to the interest due date and maturity date. The interest receivable dates and interest payments dates of the notes are contractually aligned, as are the maturity dates. The Company therefore considers the liquidity risk to be low.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Fiscal risks

The Company determines its transfer prices in line with the local and global transfer pricing guidelines and with the rationale of the Mutual Agreement Procedure resolution dated 28 January 2020.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Risks related to financial reporting

The financial information is prepared by the Administrator on behalf of the Company. This information is compared with the accounting information of the Parent and the Sister in the country where the Parent and Sister are based. Iberdrola Group and the Company are highly experienced in financing activities and all processes within Iberdrola Group are controlled. To assure the reliability of the reporting prepared by the Administrator, the Company has received an ISAE 3402 report from the Administrator. Risks related to payments are also monitored by the Company.

The risk appetite of the Company in respect of this risk is low and no amendments were made or are expected to be made in managing this risk.

Risks related to changes in laws and regulations

The majority of the contracts/programmes contemplate the possibility of changes in tax or accountancy regulation, which is relatively straightforward (for example no deferred tax items and straightforward tax calculation). The Company therefore considers the risk to be low.

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2.4.6 Principal accounting policies

The accounting policies applied for measuring assets and liabilities and profit determination are based on historical cost convention, unless otherwise stated in the further principles.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability. The principal accounting policies adopted in the preparation of these financial statements are set out below:

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Functional and presentation currency

The financial statements are presented in euros thousands ('EUR'), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise mentioned.

Foreign currencies

Assets and liabilities in foreign currencies are translated into euros at their exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are converted into euros at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the financial statements are:

	<u>31/Dec/23</u>	<u>31/Dec/22</u>
1 EUR = USD (US Dollar)	1.10650	1.06400
1 EUR = GBP (Pound Sterling)	0.86830	0.88058
1 EUR = CHF (Swiss Franc)	0.94380	0.98630
1 EUR = JPY (Japanese Yen)	157.81000	142.21000
1 EUR = NOK (Norwegian Krona)	11.23550	10.44950

Recognition of interest income and expense

Interest income and expense on financial instruments carried at amortised cost is recognised in the profit and loss account under the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Operational income, other income and expenses

Operational income, other income and expenses are recognised on an accruals basis.

Corporate income tax

The Company determines its transfer prices in line with the local and global transfer pricing guidelines and with the rationale of the Mutual Agreement Procedure resolution dated 28 January 2020.

Corporate income tax comprises the current corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity, or to business combinations.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, calculated using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the Netherlands where the Company operates and generates taxable income.

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Financial instruments

The financial instruments held by the Company include the following:

- Notes issued – at amortised cost
- Loans and receivables – at amortised cost
- Derivatives financial instruments – at fair value
- Interest payable-at amortised cost
- Cash and cash equivalents – at nominal value

Classification

The Company issues, except for the "Equity-linked notes" and "Deeply Subordinated Reset Rate Guaranteed notes", plain vanilla (standard type of notes with simple expiration date, strike price and no additional features) interest-bearing notes. The plain vanilla interest-bearing notes carry either a fixed rate which remains constant over the life of the notes or a floating rate of interest based on a reference rate plus a margin with the margin remaining constant over the life of the notes. The Company designates its 'plain vanilla' interest bearing

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notes as other financial liabilities carried at amortised cost. The Company classifies the "Equity-linked notes" at amortised cost with the embedded derivative being separated and measured at fair value through profit or loss.

Changes in the fair value of the embedded derivative are recorded in 'Fair Value adjustment derivative financial instruments' in the profit and loss account. The Company designates its inter-company loans made from the proceeds received from the issuance of plain vanilla interest-bearing notes as loans and receivables. The Company designates its inter-company loan made from the proceeds received from the issuance of the "Equity-linked notes" at amortised cost with the embedded derivative being separated and measured at fair value through profit or loss. Changes in the fair value of the embedded derivative are recorded in 'Fair Value adjustment derivative financial instruments' in the profit and loss account.

Derivative financial instruments

Under Generally Accepted Accounting Principles in The Netherlands, the treatment of financial instruments is largely governed by Richtlijn 290. Article 290.825 describes an embedded derivative as one that complies with the definition of a derivative and is a contractual component within another "Host contract". Article 290.827 goes on to determine that such a derivative should be separated from its Host contract if there is an absence of close relationship between the economic characteristics of the Host contract and the embedded derivative, and the embedded derivative on a stand-alone basis would comply with the definition of a derivative, and the Host contract is not recorded at its fair value.

In case of the issued Equity-linked notes, the conversion rights to the shares of the Parent represents a separate element from the issue and redemption of the loan itself. Those rights would comply with the definition of a derivative under chapter 4 of Richtlijn 290.

As neither the notes nor the conversion rights are considered to be part of a trading portfolio, and the rights are based on the value of the quoted shares of the Parent, the embedded derivative should be valued at its fair value at the onset as well as during the life of the option. Results should be recorded in the Company's profit and loss account as part of the write down arrangement fees, in the interest expenses on loans.

Recognition

The Company recognises all financial assets and financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Measurement

All non-derivative assets and liabilities financial instruments are initially measured at fair value plus or minus the directly attributable issue or acquisition costs, respectively. After initial measurement, such assets and liabilities are carried at amortised cost based on the effective interest method.

Derivative financial instruments are measured at fair value.

Impairment of financial assets

The Company assesses on a yearly basis whether a financial asset or group of financial assets is impaired. The carrying amount of a financial asset or group of financial assets is impaired when there is objective evidence that an impairment loss has been incurred due to one or more events occurring since initial recognition that leads to a reduction or delay in estimated future cash flows.

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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 effective interest rate used on the date of initial recognition. For variable income financial assets, the effective interest rate corresponding to the reporting date of the annual accounts under the contractual conditions is used. Impairment losses on a group of financial assets are calculated using models based on statistical formulas or methods.

Impairment losses, as well as reversals when the amount of the loss decreases due to a subsequent event, are recognised in profit or loss. Impairment can be reversed up to the limit of the carrying amount that would have been recognised if no impairment loss had been recognised.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating

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unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

The profit and loss accounts for 2023 and 2022 do not include any amounts in this regard.

Transfer of future economic benefits

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or have expired.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value and insofar as not stated otherwise, are at the free disposal of the Company. Cash and cash equivalents relate to payable on demand against credit institutions and cash resources. Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in euros at the exchange rate ruling at that date.

Equity

Share capital is classified as equity. The net result of previous years is classified under the other reserves. Dividends pay outs are deducted from the other reserves.

Financial instruments that are designated as equity instruments by virtue of the legal reality are presented under shareholder's equity. Payments to holders of these instruments are deducted from the shareholder's equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the legal reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Discount, premiums and cost of issuance of notes

Discounts, premiums and cost of issuance of notes in connection with notes are capitalised or deferred, according to their nature, and amortised to the profit and loss account over the period of the underlying transaction.

Premium, cost of issuance of notes, discount and redemption premiums are recognised as interest expense in the period to which they belong. The allocation of these interest expenses and the interest income on the group loans is the effective interest rate that is recognised in the profit and loss account. On the balance sheet, the amortised value of the debt is recognised. The amounts of premium that are not yet recognised in the profit and loss account are recognised as an increase in debt to which they relate. The amounts of discount that are not yet recognised in the profit and loss account are recognised as a reduction of the debt to which they relate.

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2850545/24W00192542AVN dated
10 APRIL 2024
also refers.

Negative interest

Interest resulting from a negative effective interest rate on a financial asset does not meet the definition of **interest expense**, because it reflects a gross outflow, instead of a gross inflow, of economic benefits. The expense arising on a financial asset due to a negative effective interest rate is presented as other interest expense. Consequently, the interest resulting from a negative effective interest rate on a financial liability is presented as other interest income.

Cash flow statement

The cash flows statement is prepared on the basis of the indirect method. Capital receipts and repayments and receipts of interest related to intercompany loans, are presented within the cash flows from investing activities. Payments of dividends, capital receipts and repayments and payments of interest related to notes issued are presented within the cash flows from financing activities. For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity that are readily convertible to a known amount of cash without a significant risk of changes in value.

Determination of fair value

Fair value of debt instruments is based on the net present value of the anticipated future cash flows associated with these instruments discounted at market interest rates. Fair value of derivative financial instruments is based on valuation models and techniques to determine

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the fair value of the instruments. Models use a combination of market observable inputs, inputs derived from observable market data and the contractual terms of the instruments.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed, regarding impairment assessment and fair value. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Judgements

Besides the assessment of the recoverability of the loans receivable, no significant judgements have been made which have an effect on the financial statements.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2023 is included in the following notes:

Note 2.5.1- 2.5.2 - loans: key assumptions underlying recoverable amounts, including the recoverability of loans;

Note 2.5.4 – corporate income tax receivable: determining the expected reimbursements of corporate income tax amounts on the basis of the MAP's received for previous years;

Note 2.5.14- - determining the fair value of loans, borrowings on the basis of the quoted bid price at the reporting date. If no quoted bid price at the reporting date is available, the assumptions are based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.



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Document to which our report
2850545/24W00192542AVN dated

23 April 2024

also refers.

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2.5 Notes to the balance sheet and the profit and loss account

2.5.1 Financial fixed assets

Long-term group loans

The long-term group loans are detailed as follows:

	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Long-term group loans	8,448,938	9,686,842
Deferred income long-term	-21,272	-28,057
	<u>8,427,666</u>	<u>9,658,785</u>

The movement in the long-term group loans can be detailed as follows:

	2023 EUR 1,000	2022 EUR 1,000
Opening balance	9,686,842	11,824,010
Movements during the financial year		
Translation result	<u>-37,904</u>	<u>55,896</u>
	-37,904	55,896
Reclassification to short-term loans	<u>-1,200,000</u>	<u>-2,193,064</u>
	-1,200,000	-2,193,064
Closing balance	<u>8,448,938</u>	<u>9,686,842</u>

These loans acquired under several programmes as mentioned below are on-lent to group companies as mentioned in the column counterparty.

The loans on-lent to the Sister are guaranteed by the Parent.

EMTN Programme

	Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	Counterparty	(x 1,000)		
						Outstanding Amount	Deferred Income	Interest Receivable
EMT S111-1	EUR	1,000,000	1.27590%	21 April 2026	Iberdrola Financiacion S.A.	1,000,000	-1,867	8,326
EMT S113-1	EUR	700,000	0.59500%	15 September 2025	Iberdrola Financiacion S.A.	700,000	-1,797	919

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Other Programmes

	Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	Counterparty	(x 1,000)		
						Outstanding Amount	Deferred Income	Interest Receivable
Yankee Bond	USD	350,000	5.81000%	15 March 2025	Iberdrola S.A.	316,313	0	5,411
US Domestic	USD	200,000	6.92320%	15 September 2033	Iberdrola S.A.	180,750	-3,165	3,592
US Domestic	USD	500,000	6.97272%	15 July 2036	Iberdrola S.A.	451,875	-10,455	14,065
Other	EUR	800,000	3.41760%	12 February 2025 *	Iberdrola Financiacion S.A.	800,000	-771	23,504
Other	EUR	1,600,000	2.00330%	29 April 2026 *	Iberdrola Financiacion S.A.	1,600,000	-2,206	21,076
Other	EUR	1,400,000	2.36190%	29 April 2029 *	Iberdrola Financiacion S.A.	1,400,000	-3,124	22,008
Other	EUR	1,000,000	1.51040%	09 February 2027 *	Iberdrola S.A.	1,000,000	-1,765	12,951
Other	EUR	1,000,000	1.86570%	09 February 2030 *	Iberdrola S.A.	1,000,000	-2,313	16,300
						6,748,938	-23,799	118,907
						8,448,938	-27,463	128,152

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* This concerns the first early redemption date, since the maturity of these loans is subject to partial or total redemption of the mirrored Bonds.

The total amount of deferred income consists of an amount of EUR 21,272 thousand that will amortize after 1 year of the balance sheet date and as such is presented under the deferred income long-term. The amount that will amortize within 1 year of the balance sheet date (EUR 6,190) is presented under the deferred income short-term (refer to note 2.5.2).

Deferred income long-term

The movement in deferred income long-term can be detailed as follows:

	2023 EUR 1,000	2022 EUR 1,000
Opening balance	-28,057	-35,977
Amortization	<u>6,190</u>	<u>7,235</u>
Reclassification to short-term (note 2.5.2)	<u>595</u>	<u>685</u>
	595	685
Closing balance	<u><u>-21,272</u></u>	<u><u>-28,057</u></u>

Deferred income long-term are credits and are as such deducted from long-term group loans as presented above.

2.5.2 Short-term group loans

The short-term group loans are detailed as follows:

	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Short-term group loans	4,808,818	6,035,851
Deferred income short-term	-6,786	-7,920
	<u><u>4,802,032</u></u>	<u><u>6,027,931</u></u>

The movement in the short-term group loans can be detailed as follows:

	2023 EUR 1,000	2022 EUR 1,000
Opening balance	6,035,851	5,623,328
Movements during the financial year		KPMG Audit Document to which our report 2850545/24W00192542AVN dated 23 April 2024
New issued loans	14,809,153	12,533,228
Repaid loans	-17,231,394	-14,314,454
Translation result	<u>-4,792</u>	<u>685</u>
Reclassification from long-term loans	<u>1,200,000</u>	<u>-1,780,541</u>
	1,200,000	2,193,064
Closing balance	<u><u>4,808,818</u></u>	<u><u>6,035,851</u></u>

These loans acquired under several programmes as mentioned below are on-lent to group companies as mentioned in the column counterparty.

The loans on-lent to the Sister are guaranteed by the Parent.

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ECP Programme

Series	Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	Counterparty	(x 1,000)		
						Outstanding Amount	Deferred Income	Interest Receivable
S.2962	EUR	9,679	3.3473%	03 January 2024	Iberdrola Financiacion S.A.	9,679	0	326
S.2963	EUR	11,618	3.3323%	02 January 2024	Iberdrola Financiacion S.A.	11,618	0	389
S.2979	EUR	9,680	3.3423%	11 January 2024	Iberdrola Financiacion S.A.	9,680	0	318
S.2984	EUR	9,681	3.3273%	16 January 2024	Iberdrola Financiacion S.A.	9,681	0	312
S.2987	EUR	14,517	3.3623%	24 January 2024	Iberdrola Financiacion S.A.	14,517	0	462
S.2995	EUR	14,998	3.3823%	07 February 2024	Iberdrola Financiacion S.A.	14,998	0	461
S.2998	EUR	36,289	3.3723%	19 February 2024	Iberdrola Financiacion S.A.	36,289	0	1,071
S.3009	EUR	9,634	3.8327%	07 March 2024	Iberdrola Financiacion S.A.	9,634	0	306
S.3038	EUR	14,512	3.6724%	18 March 2024	Iberdrola Financiacion S.A.	14,512	0	383
S.3060	EUR	4,861	3.7820%	26 February 2024	Iberdrola Financiacion S.A.	4,861	0	113
S.3088	EUR	4,855	3.9871%	26 March 2024	Iberdrola Financiacion S.A.	4,855	0	102
S.3111	EUR	42,288	4.0778%	04 July 2024	Iberdrola Financiacion S.A.	42,288	0	857
S.3114	EUR	19,612	3.9664%	09 January 2024	Iberdrola Financiacion S.A.	19,612	0	378
S.3118	EUR	19,612	3.9814%	11 January 2024	Iberdrola Financiacion S.A.	19,612	0	373
S.3123	EUR	29,216	4.0319%	21 March 2024	Iberdrola Financiacion S.A.	29,216	0	537
S.3131	EUR	9,610	4.0828%	23 July 2024	Iberdrola Financiacion S.A.	9,610	0	174
S.3138	EUR	49,018	3.9914%	31 January 2024	Iberdrola Financiacion S.A.	49,018	0	837
S.3141	EUR	5,392	3.9764%	28 February 2024	Iberdrola Financiacion S.A.	5,392	0	75
S.3150	EUR	98,054	3.9964%	11 March 2024	Iberdrola Financiacion S.A.	98,054	0	1,219
S.3158	EUR	192,423	3.9909%	15 January 2024	Iberdrola Financiacion S.A.	192,423	0	2,325
S.3162	EUR	19,591	4.0515%	22 March 2024	Iberdrola Financiacion S.A.	19,591	0	238
S.3169	EUR	49,315	4.1360%	22 January 2024	Iberdrola Financiacion S.A.	49,315	0	578
S.3171	EUR	14,691	4.1365%	26 March 2024	Iberdrola Financiacion S.A.	14,691	0	170
S.3172	EUR	11,838	4.1210%	22 January 2024	Iberdrola Financiacion S.A.	11,838	0	137
S.3174	EUR	19,519	4.1417%	30 April 2024	Iberdrola Financiacion S.A.	19,519	0	220
S.3176	EUR	39,196	4.1264%	26 March 2024	Iberdrola Financiacion S.A.	39,196	0	436
S.3177	EUR	19,726	4.1010%	29 January 2024	Iberdrola Financiacion S.A.	19,726	0	216
S.3178	EUR	14,827	4.0808%	11 January 2024	Iberdrola Financiacion S.A.	14,827	0	160
S.3180	EUR	19,600	4.1314%	28 March 2024	Iberdrola Financiacion S.A.	19,600	0	211
S.3181	EUR	9,670	4.1124%	29 July 2024	Iberdrola Financiacion S.A.	9,670	0	104
S.3182	EUR	88,784	4.1110%	29 January 2024	Iberdrola Financiacion S.A.	88,784	0	953
S.3184	EUR	14,700	4.1314%	28 March 2024	Iberdrola Financiacion S.A.	14,700	0	159
S.3186	EUR	1,973	4.1010%	29 January 2024	Iberdrola Financiacion S.A.	1,973	0	21
S.3193	EUR	24,744	4.0807%	05 January 2024	Iberdrola Financiacion S.A.	24,744	0	250
S.3194	EUR	19,726	4.1060%	05 February 2024	Iberdrola Financiacion S.A.	19,726	0	200
S.3197	EUR	49,318	4.1160%	06 February 2024	Iberdrola Financiacion S.A.	49,318	0	491
S.3198	EUR	49,457	4.1008%	12 January 2024	Iberdrola Financiacion S.A.	49,457	0	490
S.3199	EUR	19,332	4.1124%	09 August 2024	Iberdrola Financiacion S.A.	19,332	0	192
S.3202	EUR	98,981	4.1007%	10 January 2024	Iberdrola Financiacion S.A.	98,981	0	936
S.3204	EUR	108,779	4.1108%	18 January 2024	Iberdrola Financiacion S.A.	108,779	0	1,031
S.3206	EUR	14,796	4.1010%	12 February 2024	Iberdrola Financiacion S.A.	14,796	0	137
S.3207	EUR	3,959	4.0857%	15 January 2024	Iberdrola Financiacion S.A.	3,959	0	36
S.3210	EUR	9,899	4.0807%	18 January 2024	Iberdrola Financiacion S.A.	9,899	0	84
S.3211	EUR	4,425	4.1062%	18 March 2024	Iberdrola Financiacion S.A.	4,425	0	38
S.3216	EUR	10,888	4.1107%	23 January 2024	Iberdrola Financiacion S.A.	10,888	0	87
S.3220	EUR	148,462	4.1257%	24 January 2024	Iberdrola Financiacion S.A.	148,462	0	1,174
S.3221	EUR	69,284	4.1157%	25 January 2024	Iberdrola Financiacion S.A.	69,284	0	539
S.3222	EUR	49,488	4.1157%	25 January 2024	Iberdrola Financiacion S.A.	49,488	0	385
S.3223	EUR	29,201	4.1069%	26 June 2024	Iberdrola Financiacion S.A.	29,201	0	223
S.3224	EUR	197,961	4.1007%	26 January 2024	Iberdrola Financiacion S.A.	197,961	0	1,511
S.3229	EUR	5,425	4.0960%	04 March 2024	Iberdrola Financiacion S.A.	5,425	0	37
S.3230	EUR	9,898	4.0907%	02 February 2024	Iberdrola Financiacion S.A.	9,898	0	67
S.3234	EUR	9,898	4.0857%	06 February 2024	Iberdrola Financiacion S.A.	9,898	0	63

 **KPMG Audit**

Document to which our report

19,332 2850545/24W00132542AVN dated

98,981 23 April 2024

also refers.

 **KPMG Accountants N.V.**

3,959 0 36

14,796 0 137

9,899 0 84

4,425 0 38

10,888 0 87

148,462 0 1,174

69,284 0 539

49,488 0 385

29,201 0 223

197,961 0 1,511

5,425 0 37

9,898 0 67

9,898 0 63

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S.3238	EUR	54,886	4.0864%	08 May 2024	Iberdrola Financiacion S.A.	54,886	0	336
S.3239	EUR	49,327	4.0960%	11 March 2024	Iberdrola Financiacion S.A.	49,327	0	292
S.3240	EUR	29,695	4.0857%	09 February 2024	Iberdrola Financiacion S.A.	29,695	0	179
S.3241	EUR	9,896	4.0857%	15 February 2024	Iberdrola Financiacion S.A.	9,896	0	55
S.3242	EUR	4,916	4.0812%	15 April 2024	Iberdrola Financiacion S.A.	4,916	0	27
S.3243	EUR	34,645	4.0857%	15 February 2024	Iberdrola Financiacion S.A.	34,645	0	185
S.3244	EUR	6,929	4.0907%	20 February 2024	Iberdrola Financiacion S.A.	6,929	0	33
S.3245	EUR	49,679	4.0855%	17 January 2024	Iberdrola Financiacion S.A.	49,679	0	237
S.3246	EUR	7,893	4.0959%	20 March 2024	Iberdrola Financiacion S.A.	7,893	0	38
S.3247	EUR	9,803	4.0514%	21 May 2024	Iberdrola Financiacion S.A.	9,803	0	45
S.3249	EUR	12,076	4.0857%	22 February 2024	Iberdrola Financiacion S.A.	12,076	0	55
S.3252	EUR	7,867	4.0762%	23 April 2024	Iberdrola Financiacion S.A.	7,867	0	35
S.3253	EUR	34,527	4.0810%	25 March 2024	Iberdrola Financiacion S.A.	34,527	0	153
S.3254	EUR	102,921	4.0857%	26 February 2024	Iberdrola Financiacion S.A.	102,921	0	444
S.3255	EUR	29,689	4.0857%	26 February 2024	Iberdrola Financiacion S.A.	29,689	0	128
S.3256	EUR	29,696	4.0757%	27 February 2024	Iberdrola Financiacion S.A.	29,696	0	118
S.3257	EUR	69,525	4.1055%	30 January 2024	Iberdrola Financiacion S.A.	69,525	0	254
S.3258	EUR	14,896	4.1055%	31 January 2024	Iberdrola Financiacion S.A.	14,896	0	54
S.3259	EUR	29,603	4.1259%	28 March 2024	Iberdrola Financiacion S.A.	29,603	0	109
S.3260	EUR	49,339	4.1259%	28 March 2024	Iberdrola Financiacion S.A.	49,339	0	181
S.3261	EUR	19,862	4.1055%	31 January 2024	Iberdrola Financiacion S.A.	19,862	0	72
S.3262	EUR	4,440	4.1259%	28 March 2024	Iberdrola Financiacion S.A.	4,440	0	16
S.3263	EUR	71,023	4.1005%	30 January 2024	Iberdrola Financiacion S.A.	71,023	0	251
S.3264	EUR	14,848	4.1107%	01 March 2024	Iberdrola Financiacion S.A.	14,848	0	53
S.3265	EUR	24,747	4.1107%	01 March 2024	Iberdrola Financiacion S.A.	24,747	0	88
S.3266	EUR	14,792	4.1160%	04 April 2024	Iberdrola Financiacion S.A.	14,792	0	52
S.3267	EUR	9,865	4.1160%	04 April 2024	Iberdrola Financiacion S.A.	9,865	0	32
S.3268	EUR	4,949	4.1157%	04 March 2024	Iberdrola Financiacion S.A.	4,949	0	16
S.3271	EUR	148,999	4.1105%	02 February 2024	Iberdrola Financiacion S.A.	148,999	0	475
S.3272	EUR	57,419	4.0757%	06 March 2024	Iberdrola Financiacion S.A.	57,419	0	169
S.3273	EUR	9,864	4.0610%	08 April 2024	Iberdrola Financiacion S.A.	9,864	0	29
S.3274	EUR	49,499	4.0757%	06 March 2024	Iberdrola Financiacion S.A.	49,499	0	146
S.3275	EUR	29,699	4.0757%	07 March 2024	Iberdrola Financiacion S.A.	29,699	0	84
S.3277	EUR	24,826	4.0805%	12 February 2024	Iberdrola Financiacion S.A.	24,826	0	59
S.3278	EUR	19,861	4.0805%	12 February 2024	Iberdrola Financiacion S.A.	19,861	0	47
S.3282	EUR	79,451	4.0805%	13 February 2024	Iberdrola Financiacion S.A.	79,451	0	171
S.3285	EUR	29,706	4.0807%	11 March 2024	Iberdrola Financiacion S.A.	29,706	0	64
S.3286	EUR	29,794	4.0805%	13 February 2024	Iberdrola Financiacion S.A.	29,794	0	64
S.3287	EUR	9,900	4.0807%	13 March 2024	Iberdrola Financiacion S.A.	9,900	0	21
S.3288	EUR	29,699	4.0807%	15 March 2024	Iberdrola Financiacion S.A.	29,699	0	57
S.3289	EUR	67,318	4.0807%	15 March 2024	Iberdrola Financiacion S.A.	67,318	0	130
S.3290	EUR	34,650	4.0707%	18 March 2024	Iberdrola Financiacion S.A.	34,650	0	55
S.3291	EUR	49,652	4.0755%	19 February 2024	Iberdrola Financiacion S.A.	49,652	0	79
S.3292	EUR	24,837	4.0705%	15 February 2024	Iberdrola Financiacion S.A.	24,837	0	39
S.3293	EUR	19,863	4.0705%	19 February 2024	Iberdrola Financiacion S.A.	19,863	0	29
S.3294	EUR	29,795	4.0705%	19 February 2024	Iberdrola Financiacion S.A.	29,795	0	44
S.3295	EUR	9,900	4.0657%	20 February 2024	Iberdrola Financiacion S.A.	9,900	0	13
S.3296	EUR	15,840	4.0707%	21 March 2024	Iberdrola Financiacion S.A.	15,840	0	20
S.3297	EUR	11,248	3.8616%	22 July 2024	Iberdrola Financiacion S.A.	11,248	0	12
S.3298	EUR	19,982	4.0651%	04 January 2024	Iberdrola Financiacion S.A.	19,982	0	11
S.3299	EUR	79,877	4.0651%	10 January 2024	Iberdrola Financiacion S.A.	79,877	0	44
S.3300	EUR	61,905	4.0651%	10 January 2024	Iberdrola Financiacion S.A.	61,905	0	34
						3,608,818	0	28,026

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67,318 Document to whom our report

2850545/24W00192542AVN dated

34,650 23 April 2024

49,652 also refers.

19,863 KPMG Accountants N.V.

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Other Programmes

Series	Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	Counterparty	(x 1,000)		
						Outstanding Amount	Deferred Income	Interest Receivable
EMT S107-1	EUR	500,000	2.07300%	08 October 2024	Iberdrola Financiacion S.A.	500,000	-495	2,259
Other	EUR	700,000	2.77080%	26 March 2024 *	Iberdrola Financiacion S.A.	700,000	-100	14,484
						1,200,000	-595	16,743
						4,808,818	-595	44,769

* This concerns the first early redemption date, since the maturity of this loan is subject to partial or total redemption of the mirrored Bonds.

The amount of deferred income reflects the amount that will amortize within 1 year of the balance sheet date and is therefore presented under the deferred income short-term.

Deferred income short-term

The movement in deferred income short-term can be detailed as follows:

	2023 EUR 1,000	2022 EUR 1,000
Opening balance	-7,920	-11,824
Additions from long-term (note 2.5.1)	-595	-685
Amortization	<u>1,729</u>	<u>4,589</u>
	1,134	3,904
Closing balance	<u><u>-6,786</u></u>	<u><u>-7,920</u></u>

Deferred income short-term are credits and are as such deducted from short-term group loans as presented above.

As per 31 December 2023, deferred income short-term consists of EUR 6,190 thousand (2022: EUR 7,235 thousand) related to long-term group loans and EUR 595 thousand (2022: EUR 685 thousand) related to short-term group loans that will amortise within 1 year of the balance sheet date.

Derivative financial instruments

On 16 November 2015 the Company issued EUR 500 million of Equity Linked Guaranteed notes. On 5 June 2020 the Company issued an additional EUR 200 million of Equity Linked Guaranteed notes which were consolidated with the original notes. The notes, maturing in 2022, bear no interest until maturity, when under pre-determined circumstances, the noteholders will be able to exercise their option to receive, in cash, the difference between the Parent's share price and the Reference Price, as defined in the notes' terms and conditions. This cash-conversion option within the notes constitutes an embedded derivative that should be **KPMG Audit** extracted from the host contract and document to which our report 28.03.2024/00192542AVN dated 23 April 2024 valued at its fair value. In 2022, the noteholders exercised their option and received a total amount of EUR 138.3 million. The proceeds of the issuance of the notes were on-lent to the Sister in an intercompany loan, on conditions that are **also refers** the same (plus a spread of 7 basis points in the contracts with the Sister that offset the guarantee fee that the Parent charges to the Company in relation to the corresponding notes), i.e. including an embedded derivative that should be separated from the host contract and valued at its fair value. As a result of the exercise of the cash-conversation option, the Company received a total amount of EUR 138.3 million from the Sister.

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The movements in the derivative financial instruments can be detailed as follows (as the derivative financial instruments matured in 2022 only the movements during 2022 are presented in the table below):

	2022
	EUR 1,000
Opening balance	176,024
Cash amounts settled	-138,297
Fair value adjustment	<u>-37,727</u>
	-176,024
Closing balance	<u><u>0</u></u>

2.5.3 Group loans interest receivable

The group loans interest receivable relates to the loans issued to group companies.

2.5.4 Corporate income tax receivable

The provision for corporate income tax has been calculated in accordance with the policies as set out in note 2.4.6.

Year	01 January EUR 1,000	(Paid)/Received EUR 1,000	P&L account EUR 1,000	31 December EUR 1,000
2012	1,087	1,087	0	0
2013	1,931	1,931	0	0
2014	1,642	1,642	0	0
2015	2,920	2,920	0	0
2016	2,368	2,368	0	0
2017	2,219	2,219	0	0
2018	2,084	0	0	2,084
2019	2,222	0	0	2,222
2020	2,218	0	0	2,218
2022	-1	0	0	-1
2023	0	-8	-8	0
Total	<u><u>18,690</u></u>	<u><u>12,159</u></u>	<u><u>-8</u></u>	<u><u>6,523</u></u>

The nominal tax rate is equal to 19% over the first EUR 200,000 (2022: 15% over the first EUR 200,000) of profit and 25.8% (2022: 25.8%) over the remainder.

The effective tax rate is equal to 7.78% (2022: -/- 37,370%).

The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for its current tax when it is incurred.



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The tax expense recognised in the profit and loss account for 2023 amounts to EUR 8 thousand (2022: tax income EUR 18,685 thousand).

	2023 EUR 1,000	2022 EUR 1,000
Result before tax	106	50
Income tax using the applicable tax rate in the Netherlands	8	6
Recognition of previously not recognised tax losses	0	0
Tax losses not recognised	0	0
Adjustments for prior periods	0	-18,691
Tax expense	8	-18,685

In January 2023, the Company received a Mutual Procedure Agreement ("MAP") from the Dutch tax authorities in relation to the years 2012 until 2017. Based on the outcome of the MAP received for the years 2008 until 2011 and 2012 until 2017, the Company recognized in 2022 a tax receivable from the Dutch tax authorities for the years 2012 until 2020. In 2023, the Company received a total amount of EUR 12,2 million from the Dutch tax authorities related to the years 2012 until 2017. As a result of the MAP, the Company has amended its way of being renumerated from a remuneration based on a basis points mark-up over the intercompany loans issued to a renumeration based on a mark-up of 10% over the costs incurred by the Company as of 1 January 2021.

The adjustments on corporate income tax amounts for the period 2013 until 2021 are reflected in the 'Adjustments for prior periods' in the comparative figures.

2.5.5 Other group receivable

On 20 November 2009 the Company and the Parent entered into an intercompany deposit agreement. Under this agreement the Company may withdraw at any time any amount of the funds held in deposit by the Parent. As per January 16, 2023, the intercompany deposit agreement is with the Sister. The balance of the other group receivable with the Sister as at 31 December 2023 amounts to EUR 858 thousand (2022: EUR 3,162 thousand with the Parent). The other group receivable also consists of a payable to the Sister in the amount of EUR 382 thousand which relates to the recharge of interest income on the current account with the Sister.

2.5.6 Cash and cash equivalents

	31 Dec 2023 EUR 1,000	31 Dec 2022 EUR 1,000
Current account Deutsche Bank	EUR	566
Current account Deutsche Bank	USD	0
Current account Deutsche Bank	GBP	1
Current account Deutsche Bank	CHF	2
Current account Deutsche Bank	JPY	1
Current account Deutsche Bank	NOK	1
Current account Deutsche Bank	USD	1
Total	575	9

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The currents accounts are at the free disposal of the Company.

2.5.7 Shareholder's equity

Share capital

The authorised share capital amounts to EUR 1,940,000 divided into 3,880 ordinary shares of EUR 500 each. Issued and paid up are 776 shares of EUR 500 each.

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	Share capital EUR 1,000	Other reserves EUR 1,000	Unappr. results EUR 1,000	Total EUR 1,000
Opening balance previous book year	388	13,506	633	14,527
Appropriation of result	0	633	-633	0
Dividend paid	0	-8,000	0	-8,000
Result for period	0	0	18,735	18,735
Closing balance previous book year	388	6,139	18,735	25,262
Appropriation of result	0	18,735	-18,735	0
Dividend paid	0	-15,000	0	-15,000
Result for the period	0	0	98	98
Closing balance	388	9,874	98	10,360

In the annual general meeting of shareholders, held on 10 May 2023, it was decided to add the result 2022 to the other reserves. In the extraordinary general meeting of shareholders, held on 24 October 2023, it was decided to declare a dividend of EUR 15 million.

2.5.8 Non-current liabilities (due after one year)

Long-term notes

The long-term notes can be detailed as follows:

	31 December 2023 EUR 1,000	31 December 2022 EUR 1,000
Long-term notes	8,448,938	9,686,842
Deferred expenses long-term	-21,412	-28,216
	8,427,526	9,658,626

The movement in the long-term notes can be detailed as follows:

	2023 EUR 1,000	2022 EUR 1,000
Opening balance	9,686,842	11,824,010
Movements during the financial year		
Translation result	-37,904	55,896
Reclassification to short-term notes	-1,200,000	-2,193,064
		also refers to KPMG Audit Document to which our report 2850545/24W00192542AVN dated 23 April 2024
Closing balance	8,448,938	9,686,842

All notes have been guaranteed by the Parent.

The long-term notes issued can be detailed as follows:

EMTN Programme

Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	(x 1,000)		
				Outstanding Amount	Deferred Expenses	Interest Payable
EMT S111-1	EUR 1,000,000	1.2058%	21 April 2026	1,000,000	-1,865	7,838
EMT S113-1	EUR 700,000	0.5248%	15 September 2025	700,000	-1,794	775
				1,700,000	-3,659	8,613

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Other Programmes

Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	(x 1,000)		
				Outstanding Amount	Deferred Expenses	Interest Payable
Yankee Bond	USD 350,000	5.8100%	15 March 2025	316,313	0	5,411
US Domestic	USD 200,000	6.9232%	15 September 2033	180,750	-3,166	3,592
US Domestic	USD 500,000	6.9286%	15 July 2036	451,875	-10,542	14,065
Other	EUR 800,000	3.3476%	12 February 2025 *	800,000	-771	23,008
Other	EUR 1,600,000	1.9336%	29 April 2026 *	1,600,000	-2,220	20,317
Other	EUR 1,400,000	2.2921%	29 April 2029 *	1,400,000	-3,144	21,344
Other	EUR 1,000,000	1.5110%	09 February 2027 *	1,000,000	-1,783	12,951
Other	EUR 1,000,000	1.8661%	09 February 2030 *	1,000,000	-2,336	16,300
				6,748,938	-23,962	116,988
				<u>8,448,938</u>	<u>-27,621</u>	<u>125,601</u>

* These Bonds are perpetual. The date shown is the first date the early redemption option could be exercised.

The long-term notes that mature after five years of the balance sheet date amount to EUR 3,033 million (2022: EUR 3,058 million).

The total amount of deferred expenses consists of an amount of EUR 21,412 thousand that will amortize after 1 year of the balance sheet date and as such is presented under the deferred expenses long-term. The amount that will amortize within 1 year of the balance sheet date (EUR 6,209) is presented under the deferred income short-term (refer to note 2.5.9).

Deferred expenses long-term

The movement in deferred expenses long-term can be detailed as follows:

	2023	2022
	EUR 1,000	EUR 1,000
Opening balance		-36,154
Amortization	<u>6,209</u>	<u>7,254</u>
Reclassification to short-term (note 2.5.9)	<u>595</u>	<u>684</u>
	<u>595</u>	<u>684</u>
Closing balance	<u><u>-21,412</u></u>	<u><u>-28,216</u></u>

Deferred expenses long-term are debits and are as such deducted from long-term notes as presented above.



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2.5.9 Current liabilities (due within one year)

Short-term notes

The short-term notes can be detailed as follows:

	31 December 2023	31 December 2022
	EUR 1,000	EUR 1,000
Short-term notes	4,808,818	6,035,851
Deferred expenses short-term	-6,804	-7,938
	<u>4,802,014</u>	<u>6,027,913</u>

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The movement in the short-term notes can be detailed as follows:

	2023	2022
	EUR 1,000	EUR 1,000
Opening balance	6,035,851	5,623,328
Movements during the financial year		
New issued notes/CP	14,809,153	12,533,228
Repaid notes/CP	-17,231,394	-14,314,454
Translation result	<u>-4,792</u>	<u>685</u>
	-2,427,033	-1,780,541
Reclassification to short-term notes	<u>1,200,000</u>	<u>2,193,064</u>
	1,200,000	2,193,064
Closing balance	<u><u>4,808,818</u></u>	<u><u>6,035,851</u></u>

The short-term notes outstanding can be detailed as follows:

ECP Programme

Series	Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	(x 1,000)		
					Outstanding Amount	Deferred Expenses	Interest Payable
S.2962	EUR	9,679	3.2773%	03 January 2024	9,679	0	319
S.2963	EUR	11,618	3.2623%	02 January 2024	11,618	0	381
S.2979	EUR	9,680	3.2723%	11 January 2024	9,680	0	311
S.2984	EUR	9,681	3.2573%	16 January 2024	9,681	0	306
S.2987	EUR	14,517	3.2923%	24 January 2024	14,517	0	452
S.2995	EUR	14,998	3.3123%	07 February 2024	14,998	0	451
S.2998	EUR	36,289	3.3023%	19 February 2024	36,289	0	1,048
S.3009	EUR	9,634	3.7627%	07 March 2024	9,634	0	300
S.3038	EUR	14,512	3.6024%	18 March 2024	14,512	0	376
S.3060	EUR	4,861	3.7120%	26 February 2024	4,861	0	111
S.3088	EUR	4,855	3.9171%	26 March 2024	4,855	0	100
S.3111	EUR	42,288	4.0078%	04 July 2024	42,288	0	842
S.3114	EUR	19,612	3.8964%	09 January 2024	19,612	0	371
S.3118	EUR	19,612	3.9114%	11 January 2024	19,612	0	366
S.3123	EUR	29,216	3.9619%	21 March 2024	29,216	0	527
S.3131	EUR	9,610	4.0128%	23 July 2024	9,610	0	171
S.3138	EUR	49,018	3.9214%	31 January 2024	 KPMG Audit Document to which our report 2850545/24W00192542AVN dated 24 April 2024	0	822
S.3141	EUR	5,392	3.9064%	28 February 2024	5,392	0	74
S.3150	EUR	98,054	3.9264%	11 March 2024	98,054	0	1,197
S.3158	EUR	192,423	3.9209%	15 January 2024	192,423	0	2,284
S.3162	EUR	19,591	3.9815%	22 March 2024	19,591	0	234
S.3169	EUR	49,315	4.0660%	22 January 2024	49,315	0	568
S.3171	EUR	14,691	4.0665%	26 March 2024	14,691	0	168
S.3172	EUR	11,838	4.0510%	22 January 2024	11,838	0	135
S.3174	EUR	19,519	4.0717%	30 April 2024	19,519	0	216
S.3176	EUR	39,196	4.0564%	26 March 2024	39,196	0	428
S.3177	EUR	19,726	4.0310%	29 January 2024	19,726	0	212
S.3178	EUR	14,827	4.0108%	11 January 2024	14,827	0	157
S.3180	EUR	19,600	4.0614%	28 March 2024	19,600	0	208
S.3181	EUR	9,670	4.0424%	29 July 2024	9,670	0	102
S.3182	EUR	88,784	4.0410%	29 January 2024	88,784	0	937
S.3184	EUR	14,700	4.0614%	28 March 2024	14,700	0	156
S.3186	EUR	1,973	4.0310%	29 January 2024	1,973	0	21

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S.3193	EUR	24,744	4.0107%	05 January 2024	24,744	0	245
S.3194	EUR	19,726	4.0360%	05 February 2024	19,726	0	197
S.3197	EUR	49,318	4.0460%	06 February 2024	49,318	0	482
S.3198	EUR	49,457	4.0308%	12 January 2024	49,457	0	482
S.3199	EUR	19,332	4.0424%	09 August 2024	19,332	0	189
S.3202	EUR	98,981	4.0307%	10 January 2024	98,981	0	920
S.3204	EUR	108,779	4.0408%	18 January 2024	108,779	0	1,013
S.3206	EUR	14,796	4.0310%	12 February 2024	14,796	0	134
S.3207	EUR	3,959	4.0157%	15 January 2024	3,959	0	35
S.3210	EUR	9,899	4.0107%	18 January 2024	9,899	0	83
S.3211	EUR	4,425	4.0362%	18 March 2024	4,425	0	37
S.3216	EUR	10,888	4.0407%	23 January 2024	10,888	0	86
S.3220	EUR	148,462	4.0557%	24 January 2024	148,462	0	1,154
S.3221	EUR	69,284	4.0457%	25 January 2024	69,284	0	529
S.3222	EUR	49,488	4.0457%	25 January 2024	49,488	0	378
S.3223	EUR	29,201	4.0369%	26 June 2024	29,201	0	219
S.3224	EUR	197,961	4.0307%	26 January 2024	197,961	0	1,485
S.3229	EUR	5,425	4.0260%	04 March 2024	5,425	0	36
S.3230	EUR	9,898	4.0207%	02 February 2024	9,898	0	66
S.3234	EUR	9,898	4.0157%	06 February 2024	9,898	0	62
S.3238	EUR	54,886	4.0164%	08 May 2024	54,886	0	331
S.3239	EUR	49,327	4.0260%	11 March 2024	49,327	0	287
S.3240	EUR	29,695	4.0157%	09 February 2024	29,695	0	176
S.3241	EUR	9,896	4.0157%	15 February 2024	9,896	0	54
S.3242	EUR	4,916	4.0112%	15 April 2024	4,916	0	27
S.3243	EUR	34,645	4.0157%	15 February 2024	34,645	0	182
S.3244	EUR	6,929	4.0207%	20 February 2024	6,929	0	32
S.3245	EUR	49,679	4.0155%	17 January 2024	49,679	0	233
S.3246	EUR	7,893	4.0259%	20 March 2024	7,893	0	37
S.3247	EUR	9,803	3.9814%	21 May 2024	9,803	0	44
S.3249	EUR	12,076	4.0157%	22 February 2024	12,076	0	54
S.3252	EUR	7,867	4.0062%	23 April 2024	7,867	0	34
S.3253	EUR	34,527	4.0110%	25 March 2024	34,527	0	150
S.3254	EUR	102,921	4.0157%	26 February 2024	102,921	0	436
S.3255	EUR	29,689	4.0157%	26 February 2024	29,689	0	126
S.3256	EUR	29,696	4.0057%	27 February 2024	29,696	0	116
S.3257	EUR	69,525	4.0355%	30 January 2024	69,525	0	249
S.3258	EUR	14,896	4.0355%	31 January 2024	14,896	0	53
S.3259	EUR	29,603	4.0559%	28 March 2024	29,603	0	107
S.3260	EUR	49,339	4.0559%	28 March 2024	49,339	0	178
S.3261	EUR	19,862	4.0355%	31 January 2024	19,862	0	71
S.3262	EUR	4,440	4.0559%	28 March 2024	4,440	0	16
S.3263	EUR	71,023	4.0305%	30 January 2024	71,023	0	246
S.3264	EUR	14,848	4.0407%	01 March 2024	14,848	0	52
S.3265	EUR	24,747	4.0407%	01 March 2024	24,747	0	86
S.3266	EUR	14,792	4.0460%	04 April 2024	14,792	0	52
S.3267	EUR	9,865	4.0460%	04 April 2024	9,865	0	31
S.3268	EUR	4,949	4.0457%	04 March 2024	4,949	0	16
S.3271	EUR	148,999	4.0405%	02 February 2024	148,999	0	467
S.3272	EUR	57,419	4.0057%	06 March 2024	57,419	0	166
S.3273	EUR	9,864	3.9910%	08 April 2024	9,864	0	28
S.3274	EUR	49,499	4.0057%	06 March 2024	49,499	0	143
S.3275	EUR	29,699	4.0057%	07 March 2024	29,699	0	83
S.3277	EUR	24,826	4.0105%	12 February 2024	24,826	0	58
S.3278	EUR	19,861	4.0105%	12 February 2024	19,861	0	46
S.3282	EUR	79,451	4.0105%	13 February 2024	79,451	0	168
S.3285	EUR	29,706	4.0107%	11 March 2024	29,706	0	63
S.3286	EUR	29,794	4.0105%	13 February 2024	29,794	0	63
S.3287	EUR	9,900	4.0107%	13 March 2024	9,900	0	21



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S.3288	EUR	29,699	4.0107%	15 March 2024	29,699	0	56
S.3289	EUR	67,318	4.0107%	15 March 2024	67,318	0	127
S.3290	EUR	34,650	4.0007%	18 March 2024	34,650	0	54
S.3291	EUR	49,652	4.0055%	19 February 2024	49,652	0	77
S.3292	EUR	24,837	4.0005%	15 February 2024	24,837	0	39
S.3293	EUR	19,863	4.0005%	19 February 2024	19,863	0	29
S.3294	EUR	29,795	4.0005%	19 February 2024	29,795	0	43
S.3295	EUR	9,900	3.9957%	20 February 2024	9,900	0	13
S.3296	EUR	15,840	4.0007%	21 March 2024	15,840	0	19
S.3297	EUR	11,248	3.7916%	22 July 2024	11,248	0	12
S.3298	EUR	19,982	3.9951%	04 January 2024	19,982	0	11
S.3299	EUR	79,877	3.9951%	10 January 2024	79,877	0	44
S.3300	EUR	61,905	3.9951%	10 January 2024	61,905	0	33
					3,608,818	0	27,522

Other Programmes

Series	Currency	Outstanding Amount in ccy (x 1,000)	Effective interest rate	Maturity date	(x 1,000)		
					Outstanding Amount	Deferred Expenses	Interest Payable
EMT S107-1	EUR	500,000	2.0030%	08 October 2024	500,000	-495	2,177
Other	EUR	700,000	2.7008%	26 March 2024 *	700,000	-100	14,108
					1,200,000	-595	16,285
					4,808,818	-595	43,807

* These Bonds are perpetual. The date shown is the first date the early redemption option could be exercised.

The amount of deferred expenses reflects the amount that will amortize within 1 year of the balance sheet date and is therefore presented under the deferred expenses short-term.

Deferred expenses short-term

The movement in deferred expenses short-term can be detailed as follows:

	2023 EUR 1,000	2022 EUR 1,000
Opening balance	-7,938	-11,840
Additions from long-term (note 2.5.8)	-595	-684
Amortization	<u>1,729</u>	<u>4,586</u>
	1,134	3,902
Closing balance	<u>-6,804</u>	<u>7,738</u>
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Deferred expenses short-term are debits and are as such deducted from short-term notes as presented above also refers.

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As per 31 December 2023, deferred expenses short-term consists of EUR 6,209 thousand (2022: EUR 7,254 thousand) related to the long-term notes and EUR 595 thousand (2022: EUR 684 thousand) related to short-term notes that will amortize within one year of the balance sheet date.

2.5.10 Accrued liabilities

Of the accrued liabilities amounting EUR 1,267 thousand, an amount of EUR 1,207 thousand is related to the guarantee fee payable to the Parent. The remaining amount of EUR 60 thousand consists of audit and audit related fees payable in the amount of EUR 42 thousand, administration fees payable in the amount of EUR 6 thousand, tax advisor fees payable in the amount of EUR 10 thousand and VAT payable in the amount of EUR 2 thousand.

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2.5.11 Financial income and expenses

Servicing fee

Servicing fee relate to the financial support services provided to the Parent and the Sister.

Interest income from group loans and interest expenses on loans

Interest and maturity dates of the group loans correspond with the notes. The interest received on group loans equals the interest paid on the notes plus a certain spread (7 basis points in the contracts with the Sister that offset the guarantee fee that the Parent charges to the Company in relation to the corresponding notes).

Other interest income

Other interest income relates to the reimbursement of tax penalties by the Dutch tax authorities.

Other interest expenses

Other interest expenses relate to the negative interest (paid) on the bank accounts.

Other financial expenses

Other financial expenses refer to expenses that are related to financial transactions.

Other group financial expenses

The other group financial expenses relate to the guarantee fees that are paid to the Parent and the recharge of interest income on the current account to the Sister.

Cash amounts derivative financial instruments

The cash amounts derivative financial instruments relate to the amounts paid to the noteholders of the Equity Linked Guaranteed notes and amounts received from the Sister Company in 2022 as a result of the exercise of the cash-conversion option within the Equity Linked Guaranteed notes.

Fair value adjustment derivative financial instruments

The fair value adjustment derivative financial instruments relates to the decrease in fair value of the embedded derivative amounting to EUR 37,727 thousand (refer to note 2.5.2) in 2022.

Currency exchange results

The currency exchange results relate to currency exchange rate differences arising by the translation of assets and liabilities in foreign currencies into euros at their exchange rates prevailing on the balance sheet date and by the conversion of transactions in foreign currencies into euros at the exchange rates in effect at the time of the transactions. For 2023 the currency exchange income amounts EUR 42,698 thousand and the currency exchange expense amounts EUR 42,696 thousand (for 2022 the currency exchange income amounts EUR 56,615 thousand and the currency exchange expense amounts EUR 56,582 thousand).



KPMG Audit

Document to which our report
2850545/24W00192542AVN dated

23 April 2024

also refers.

KPMG Accountants N.V.

2.5.12 Operating expenses

General and administrative expenses

The general and administrative expenses can be detailed as follows:

	2023	2022
	EUR 1,000	EUR 1,000
Management fees	21	20
Administration fees	131	115
Audit fees	88	75
Advisory fees	57	61
Other third party expenses	51	50
Total	348	321

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2.5.13 Audit fees

The following fees (excluding VAT) were charged by KPMG Accountants N.V. to the Company, as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code.

	KPMG Accountants N.V. 2023 EUR 1,000	Other KPMG network 2023 EUR 1,000	Total KPMG 2023 EUR 1,000
Audit of the financial statements	64	0	64
Other services	0	0	0
Other non-audit services	0	0	0
	64	0	64

	KPMG Accountants N.V. 2022 EUR 1,000	Other KPMG network 2022 EUR 1,000	Total KPMG 2022 EUR 1,000
Audit of the financial statements	60	0	60
Other services	0	0	0
Other non-audit services	0	0	0
	60	0	60

The fees mentioned in the tables for the audit of the financial statements 2023 and 2022 relate to the total fees for the audit of the financial statements 2023 and 2022, irrespective of whether the activities have been performed during the financial years 2023 and 2022.

2.5.14 Fair value of Financial Instruments

A comparison of carrying amount and fair value of financial instruments at 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
	Carrying Amount EUR 1,000	Fair Value EUR 1,000	Carrying Amount EUR 1,000	Fair Value EUR 1,000
Short- and long-term group loans	13,229,698	12,798,123	15,686,716	14,762,634
Short- and long-term notes	13,229,540	12,787,194	15,680,539	14,746,822

Due to an increase in market interest rates in 2023 the fair value of the financial instruments listed above decreased compared to 2022. [KPMG Audit Document to which our report 2850545/24W00192542AVN dated 23 April 2024](#)

The carrying amounts are presented net from interest receivables and interest payables respectively.

[also refers.
KPMG Accountants N.V.](#)

The fair value of the financial instruments other than group loans and notes approximate their book values.

2.5.15 Other notes to the financial statements

Employees

During the reporting period the Company did not employ any own personnel (2022: none).

Remuneration of the Managing Board

The Managing Board consists of three Directors, G. J. Colino Salazar, J.P. van Leeuwen and P.C. van der Linden. During the period the remuneration of the Directors amounted to EUR 20,534 (2022: EUR 20,431). The Company has no Board of Supervisory Directors.

Proposed appropriation of profit

The management proposes to add the result for the year to the other reserves.

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Subsequent events

Undated Deeply Subordinated Reset Rate Guaranteed Securities (Hybrid Bond)

On 22 March 2024 the 700 million Undated Subordinated Reset Rate Guaranteed Securities were redeemed for an amount of EUR 700 million; the related group loan was also redeemed.

Euro Commercial Paper Programme

By a resolution dated 21 February 2024 the Board has resolved to implement certain amendments to the ECP Programme, so that the Company may issue and have outstanding at any time euro-commercial paper notes up to a maximum aggregate amount of EUR 6,000,000,000 (or its equivalent in other currencies).

Amsterdam, 23 April 2024

The Managing Board

G. J. Colino Salazar

J.P. van Leeuwen

P.C. van der Linden



KPMG Audit
Document to which our report
2850545/24W00192542AVN dated
23 April 2024
also refers.
KPMG Accountants N.V.

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3 Other information

3.1 Statutory provisions

In accordance with Article 19 of the Articles of Association, the result for the year is at the disposal of the Annual General Meeting of Shareholders. Furthermore Book 2 of the Dutch Civil Code prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the paid and called up part of the share capital and the reserves to be maintained by the law and the articles of association of the Company.

3.2 Independent auditor's report

We refer the next pages for the independent auditor's report.



KPMG Audit
Document to which our report
2850545/24W00192542AVN dated
23 April 2024
also refers.
KPMG Accountants N.V.

Independent auditor's report

To: the General Meeting of Shareholders of Iberdrola International B.V. and the Audit Committee of Iberdrola S.A.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Iberdrola International B.V. (the Company) as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements for the year 2023 of Iberdrola International B.V. based in Amsterdam.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2023;
- 2 the profit and loss account for the year ended 31 December 2023;
- 3 the statement of cash flows for the year ended 31 December 2023; and
- 4 the notes comprising a summary of accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Iberdrola International B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality

- Materiality of EUR 120,000 thousand
- 0.89% of Assets

Risk of material misstatements related to Fraud, NOCLAR and Going concern risks

- Fraud risks: : presumed risk of management override of controls identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Non-compliance with laws and regulations (NOCLAR) risks: : no reportable risk of material misstatements related to NOCLAR risks identified.
- Going concern risks: no going concern risks identified

Key audit matters

- Recoverability of loans and related interest receivable from Iberdrola S.A. and Iberdrola Financiación S.A.U.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 120,000 thousand (2022: EUR 154,000 thousand). The materiality is determined with reference to 0.89% of total assets. We consider total assets as the most appropriate benchmark given the activities of Iberdrola International B.V. as a group financing company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of Iberdrola S.A. that misstatements identified during our audit in excess of EUR 6,000 thousand would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the audit

We have performed audit procedures ourselves at the level of Iberdrola International B.V. In addition, we made use of work of the KPMG Spain audit team of Iberdrola S.A. (Parent) and Iberdrola Financiación S.A.U. (Sister) for the audit of the recoverability of the loan and interest receivables from Iberdrola S.A. and Iberdrola Financiación S.A.U.



We sent instructions to the KPMG Spain audit team, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us.

We discussed the work performed with the KPMG Spain audit team and reviewed the reporting and working papers received. During these discussions the planning, risk assessment, procedures performed, and findings and observations reported to us were discussed in more detail and evaluated.

By performing the procedures mentioned above, together with additional procedures at the Company level, we have been able to obtain sufficient and appropriate audit evidence about Iberdrola International B.V.'s financial information to provide an opinion about the annual accounts.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters 1.1.9 and 1.1.10 of the Managing Board's report, the Managing Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance.

Our procedures included, among other things, assessing the Company's code of ethics and its procedures to investigate indications of possible fraud and non-compliance. We inspected minutes and resolutions of the Company to identify possible relevant significant transactions that are outside the Company's normal course of business, or are otherwise unusual. Furthermore, we performed relevant inquiries with the Managing Board of Iberdrola International B.V. and Audit Committee of Iberdrola S.A. We have also incorporated elements of unpredictability in our audit, such as vouching of the immaterial general expenses.

As a result from our risk assessment we did not identify laws and regulations that likely have a material effect on the financial statements in case of non-compliance.

We evaluated the fraud and non-compliance risk factors to consider whether those by themselves would cause the existence of a reasonable possibility of a risk of material misstatement in the financial statements.

Further we assessed the presumed fraud risk on revenue recognition as irrelevant, since the Company's sole significant source of income is finance income. The income is considered a simple, single revenue stream. Such finance income is derived from long term loan agreements with the Parent and Sister including fixed terms and conditions in respect of interest.

Consequently, we did not identify any incentive nor pressure for the Managing Board to achieve certain results or specific finance income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above and on the auditing standards, we identified the following presumed fraud risk with regards to management override of controls that is relevant to our audit and responded as follows:

- **Management override of controls (a presumed risk)**

Risk:

- The Managing Board is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- we evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries; and
- we performed a data analysis screening to identify potential high-risk journal entries and evaluated judgments for bias by the Company's management. Where we identified instances of unexpected journal entries or other risks through our data analytics screening, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

Our evaluation of procedures performed related to fraud did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Managing Board and the Audit Committee of Iberdrola S.A.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Managing Board has performed its going concern assessment and has not identified any going concern risks.

To assess the Managing Board's assessment, we have performed, *inter alia*, the following procedures:

- we considered whether the Managing Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we considered whether the developments in energy prices and/or the effect of increasing interest rates indicate a going concern risk;
- we analyzed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we inspected the debt agreements in terms of conditions that could lead to going concern risks, including the term of the agreement; and
- we considered whether the outcome of our audit procedures, as described in the key audit matter to determine the recoverability of loans to related parties and related interest receivables from related parties, could identify a significant going concern risk.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on Managing Board's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements.

We have communicated the key audit matters to the Managing Board of Iberdrola International B.V. and Audit Committee of Iberdrola S.A. The key audit matters are not a comprehensive reflection of all matters discussed.

Recoverability of the loans and related interest receivable from Iberdrola S.A. and Iberdrola Financiación S.A.U.

Description

The Company's exposure, in terms of credit risk, to Iberdrola S.A ('Parent') and Iberdrola Financiación S.A.U. ('Sister') may have a significant effect on the Company's financial statements.

The outstanding balances at 31 December 2023 of EUR 13,403,001 thousand (long term receivable and short-term receivable) represent 99.94% of the balance sheet total (31 December 2022: EUR 15,863,081 thousand or 99.86% of the balance sheet total).

The Company's most significant assets are the loans and interest receivables with the Parent and Sister. In the event of an insolvency of the Parent and/or Sister they can no longer fulfil their financial obligations towards the Company and this would have a significant impact on the Company.

The Company's ability to meet its financial obligations depends on the cash flow generated from the repayment of (accrued) interest and principal by the Parent and Sister. Current and future developments in the energy market are merely examples of factors that can impact the Company's ability to meet its financing obligations.

As such, the risk of a financial loss of the Company is relevant, when the Parent and/or Sister, fail to meet their contractual obligations towards the Company. Given this significant impact on the financial statements of the Company, we consider the recoverability of the loans provided to the Parent and Sister and their related interest receivable as a key audit matter.

Our response

We evaluated the internal controls regarding the recoverability assessment by the Managing Board in respect to the loans and interest receivables.

Our main procedures with respect to the Managing Board's assessment of the recoverability of the loans and their related interest receivables from the Parent and Sister are:

- We inquired with the Managing Board of the Company about its assessment of the recoverability of the loans to Parent and Sister and related interest receivables, based upon its knowledge of the developments in the financial position and cash flows of Parent and Sister, considering any potential impact, if any, of the macro-economic circumstances, and about its evaluation with respect to the recoverability of the loans and related interest receivables from Parent and Sister.
- We inspected the terms and conditions of the loan agreements between the Parent and Sister and the Company.

- We inspected and analyzed the Parent's and Sister's ability to meet their obligations under the loan agreements and their financial position by evaluating the audited financial statements of the Parent and Sister for the year ended 31 December 2023. We determined that unqualified audit opinions were issued on 23 February 2024 with regard to the consolidated financial statements of the Parent and on 16 April 2024 with regard to the financial statements of the Sister. Furthermore, we requested and evaluated the relevant audit procedures and working papers of the auditor (KPMG Spain) of the Parent and Sister, supporting their audit opinion on the 2023 (consolidated) financial statements of the Parent and Sister. In addition, we assessed whether the Parent and Sister defaulted on loans and interest payments during 2023.
- We evaluated the long-term credit ratings and outlook of the Parent with the reputable credit agencies Standard & Poor's, Fitch and Moody's.
- In addition, we evaluated the appropriateness of the accounting principles applied by the Company as well as the disclosures as presented in the notes of the financial statements.

Our observation

The result of our audit procedures relating to the recoverability of loans and interest receivable from Parent and Sister were satisfactory.

We consider the disclosures as included in Note 2.4.5, 2.5.1 and 2.5.2 of the financial statements to be adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Managing Board of the Company is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.



Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of Iberdrola International B.V on 4 July 2017 as of the audit for the year 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Managing Board of Iberdrola International B.V. and the Audit Committee of Iberdrola S.A.

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Managing Board, under supervision of the Audit Committee of Iberdrola S.A., is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of Iberdrola S.A. is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of the 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at [eng_oob_01.pdf \(nba.nl\)](https://www.nba.nl/eng_oob_01.pdf). This description forms part of our auditor's report.

Amstelveen, 23 April 2024

KPMG Accountants N.V.

A handwritten signature in blue ink, appearing to read 'N.J. Hoes RA'. The signature is fluid and cursive, with 'N.J.' on the left, 'Hoes' in the middle, and 'RA' on the right.

N.J. Hoes RA