Auditor's Report on Iberdrola Finanzas, S.A.U.

(Together with the annual accounts and directors' report of Iberdrola Finanzas, S.A.U. for the year ended 31 December 2025)

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

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Independent Auditor's Report on the Annual Accounts

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

To the Sole Shareholder of Iberdrola Finanzas, S.A.U.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Iberdrola Finanzas, S.A.U. (the "Company"), which comprise the balance sheet at 31 December 2025, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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

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

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

Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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Recoverability of current and non-current loans and receivables from Group companies and associates (see notes 8 and 17 to the annual accounts)

The value of non-current and current investments in Group companies and associates in the annual accounts at 31 December 2025 amounts to Euros 15,784,735 thousand and Euros 1,021,309 thousand, respectively, and represent 99.93% of the Company's total assets. The Company's exposure, in terms of credit risk, to Iberdrola, S.A. (sole shareholder) and Iberdrola Financiación, S.A.U. (Group company) could have a significant impact on the Company's financial statements.

Taking into account the circumstances indicated in the previous paragraph, and that the loans extended by the Company and those received from third parties outside the Group are secured by Iberdrola, S.A., the analysis of the Iberdrola Group's financial position has been considered a relevant aspect of the audit.

Our audit procedures included assessing the design and implementation of the key controls related to the valuation process, assessing the existence of impairment indicators identified by the Company, holding meetings with Company management to discuss its conclusions on the recoverability of loans extended to Group companies taking into account its knowledge of the Iberdrola Group's financial position, assessing the Group's financial position by accessing available financial information, assessing the terms and conditions established in loan contracts, and assessing Iberdrola, S.A.'s credit ratings published by the Standard & Poor's, Fitch and Moody's rating agencies. We also assessed whether the disclosures included in the annual accounts meet the requirements of the applicable financial reporting framework.

Other Information: Directors' Report

Other information solely comprises the 2025 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts, and assessing and reporting on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2025 and the content and presentation of the report are in accordance with applicable legislation.

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

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

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

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

In accordance with the Company's articles of association, the Company's audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

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

From the significant risks communicated to the audit committee of Iberdrola Finanzas, S.A.U., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.

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

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

(Signed on original in Spanish)

David España Martín
On the Spanish Official Register of Auditors (“ROAC”) with No. 22,690

24 April 2026

Annual financial information

Iberdrola Finanzas, S.A.U.

(Sociedad Unipersonal)

2025

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

ANNUAL ACCOUNTS AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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Balance Sheet at 31 December 2025

(Expressed in thousands of Euros)

ASSETS	Notes	31.12.2025	31.12.2024 (*)
NON-CURRENT ASSETS		**15,784,735**	**14,246,975**
Non-current investments in Group companies and associates	**7, 8, 17.1**	**15,784,735**	**14,246,975**
Loans to companies		15,784,735	14,246,975
CURRENT ASSETS		**1,032,329**	**2,083,605**
Trade and other receivables - current		**10,888**	**13,643**
Trade receivables from Group companies and associates	7, 17.1	570	628
Other receivables	7	21	1
Current tax assets	12.1	8,869	12,271
Public entities, other	12.1	1,428	743
Current investments in Group companies and associates	**7, 8, 17.1**	**1,021,309**	**2,069,959**
Loans to companies		920,014	1,971,274
Other financial assets		101,295	98,685
Cash and cash equivalents		**132**	**3**
Cash		132	3
TOTAL ASSETS		**16,817,064**	**16,330,580**

LIABILITIES	Notes	31.12.2025	31.12.2024 (*)
EQUITY	**9**	**114,374**	**114,381**
CAPITAL AND RESERVES		**114,374**	**114,381**
Capital		**100,061**	**100,061**
Registered capital		100,061	100,061
Reserves		**14,320**	**14,274**
Legal and statutory reserves		1,594	1,589
Other reserves		12,726	12,685
Profit/(loss) for the year		**(7)**	**46**
NON-CURRENT LIABILITIES		**15,784,740**	**14,246,981**
Non-current payables	**7, 10**	**15,784,740**	**14,246,981**
Bonds and other marketable securities		15,784,740	14,246,981
CURRENT LIABILITIES		**917,950**	**1,969,218**
Current payables	**7, 10**	**913,418**	**1,963,082**
Bonds and other marketable securities		913,418	1,963,082
Group companies and associates, current	**7, 17.1**	**1,910**	**1,765**
Trade and other payables		**2,622**	**4,371**
Suppliers, Group companies and associates	7, 17.1	2,519	4,142
Other payables	7	79	209
Current tax liabilities	12.1	16	14
Public entities, other	12.1	8	6
TOTAL EQUITY AND LIABILITIES		**16,817,064**	**16,330,580**

(*) The balance sheet at 31 December 2024 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the balance sheet at 31 December 2025.

Income Statement for the year ended 31 December 2025

(Expressed in thousands of Euros)

	Notes	2025	2024 (*)
CONTINUING OPERATIONS			
Revenue	**13.1, 17.2**	**483,304**	**323,114**
Finance income from marketable securities and other financial instruments of Group companies and associates		482,746	322,486
Revenue from services rendered to Group companies and associates		558	628
Other operating expenses		**(673)**	**(271)**
External services		(482)	(197)
Taxes		(191)	(74)
RESULTS FROM OPERATING ACTIVITIES		**482,631**	**322,843**
Finance income		**452**	**—**
Marketable securities and other third-party financial instruments		452	—
Finance costs	**13.2**	**(483,011)**	**(322,783)**
Group companies and associates	17.2	(13,574)	(12,670)
Other		(469,437)	(310,113)
Change in fair value of financial instruments	**13.3**	**—**	**—**
Fair value through profit or loss	17.2	—	—
Exchange gains/(losses)	**13.4**	**(5)**	**—**
NET FINANCE COST/INCOME		**(482,564)**	**(322,783)**
PROFIT/(LOSS) BEFORE INCOME TAX		**67**	**60**
Income tax	**12.3**	**(74)**	**(14)**
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(7)**	**46**
PROFIT/(LOSS) FOR THE YEAR		**(7)**	**46**

(*) The income statement for 2024 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the income statement for the year ended 31 December 2025.

Statement of Changes in Equity for the year ended 31 December 2025

(Expressed in thousands of Euros)

A) Statement of Recognised Income and Expense for the year ended 31 December 2025

	Notes	2025	2024 (*)
PROFIT/(LOSS) FOR THE YEAR		(7)	46
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY			
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		—	—
AMOUNTS TRANSFERRED TO THE INCOME STATEMENT			
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		—	—
TOTAL RECOGNISED INCOME AND EXPENSE		(7)	46

(*) The statement of recognised income and expense for 2024 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the statement of recognised income and expense for the year ended 31 December 2025.

B) Statement of Changes in Equity for the year ended 31 December 2025

(Expressed in thousands of Euros)

	Capital (Note 9.1)	Reserves (Notes 9.2 and 9.3)	Profit/loss for the year (note 3)	TOTAL
Balance at 01.01.2024 (*)	**100,061**	**13,744**	**530**	**114,335**
Total recognised income and expense	**—**	**—**	**46**	**46**
Transactions with shareholders or owners				
Distribution of profit	—	530	(530)	—
Balance at 31.12.2024 (*)	**100,061**	**14,274**	**46**	**114,381**
Total recognised income and expense	**—**	**—**	**(7)**	**(7)**
Transactions with shareholders or owners				
Distribution of profit	—	46	(46)	—
Balance at 31.12.2025	**100,061**	**14,320**	**(7)**	**114,374**

(*) The statement of changes in equity for 2024 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the statement of changes in equity for the year ended 31 December 2025.

Statement of cash flows for the year ended 31 December 2025

(Expressed in thousands of Euros)

	Notes	2025	2024 (*)
Profit/(loss) for the year before tax		**67**	**60**
Adjustments for:		**182**	**297**
Finance income		(483,198)	(322,486)
Finance costs	13.2	483,011	322,783
Exchange (gains)/losses	13.3	5	—
Changes in operating assets and liabilities		**(2,398)**	**133**
Trade and other receivables		38	(12)
Trade and other payables		(2,436)	145
Other cash flows from/(used in) operating activities		**5,252**	**(1,469)**
Interest paid		(442,673)	(290,445)
Interest received		444,148	289,041
Income tax (paid)/received		3,779	(57)
Other amounts (paid)/received		(2)	(8)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**2,739**	**(979)**
Payments for investments	**8**	**(2,144,593)**	**(5,972,911)**
Group companies and associates		(2,144,593)	(5,972,911)
Proceeds from sale of investments		**1,822,860**	**1,585,518**
Group companies and associates		1,822,860	1,585,518
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(321,733)**	**(4,387,393)**
Proceeds from and payments for financial liability instruments	**10**	**319,123**	**4,388,375**
Issue			
Bonds and other marketable securities		2,141,983	5,972,911
Redemption and repayment of			
Bonds and other marketable securities		(1,822,860)	(1,584,536)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**319,123**	**4,388,375**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**129**	**3**
Cash and cash equivalents at beginning of year		**3**	**—**
Cash and cash equivalents at year end		**132**	**3**

(*) The statement of cash flows for 2024 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the statement of cash flows for the year ended 31 December 2025.

IBERDROLA FINANZAS, S.A.U.

Notes to the annual accounts for the year ended 31 December 2025

1. Company activity

Iberdrola Finanzas, S.A.U. (Sociedad Unipersonal) (hereinafter the "Company") was incorporated on 16 February 2005, with unlimited duration, in accordance with the Spanish Companies Act.

The statutory activity of the Company is the issue of preferential shares and other marketable debt instruments in Spanish and foreign secondary markets.

Its registered office is in Bilbao, Plaza Euskadi 5.

The Company provides all the financing obtained on the debt markets to Iberdrola Financiación, S.A.U. (hereinafter, "Iberdrola Financiación") a wholly-owned subsidiary of Iberdrola, S.A. (hereinafter, and interchangeably, the "Sole Shareholder" or "IBERDROLA").

The Company also provided a portion of the financing obtained on the debt markets prior to December 2016 to IBERDROLA.

2. Basis of presentation of the annual accounts

2.1. Accounting standards applied

The annual accounts were prepared in accordance with the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November 2007, which was amended in 2016 by Royal Decree 602/2016 of 2 December 2016, and Royal Decree 1/2021 of 12 January 2021, and other prevailing legislation.

The accounting principles and valuation methods used in the preparation of the Company's annual accounts for 2025 are fully consistent with those used in the preparation of the Company's annual accounts for 2024.

These annual accounts have been authorised for issue by the Company's directors and are expected to be approved by the Sole Shareholder with no changes.

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional currency, unless otherwise stated

Article 107 of Law 62/2003 of 30 December 2003, on tax, administrative and social measures, introduces provision sixteen to article 525 of the Spanish Companies Act, stipulating that companies which have issued securities that are admitted to trading on a regulated market of any European Union member state, and which only prepare individual annual accounts, in accordance with prevailing legislation, are to disclose the main changes in equity and profit or loss that would have arisen had International Financial Reporting Standards as adopted by European Union regulations (IFRS-EU) been applied. At 31 December 2025 and 2024 there are no differences in equity and profit or loss with respect to the balances that would be presented under IFRS.

2.2. True and fair view

The annual accounts have been prepared on the basis of the auxiliary accounting records of the Company, and prevailing accounting legislation, to give a true and fair view of the equity, financial position and results of operations of the Company.

The statement of cash flows has been prepared to give a true and fair view of the source and application of monetary assets representing the Company's cash and cash equivalents.

2.3. Comparative information

In accordance with prevailing Spanish legislation, these annual accounts for 2024 also include, for each individual caption in the balance sheet, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, comparative figures for the previous year. The notes to the annual accounts also include quantitative information for the prior year.

3. Application of losses

The application of losses for 2025 proposed by the directors and expected to be approved by the Sole Shareholder, is to carry forward losses as accumulated losses.

4. Accounting policies

4.1. Financial instruments

4.1.1 *Classification and measurement of financial assets and liabilities*

The Company determines the most appropriate classification for each financial asset upon acquisition, and reviews it at each year end.

Financial assets and financial liabilities held by the Company are classified in one of the following categories:

a) Financial assets at amortised cost

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

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

These assets are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost. Interest is expensed using the effective interest method. Nevertheless, financial assets maturing in less than one year which do not have a contractual interest rate are initially and subsequently measured at nominal amount when the effect of not discounting the cash flows is immaterial.

b) Financial assets and financial liabilities at fair value through profit or loss

All other financial assets are classified in this category.

The Company designates a financial asset or a financial liability at initial recognition as measured at fair value through profit or loss whenever doing so eliminates or significantly reduces a measurement inconsistency or accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense in the income statement. Any changes in fair value are recognised in the income statement for the period under change in fair value of financial instruments.

Fair value of financial instruments

The fair value of the different financial instruments is calculated as follows (see note 7):

- For financial instruments quoted on an organised market, their quoted value at year end.

- For financial instruments not traded on an organised market, the Company uses assumptions based on year-end market conditions.

When using these measurement models, the associated risks of the asset or liability are taken into account.

c) Financial liabilities at amortised cost

The Company classifies all other financial liabilities at amortised cost using the effective interest method.

Financial liabilities at amortised cost are initially measured at fair value which, in the absence of evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received. Transaction costs that are directly attributable form part of the initial measurement. After initial recognition, financial liabilities included in this category are measured at amortised cost. Interest is expensed using the effective interest method.

However, trade payables maturing in less than one year that do not have a contractual rate of interest are measured at their nominal amount when the effect of not discounting cash flows is immaterial.

4.1.2. *Interest received from financial assets*

Interest generated by financial assets after their acquisition is taken to income. Interest is recognised using the effective interest method.

Upon initial measurement of financial assets, accrued explicit interest not due at the measurement date is recognised separately, based on maturity. For this purpose, explicit interest is the interest obtained by applying the contractual interest rate of the financial instrument.

4.1.3. *Impairment of financial assets*

The Company regularly assesses whether a financial asset or group of financial assets is impaired.

a) Financial assets at amortised cost

The carrying amount of a financial asset or group of financial assets carried at amortised cost 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 lead to a reduction or delay in estimated future cash flows.

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.

4.1.4. *Derecognition of financial assets*

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

When the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, the financial asset is derecognised when it no longer retains control of the asset, which is determined based on the transferee's ability to transfer the asset. When the Company retains control of the asset, it continues to recognise the asset at the amount of the Company's exposure to changes in the fair value of the transferred asset; i.e. to the extent of its continuing involvement, and recognises the related liability.

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

The Company does not derecognise financial assets when it retains substantially all the risks and rewards incidental to ownership of the transferred financial asset, but instead recognises a financial liability for the same amount as the consideration received.

4.1.5. *Derecognition of financial liabilities*

The Company derecognises a financial liability when the obligation is discharged.

If there is an exchange of debt instruments, between the Company and the counterparty, and the conditions thereof are substantially different, the original financial liability is derecognised and the new financial liability is recognised. The difference between the carrying amount of a financial liability, or part of that liability, that has been derecognised and the consideration paid, including attributable transaction costs and any asset transferred (other than cash) or liability assumed, is recognised in profit or loss for the reporting period in which it arises.

The Company considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If there is an exchange of debt instruments, and the conditions thereof are not substantially different, the original financial liability is not derecognised and the carrying amount is adjusted for the fees paid. The amortised cost of the financial liability is determined applying the effective interest rate, which is the rate that equates the carrying amount of the financial liability at the modification date to the cash flows to be paid under the new conditions.

4.2. Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the reporting date. Exchange gains and losses that arise in the translation process, including those arising from the settlement of balance sheet items, are recognised in the income statement in the year in which they arise.

4.3. Cash and cash equivalents

This heading includes cash, current bank accounts and deposits and temporary purchases of assets that comply with the following characteristics:

- They can be converted into cash.
- At the time of acquisition their maturity is less than three months.
- They have no significant risk of change in value.
- They form part of the Company's usual cash management policy.

In the statement of cash flows, occasional bank overdrafts that form a part of the Company's cash management are recognised as a decrease in cash and cash equivalents. There are no significant restrictions on cash draw downs.

4.4. Income tax

The Company files consolidated tax returns with certain Group companies.

Income tax expense is calculated as the sum of the current tax resulting from the application of the corresponding tax rate to taxable income for the year, after all tax credits and deductions have been taken into account, plus changes in deferred tax assets and liabilities. Tax deductions and credits are recognised in the companies that generate them.

The income tax expense is recognised in the income statement except in cases where this tax relates directly to items recognised in equity, in which case the associated tax is also recognised in equity.

Current tax assets and liabilities are the estimated amounts payable to or receivable from public entities, in accordance with the tax rates in force at the reporting date, and including any other tax adjustment from prior years.

Temporary differences between the tax base of assets and liabilities and their carrying amount in the annual accounts generate deferred tax liabilities.

The Company recognises deferred tax liabilities for all taxable temporary differences, except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

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

At each reporting date, the Company assesses both recognised and any previously unrecognised deferred tax assets. On the basis of this assessment, the Company derecognises previously recognised assets if their recoverability is no longer probable or recognises any previously unrecognised deferred tax assets provided that it is probable that the tax group will generate sufficient future tax gains to allow these assets to be utilised.

Unless there is evidence to the contrary, it is not considered probable that the tax group will have sufficient taxable income when future recovery is expected to occur more than ten years from the reporting date. Conversely, it is considered probable that the tax group will generate sufficient taxable profit to recover deferred tax assets when there are taxable temporary differences which are expected to reverse in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

Deferred tax assets and liabilities are measured at the standard tax rates that are expected upon reversal, in accordance with approved prevailing tax laws and based on the manner in which the deferred tax asset or liability can reasonably be expected to be recovered or settled. Changes to the carrying amounts of deferred tax assets and liabilities are recognised in the income statement, except when the related deferred tax assets and liabilities are recognised directly in equity.

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

4.5. Classification of assets and liabilities as current and non-current

Assets and liabilities are classified as current and non-current in the balance sheet. Accordingly, they are classified as current when linked to the operating cycle of the Company and expected to be sold, consumed, realised or settled within a maximum period of one year.

4.6. Income and expenses

Income and expenses are allocated on an accruals basis, irrespective of collections and payments.

Revenue from services rendered is measured at the fair value of the consideration received or receivable, less any discounts, rebates or similar items, as well as indirect taxes levied on transactions which can be passed on to third parties.

In addition, revenue from the rendering of services is recognised when the outcome of the transaction can be reliably estimated, considering the stage of completion at the reporting date. When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised to the extent of the expenses recognised that are considered recoverable.

The Company, as a financing entity of the IBERDROLA Group, includes revenue accrued from financing extended to companies and services rendered to Group companies under revenues in the accompanying income statement.

4.7. Related party transactions

Related party transactions are accounted for in accordance with the criteria indicated above.

5. Financial risk management

The activity with financial instruments exposes the Company to credit, market and liquidity risks. Since the Company is a financing entity of the IBERDROLA Group, the Company's exposure to these risks should be assessed in the environment of the IBERDROLA Group.

The IBERDROLA Group is exposed to certain inherent financial market risks due to the different countries, sectors and markets where it operates, as well as its activities, that can prevent the Company from achieving its objectives and executing its strategies successfully.

In particular, the IBERDROLA Group's Financing and Financial Risk Management Guidelines and its Corporate Credit Risk Guidelines, approved by the Board of Directors of IBERDROLA, identify, among others, the risk factors described below, which may affect the Company. The IBERDROLA Group has an organisation and systems allowing it to identify, measure, manage and control the financial risks to which it is exposed.

Interest rate risk

Interest rate risk arises from possible losses due to changes in the fair value or the future cash flows of a financial instrument because of variations in market interest rates.

The directors consider the Company's exposure to this risk as insignificant, given that the Company lends to its Sole Shareholder and to Iberdrola Financiación in the same conditions (term, nominal amount and benchmark interest rate) as which it obtains market financing through the issue of liabilities.

Note 10 contains details of all bond issues and other Company securities together with their respective features at the 2025 and 2024 closing dates.

Currency risk

Currency risk arises from possible losses due to changes in the fair value or the future cash flows of a financial instrument because of variations in market interest rates. The Company's exposure to foreign currency risk mainly arises from loans extended and issues made in foreign currency.

As the Company maintains symmetrical operations in the same currency in both assets and liabilities of its balance sheet and with the same maturity dates, the directors consider this risk to be insignificant, and limited to current account balances in foreign currencies.

Liquidity risk

Liquidity risk is the risk that the Company might not hold, or have access to, sufficient liquid funds at a suitable cost to settle its payment obligations.

As mentioned previously, the Company matches the due dates of its assets (loans to the Sole Shareholder and to Group companies) and issued liabilities, so this risk would only materialise in the event that its sole shareholder is unable to fulfil its commitments with the Company, which include those commitments acquired with the Company by Iberdrola Financiación. Consequently, this risk should be assessed in the environment of the IBERDROLA Group which, considering its credit rating and sources of liquidity, is deemed negligible.

Credit risk

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

Credit risk is adequately managed and limited in accordance with the type of transaction and the creditworthiness of the counterparties. Specifically, there are corporate credit risk guidelines in place which set out the framework and principles of action for the appropriate management of credit risk.

At 31 December 2025 the entire credit risk is materialised with the Sole Shareholder and with the IBERDROLA Group company Iberdrola Financiación. Nonetheless, the maximum risk that the Company assumes on loans extended to these entities is capped at Euros 2 million, as the parent, IBERDROLA, will compensate the Company for any defaults in excess of this amount. The Company does not consider the possible effect of this risk on the Company's annual accounts to be significant.

6. Use of accounting estimates

Certain assumptions and estimates were made by the Company in the preparation of these annual accounts. The main aspects requiring the use of estimates in the preparation of these annual accounts are as follows:

- Impairment of loans and receivables:

As disclosed in note 4.1.3., the Company analyses the accounting and equity situation of counterparties to which it has extended financing in order to detect indications that the financial assets may be impaired. If there is objective evidence that a financial asset carried at amortised cost is impaired, it calculates the impairment loss, which is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate used for initial recognition.

- Change in fair value of financial instruments:

  As described in note 4.1.1.b), measuring financial instruments requires the use of estimates. These estimates are subject to uncertainties due to fluctuations in variables that affect them. The measurement of financial instruments at 31 December 2025 and 2024 is described in note 7.

Although these estimates have been made based on the best information available at the date these annual accounts were authorised for issue, it is possible that future events will require that they be modified (upwards or downwards) in future periods, which would be done prospectively, recognising the effects of the change in estimates in future periods.

7. Categories and measurement of financial instruments

At 31 December 2025 and 2024 the carrying amount and fair value of financial instruments in each of the categories of financial assets and liabilities, except for balances with public entities and cash and cash equivalents, are as follows:

		2025		2024	
Thousands of Euros	Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
At fair value through profit or loss					
Loans to companies	Level 2	1,078,764	1,078,764	498,438	498,438
At amortised cost					
Loans to companies		15,625,986	15,638,597	15,719,811	15,681,826
Other financial assets		101,295	101,295	98,685	98,685
Trade and other receivables		591	591	629	629
Total		**16,806,636**	**16,819,247**	**16,317,563**	**16,279,578**
Financial liabilities					
At fair value through profit or loss					
Bonds and other marketable securities	Level 1	1,078,670	1,078,670	498,417	498,417
At amortised cost					
Bonds and other marketable securities		15,619,488	15,581,043	15,711,646	15,621,539
Other financial liabilities		1,910	1,910	1,765	1,765
Trade and other payables		2,598	2,598	4,351	4,351
Total		**16,702,666**	**16,664,221**	**16,216,179**	**16,126,072**

The Company classifies certain financial instruments at fair value through profit or loss and recognises their fair value provided that it can be measured reliably. These are classified in three levels as follows:

- Level 1: quoted assets and liabilities in liquid markets.
- Level 2: assets and liabilities whose fair value has been determined using valuation techniques based on observable market inputs.
- Level 3: assets and liabilities whose fair value has been determined using valuation techniques not based on observable market inputs.

The level in which the financial instruments recognised at fair value belong can be seen in the table above.

The fair value of listed financial liability instruments is their market price. The fair value of financial assets associated with these listed liabilities is the valuation of the liability corrected for the effect of cash flows relative to the interest rate spread between both transactions.

Fair value of the remaining financial instruments was determined by discounting the cash flows of discounted future payments using market rates applicable at the measurement date.

The fair value of the remaining financial instruments does not differ significantly from their carrying amount.

8. Investments in Group companies and associates

Movement during 2025 and 2024 in investments in Group companies and associates is as follows:

Thousands of Euros	Balance at 01.01.2025	Cash flows			Changes other than cash				Balance at 31.12.2025
		Issues and drawdowns [1]	Reimbursements	Interest received	Interest accrued	Changes in foreign currency	Changes in fair value (note 13.3)	Accrued transaction costs	
Loans to companies	16,063,655	2,141,983	(1,822,860)	—	—	(49,907)	178,686	11,617	16,523,174
Accrued interest	154,594	—	—	(444,148)	471,129	—	—	—	181,575
Total loans to companies	**16,218,249**	**2,141,983**	**(1,822,860)**	**(444,148)**	**471,129**	**(49,907)**	**178,686**	**11,617**	**16,704,749**
Other financial assets	98,685	2,610	—	—	—	—	—	—	101,295
Total (note 17.1)	**16,316,934**	**2,144,593**	**(1,822,860)**	**(444,148)**	**471,129**	**(49,907)**	**178,686**	**11,617**	**16,806,044**

Thousands of Euros	Balance at 01.01.2024	Cash flows			Changes other than cash				Balance at 31.12.2024
		Issues and drawdowns [1]	Reimbursements	Interest received	Interest accrued	Changes in foreign currency	Changes in fair value (note 13.3)	Accrued transaction costs	
Loans to companies	11,625,768	5,972,911	(1,584,536)	—	—	(3,639)	43,785	9,366	16,063,655
Accrued interest	130,515	—	—	(289,041)	313,120	—	—	—	154,594
Total loans to companies	**11,756,283**	**5,972,911**	**(1,584,536)**	**(289,041)**	**313,120**	**(3,639)**	**43,785**	**9,366**	**16,218,249**
Other financial assets	99,667	—	(982)	—	—	—	—	—	98,685
Total (note 17.1)	**11,855,950**	**5,972,911**	**(1,585,518)**	**(289,041)**	**313,120**	**(3,639)**	**43,785**	**9,366**	**16,316,934**

[1] Issues, net of costs.

The current portion of other financial assets with Group companies and associates at 31 December 2025 and 2024 reflects the balance of the reciprocal current account in Euros with Iberdrola Financiación (note 17.1).

The maturity of outstanding loans to Group companies and associates at 31 December 2025 and 2024, broken down by currency, is as follows:

Thousands of Euros	Balance at 31.12.2025	Current	Non-current				
		2026	2027	2028	2029	2030	2031 and thereafter	Total non-current
Euros	14,891,217	739,281	2,128,758	2,396,663	834,236	1,354,890	7,437,389	14,151,936
Pound Sterling	567,912	-468	—	—	—	—	568,380	568,380
Norwegian Krone	279,022	—	84,552	67,642	—	—	126,828	279,022
Australian Dollar	425,247	-194	—	—	—	198,633	226,808	425,441
Swiss Franc	359,775	-181	—	155,883	—	—	204,073	359,956
Accrued interest	181,576	181,576	—	—	—	—	—	—
Total	**16,704,749**	**920,014**	**2,213,310**	**2,620,188**	**834,236**	**1,553,523**	**8,563,478**	**15,784,735**

Thousands of Euros	Balance at 31.12.2024	Current	Non-current				
		2025	2026	2027	2028	2029	2030 and thereafter	Total non-current
Euros	14,339,775	1,769,607	749,090	1,995,669	2,394,415	833,961	6,597,033	12,570,168
US Dollar	47,916	47,916	—	—	—	—	—	—
Pound Sterling	596,143	(468)	—	—	—	—	596,611	596,611
Norwegian Krone	278,634	—	—	84,434	67,548	—	126,652	278,634
Australian Dollar	445,544	(194)	—	—	—	—	445,738	445,738
Swiss Franc	355,643	(181)	—	—	154,076	—	201,748	355,824
Accrued interest	154,594	154,594	—	—	—	—	—	—
Total	**16,218,249**	**1,971,274**	**749,090**	**2,080,103**	**2,616,039**	**833,961**	**7,967,782**	**14,246,975**

Details of the loans that comprise loans to companies at 31 December 2025 are as follows:

Transaction	Counterparty	Nominal (thousands)	Currency	Interest rate	Arrangement date	Maturity date
Loan	Iberdrola Financiación, S.A.U.	100,000	EUR	1.74%	Feb.-17	Feb.-29
Loan	Iberdrola Financiación, S.A.U.	110,000	EUR	1.85%	May.-17	Oct.-30
Loan	Iberdrola Financiación, S.A.U.	1,000,000	NOK	2.77%	May.-17	May.-27
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.32%	Sep.-17	Sep.-27
Loan	Iberdrola Financiación, S.A.U.	735,000	EUR	1.69%	Nov.-17	Nov.-29
Loan	Iberdrola Financiación, S.A.U.	800,000	NOK	3.08%	May.-18	May.-28
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.32%	Jun.-18	Oct.-26
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.65%	Nov.-21	Perpetual
Loan	Iberdrola Financiación, S.A.U.	100,000	EUR	1.07%	Feb.-22	Feb.-37
Loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	1.45%	Mar.-22	Mar.-32
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.20%	Nov.-22	Nov.-28
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.45%	Nov.-22	Nov.-32
Loan	Iberdrola Financiación, S.A.U.	450,000	EUR	0.87%	Dec.-22	Dec.-27
Loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	4.95%	Jan.-23	Perpetual
Loan	Iberdrola Financiación, S.A.U.	850,000	EUR	3.69%	Jul.-23	Jul.-33
Loan	Iberdrola Financiación, S.A.U.	700,000	EUR	4.94%	Jan.-24	Perpetual
Loan	Iberdrola Financiación, S.A.U.	145,000	CHF	1.46%	Jul.-24	Jul.-28
Loan	Iberdrola Financiación, S.A.U.	190,000	CHF	1.64%	Jul.-24	Jul.-31
Loan	Iberdrola Financiación, S.A.U.	70,000	EUR	3.42%	Jun.-24	Jun.-31
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.70%	Jul.-24	Jul.-34
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.07%	Sep.-24	Sep.-31
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.45%	Sep.-24	Sep.-35
Loan	Iberdrola Financiación, S.A.U.	650,000	EUR	2.70%	Sep.-24	Mar.-28
Loan	Iberdrola Financiación, S.A.U.	500,000	GBP	5.32%	Oct.-24	Oct.-36
Loan	Iberdrola Financiación, S.A.U.	1,500,000	NOK	4.66%	Oct.-24	Oct.-36
Loan	Iberdrola Financiación, S.A.U.	400,000	AUD	5.94%	Nov.-24	Nov.-34
Loan	Iberdrola Financiación, S.A.U.	350,000	AUD	5.45%	Nov.-24	Nov.-30
Loan	Iberdrola Financiación, S.A.U.	800,000	EUR	4.32%	Nov.-24	Perpetual
Loan	Iberdrola Financiación, S.A.U.	400,000	EUR	1.57%	Mar.-25	Mar.-30
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.57%	May.-25	May.-35
Loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	3.82%	Nov.-25	Perpetual

Details of the loans that comprise loans to companies at 31 December 2024 are as follows:

Transaction	Counterparty	Nominal (thousands)	Currency	Interest rate	Arrangement date	Maturity date
Loan	Iberdrola Financiación, S.A.U.	100,000	EUR	1.74%	Feb.-17	Feb.-29
Loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	1.07%	Mar.-17	Mar.-25
Loan	Iberdrola Financiación, S.A.U.	110,000	EUR	1.85%	May.-17	Oct.-30
Loan	Iberdrola Financiación, S.A.U.	1,000,000	NOK	2.77%	May.-17	May.-27
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.32%	Sep.-17	Sep.-27
Loan	Iberdrola Financiación, S.A.U.	735,000	EUR	1.69%	Nov.-17	Nov.-29
Loan	Iberdrola Financiación, S.A.U.	800,000	NOK	3.08%	May.-18	May.-28
Loan	Iberdrola Financiación, S.A.U.	30,000	EUR	1.20%	Jun.-18	Jun.-25
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.32%	Jun.-18	Oct.-26
Loan	Iberdrola Financiación, S.A.U.	50,000	USD	3.79%	Dec.-18	Dec.-25
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	0.95%	Apr.-20	Jun.-25
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.65%	Nov.-21	Perpetual
Loan	Iberdrola Financiación, S.A.U.	100,000	EUR	1.07%	Feb.-22	Feb.-37
Loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	1.45%	Mar.-22	Mar.-32
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.20%	Nov.-22	Nov.-28
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.45%	Nov.-22	Nov.-32
Loan	Iberdrola Financiación, S.A.U.	450,000	EUR	0.87%	Dec.-22	Dec.-27
Loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	4.95%	Jan.-23	Perpetual
Loan	Iberdrola Financiación, S.A.U.	850,000	EUR	3.69%	Jul.-23	Jul.-33
Loan	Iberdrola Financiación, S.A.U.	700,000	EUR	4.94%	Jan.-24	Perpetual
Loan	Iberdrola Financiación, S.A.U.	145,000	CHF	1.46%	Jul.-24	Jul.-28
Loan	Iberdrola Financiación, S.A.U.	190,000	CHF	1.64%	Jul.-24	Jul.-31
Loan	Iberdrola Financiación, S.A.U.	70,000	EUR	3.42%	Jun.-24	Jun.-31
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.70%	Jul.-24	Jul.-34
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.07%	Sep.-24	Sep.-31
Loan	Iberdrola Financiación, S.A.U.	750,000	EUR	3.45%	Sep.-24	Sep.-35
Loan	Iberdrola Financiación, S.A.U.	650,000	EUR	2.70%	Sep.-24	Mar.-28
Loan	Iberdrola Financiación, S.A.U.	500,000	GBP	5.32%	Oct.-24	Oct.-36
Loan	Iberdrola Financiación, S.A.U.	1,500,000	NOK	4.66%	Oct.-24	Oct.-36
Loan	Iberdrola Financiación, S.A.U.	400,000	AUD	5.94%	Nov.-24	Nov.-34
Loan	Iberdrola Financiación, S.A.U.	350,000	AUD	5.45%	Nov.-24	Nov.-30
Loan	Iberdrola Financiación, S.A.U.	800,000	EUR	4.32%	Nov.-24	Perpetual

Loans to Group companies and associates accrue average annual interest of 3.05% and 2.59% at 31 December 2025 and 2024, respectively.

Most significant transactions in 2025

In March 2025 the Company entered into a loan agreement with the Group company Iberdrola Financiación for an amount of Euros 400,000 thousand, at par, maturing in March 2030, bearing a fixed annual interest rate of 1.57%, with semi-annual interest settlements. The terms and conditions of the loan are the same as those of the bond issued in March 2025 (see note 10).

This transaction is characterised by the fact that its return, in addition to the interest rate, is determined by a call option on IBERDROLA shares, which the Company may exercise within the three months prior to its maturity. This option shall always be exercisable through the payment of differences (between the value of the IBERDROLA share at the exercise date and the strike price agreed in the loan agreement), and in no case are shares transferred.

Consequently, this financial instrument has been classified at fair value through profit or loss, and its effect in 2025 is an expense of Euros 47,020 thousand recognised under change in fair value of financial instruments in the accompanying income statement for 2025.

In May 2025 the Company entered into a loan agreement with the Group company Iberdrola Financiación for an amount of Euros 750,000 thousand, at a 0.35% discount to par, maturing in March 2035 and bearing a fixed annual interest rate of 3.57%. The terms and conditions of the loan are the same as those of the bond issued in March 2025 (see note 10).

In October 2025 the Company entered into a subordinated loan agreement with the Group company Iberdrola Financiación for an amount of Euros 1,000,000 thousand, at par, the terms and conditions of which are the same as those of the bond issued in October 2025 (see note 10). The loan does not have a contractual maturity date; however, its repayment is subject to the total or partial redemption of the aforementioned bond.

As regards interest, this transaction accrues a fixed yearly rate of 3.82% from the date of issue (inclusive) until (but excluding) 05 November 2031 (the “first review date”). As of the first review date (inclusive), the bonds will accrue interest at a rate equal to the five-year swap rate plus an annual spread of:

- 1.426% over five years following the first review date;
- 1.676% over each of the five-year review periods commencing 16 April 2036, 2041 and 2046; and
- 2.426 % over the subsequent five-year review periods.

Interest accrued on this transaction is callable annually providing the corresponding coupon has been paid by the bond issuer. Otherwise, interest is not callable and will be accumulative.

Most significant transactions in 2024

In January 2024 the Company entered into a subordinated loan agreement with the Group company Iberdrola Financiación for an amount of Euros 700,000 thousand, at a price equivalent to 99.997% of its nominal value, bearing a fixed annual interest rate of 4.941%. The terms and conditions of the loan are the same as those of the bond issued in January 2024 (see Note 10). The loan does not have a contractual maturity date; however, its maturity is subject to the total or partial redemption of the aforementioned bond.

In November 2024, the Company entered into a loan agreement with the Iberdrola Group company, Iberdrola Financiación, for an amount of Euros 800,000 thousand, at par, bearing a fixed annual interest rate of 4.317%. The terms and conditions of the loan are the same as those of the bond issued on 21 November 2024 (see note 10). There is no contractual maturity, though maturity is subject to the total or partial redemption of the bond.

Interest accrued on both transactions is callable annually providing the corresponding coupon has been paid by the bond issuer. Otherwise, interest is not callable and will be accumulative.

9. Equity

9.1. Registered capital

At 31 December 2025 and 2024 share capital is represented by 100,061 registered shares of Euros 1,000 par value each. The Company's entire share capital is fully subscribed and paid by its Sole Shareholder, IBERDROLA.

9.2. Legal reserve

Pursuant to the Revised Spanish Companies Act, an amount equivalent to 10% of profit for the year must be appropriated to the legal reserve until it reaches at least 20% of share capital.

Until such time, it cannot be distributed to shareholders and can only be used to offset losses if no other reserves are available for this purpose. This reserve can also be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total share capital after the increase.

At the 2025 and 2024 reporting dates, the legal reserve had not been fully appropriated.

10. Issue of bonds and other marketable securities

Movement in bonds and other marketable securities in 2025 and 2024 was as follows:

Thousands of Euros	Balance at 01.01.2025	Cash flows			Changes other than cash				Balance at
		Issues and drawdowns [1]	Reimbursements	Interest paid	Interest accrued	Changes in foreign currency	Changes in fair value (note 13.3)	Accrued transaction costs	
Bonds and other marketable securities	16,063,661	2,141,983	(1,822,860)	—	—	(49,907)	178,686	11,616	16,523,179
Accrued interest	146,402	—	—	(429,244)	457,821	—	—	—	174,979
Total (note 17.1)	**16,210,063**	**2,144,593**	**(1,822,860)**	**(429,244)**	**457,821**	**(49,907)**	**178,686**	**11,616**	**16,698,158**

Thousands of Euros	Balance at 01.01.2025	Cash flows			Changes other than cash				Balance at
		Issues and drawdowns [1]	Reimbursements	Interest paid	Interest accrued	Changes in foreign currency	Changes in fair value (note 13.3)	Accrued transaction costs	
Bonds and other marketable securities	11,625,771	5,972,911	(1,584,536)	—	—	(3,639)	43,785	9,369	16,063,661
Accrued interest	123,899	—	—	(278,241)	300,744	—	—	—	146,402
Total (note 17.1)	**11,749,670**	**5,972,911**	**(1,584,536)**	**(278,241)**	**300,744**	**(3,639)**	**43,785**	**9,369**	**16,210,063**

[1] Issues, net of costs.

The maturity of outstanding issues at 31 December 2025 and 2024, broken down by currency, is as follows:

Thousands of Euros	Balance at 31.12.2025	Current	Non-current				
		2026	2027	2028	2029	2030	2031 and thereafter	Total non-current
Euros	14,891,223	739,282	2,128,758	2,396,663	834,237	1,354,893	7,437,390	14,151,941
Pound Sterling	567,912	(468)	—	—	—	—	568,380	568,380
Norwegian Krone	279,022	—	84,552	67,642	—	—	126,828	279,022
Australian Dollar	425,247	(194)	—	—	—	198,633	226,808	425,441
Swiss Franc	359,775	(181)	—	155,883	—	—	204,073	359,956
Accrued interest	174,979	174,979	—	—	—	—	—	—
Total	**16,698,158**	**913,418**	**2,213,310**	**2,620,188**	**834,237**	**1,553,526**	**8,563,479**	**15,784,740**

Thousands of Euros	Balance at 31.12.2024	Current	Non-current				
		2025	2026	2027	2028	2029	2030 and thereafter	Total non-current
Euros	14,339,781	1,769,607	749,090	1,995,669	2,394,415	833,963	6,597,037	12,570,174
US Dollar	47,916	47,916	—	—	—	—	—	—
Pound Sterling	596,143	(468)	—	—	—	—	596,611	596,611
Norwegian Krone	278,634	—	—	84,434	67,548	—	126,652	278,634
Australian Dollar	445,544	(194)	—	—	—	—	445,738	445,738
Swiss Franc	355,643	(181)	—	—	154,076	—	201,748	355,824
Accrued interest	146,402	146,402	—	—	—	—	—	—
Total	**16,210,063**	**1,963,082**	**749,090**	**2,080,103**	**2,616,039**	**833,963**	**7,967,786**	**14,246,981**

A breakdown by maturity of future payment commitments of unaccrued interest at 31 December 2025 and 2024, considering that the prevailing interest rates and exchange rates remain constant until maturity, is as follows:

Thousands of Euros	2026	2027	2028	2029	2030	2031 and thereafter	Total
Euros	424,997	415,622	390,835	301,519	285,003	640,567	2,458,543
Pound Sterling	30,083	30,083	30,083	30,083	30,083	180,495	330,910
Norwegian Krone	10,143	10,143	7,860	5,824	5,824	34,943	74,737
Australian Dollar	24,063	24,063	24,063	24,063	24,063	53,415	173,730
Swiss Franc	5,348	5,348	5,348	3,195	3,195	3,195	25,629
Total	**494,634**	**485,259**	**458,189**	**364,684**	**348,168**	**912,615**	**3,063,549**

Thousands of Euros	2025	2026	2027	2028	2029	2030 and thereafter	Total
Euros	354,983	355,247	345,872	321,085	231,835	690,070	2,299,092
US Dollar	1,784	—	—	—	—	—	1,784
Pound Sterling	31,589	31,589	31,589	31,589	31,589	221,124	379,069
Norwegian Krone	10,129	10,129	10,129	7,849	5,816	40,711	84,763
Australian Dollar	25,219	25,219	25,219	25,219	25,219	81,200	207,295
Swiss Franc	5,289	5,289	5,289	5,289	3,160	6,319	30,635
Total	**428,993**	**427,473**	**418,098**	**391,031**	**297,619**	**1,039,424**	**3,002,638**

Details of bond issues comprising the balance of bonds and other marketable securities at 31 December 2025 are as follows:

Transaction	Nominal (thousands)	Currency	Issue rate	Interest rate	Arrangement date	Maturity date	Settlement of interest
Private bond	100,000	EUR	At par	1.67%	Feb.-17	Feb.-29	Annual
Private bond	110,000	EUR	At par	1.78%	May.-17	Oct.-30	Annual
Private bond	1,000,000	NOK	At par	2.70%	May.-17	May.-27	Annual
Public green bond	750,000	EUR	99.05%	1.25%	Sep.-17	Sep.-27	Annual
Private bond	735,000	EUR	At par	1.62%	Nov.-17	Nov.-29	Annual
Private bond	800,000	NOK	At par	3.01%	May.-18	May.-28	Annual
Public green bond	750,000	EUR	99.06%	1.25%	Jun.-18	Oct.-26	Annual
Public hybrid green bond	750,000	EUR	At par	1.58%	Nov.-21	Perpetual	Annual
Private bond	100,000	EUR	At par	1.00%	Feb.-22	Feb.-37	Annual
Public green bond	1,000,000	EUR	99.57%	1.38%	Mar.-22	Mar.-32	Annual
Public green bond	750,000	EUR	99.86%	3.13%	Nov.-22	Nov.-28	Annual
Public green bond	750,000	EUR	99.52%	3.38%	Nov.-22	Nov.-32	Annual
Public green bond	450,000	EUR	At par	0.80%	Dec.-22	Dec.-27	Half-yearly
Public hybrid green bond	1,000,000	EUR	At par	4.88%	Jan.-23	Perpetual	Annual
Public green bond	850,000	EUR	99.70%	3.63%	Jul.-23	Jul.-33	Annual
Public hybrid green bond	700,000	EUR	99.99%	4.87%	Jan.-24	Perpetual	Annual
Public green bond	145,000	CHF	At par	1.38%	Jul.-24	Jul.-28	Annual
Public green bond	190,000	CHF	At par	1.56%	Jul.-24	Jul.-31	Annual
Private bond	70,000	EUR	99.68%	3.35%	Jun.-24	Jun.-31	Annual
Public green bond	750,000	EUR	99.78%	3.63%	Jul.-24	Jul.-34	Annual
Public bond	750,000	EUR	99.37%	3.00%	Sep.-24	Sep.-31	Annual
Public bond	750,000	EUR	99.27%	3.38%	Sep.-24	Sep.-35	Annual
Public bond	650,000	EUR	99.64%	2.63%	Sep.-24	Mar.-28	Annual
Public green bond	500,000	GBP	99.37%	5.25%	Oct.-24	Oct.-36	Annual
Private bond	1,500,000	NOK	At par	4.59%	Oct.-24	Oct.-36	Annual
Public green bond	400,000	AUD	At par	5.87%	Nov.-24	Nov.-34	Half-yearly
Public green bond	350,000	AUD	At par	5.38%	Nov.-24	Nov.-30	Half-yearly
Public hybrid green bond	800,000	EUR	At par	4.25%	Nov.-24	Perpetual	Annual
Public green bond	400,000	EUR	At par	1.50%	Mar.-25	Mar.-30	Half-yearly
Public green bond	750,000	EUR	99.65%	3.50%	May.-25	May.-35	Annual
Public hybrid green bond	1,000,000	EUR	At par	3.75%	Nov.-25	Perpetual	Annual

Details of bond issues comprising the balance of bonds and other marketable securities at 31 December 2024 are as follows:

Transaction	Nominal (thousands)	Currency	Issue rate	Interest rate	Arrangement date	Maturity date	Settlement of interest
Private bond	100,000	EUR	At par	1.67%	Feb.-17	Feb.-29	Annual
Public green bond	1,000,000	EUR	99.36%	1.00%	Mar.-17	Mar.-25	Annual
Private bond	110,000	EUR	At par	1.78%	May.-17	Oct.-30	Annual
Public green bond	750,000	EUR	99.05%	1.25%	Sep.-17	Sep.-27	Annual
Private bond	735,000	EUR	At par	1.62%	Nov.-17	Nov.-29	Annual
Private bond	30,000	EUR	99.87%	1.13%	Jun.-18	Jun.-25	Annual
Public green bond	750,000	EUR	99.06%	1.25%	Jun.-18	Oct.-26	Annual
Private bond	1,000,000	NOK	At par	2.70%	May.-17	May.-27	Annual
Private bond	800,000	NOK	At par	3.01%	May.-18	May.-28	Annual
Private green bond	50,000	USD	At par	3.72%	Dec.-18	Dec.-25	Half-yearly
Public green bond	750,000	EUR	99.78%	0.88%	Apr.-20	Jun.-25	Annual
Public hybrid green bond	750,000	EUR	At par	1.58%	Nov.-21	Perpetual	Annual
Private bond	100,000	EUR	At par	1.00%	Feb.-22	Feb.-37	Annual
Public green bond	1,000,000	EUR	99.57%	1.38%	Mar.-22	Mar.-32	Annual
Public green bond	750,000	EUR	99.86%	3.13%	Nov.-22	Nov.-28	Annual
Public green bond	750,000	EUR	99.52%	3.38%	Nov.-22	Nov.-32	Annual
Public green bond	450,000	EUR	At par	0.80%	Dec.-22	Dec.-27	Half-yearly
Public hybrid green bond	1,000,000	EUR	At par	4.88%	Jan.-23	Perpetual	Annual
Public green bond	850,000	EUR	99.70%	3.63%	Jul.-23	Jul.-33	Annual
Public hybrid green bond	700,000	EUR	99.99%	4.87%	Jan.-24	Perpetual	Annual
Public green bond	145,000	CHF	At par	1.38%	Jul.-24	Jul.-28	Annual
Public green bond	190,000	CHF	At par	1.56%	Jul.-24	Jul.-31	Annual
Private bond	70,000	EUR	99.68%	3.35%	Jun.-24	Jun.-31	Annual
Public green bond	750,000	EUR	99.78%	3.63%	Jul.-24	Jul.-34	Annual
Public bond	750,000	EUR	99.37%	3.00%	Sep.-24	Sep.-31	Annual
Public bond	750,000	EUR	99.27%	3.38%	Sep.-24	Sep.-35	Annual
Public bond	650,000	EUR	99.64%	2.63%	Sep.-24	Mar.-28	Annual
Public green bond	500,000	GBP	99.37%	5.25%	Oct.-24	Oct.-36	Annual
Private bond	1,500,000	NOK	At par	4.59%	Oct.-24	Oct.-36	Annual
Public green bond	400,000	AUD	At par	5.87%	Nov.-24	Nov.-34	Half-yearly
Public green bond	350,000	AUD	At par	5.38%	Nov.-24	Nov.-30	Half-yearly
Public hybrid green bond	800,000	EUR	At par	4.25%	Nov.-24	Perpetual	Annual

All of the above issues are marketable securities on secondary markets.

The average interest cost of the Company's portfolio of bonds and other marketable securities in 2025 and 2024 was 2.98% and 2.52%, respectively.

At 31 December 2025 all of the Company's existing bond issues are secured by IBERDROLA.

Additionally, at 31 December 2025, there are bond issues in the European market amounting to Euros 15,795,035 thousand, the terms and conditions of which could be affected in the event of a change of control of the Parent, IBERDROLA, should such change of control occur in the manner and with the consequences provided for in each respective contract.

Most significant transactions in 2025

In March 2025 the Company placed a green bond issue on the Euromarket, pegged to the price of IBERDROLA shares, for an amount of Euros 400,000 thousand, priced at par value, maturing in March 2030 and with a fixed annual coupon of 1.50% payable half-yearly.

The yield on this transaction is pegged to IBERDROLA's share price, with investors able to exercise the option to acquire IBERDROLA shares within three months prior to maturity. This option shall always be exercisable through the payment of differences (between the value of the IBERDROLA share at the exercise date and the strike price agreed in the bond), and in no case are shares transferred.

Consequently, this financial instrument has been classified at fair value through profit or loss, and its effect in 2025 is an income of Euros 47,020 thousand recognised under change in fair value of financial instruments in the accompanying income statement for 2025.

In May 2025 the Company placed a green bond issue on the Euromarket for an amount of Euros 750,000 thousand, with a discount of 0.35% on the par value, maturing in May 2035 and with a fixed annual coupon of 3.5%.

In October 2025, the Company determined the terms and conditions of an issue of green subordinated perpetual bonds in the Euromarket, guaranteed by IBERDROLA, for an amount of Euros 1,000,000 thousand. The issue was structured in a single tranche, at a price equivalent to 100% of its nominal value. There is no contractual maturity, though there are early redemption options during the three months previous to (and including) 05 November 2031, and as of that date every year.

As regards interest, this transaction accrues a fixed yearly rate of 3.75% from the date of issue (inclusive) until (but excluding) 05 November 2031 (the "first review date"), payable on a yearly basis.

As of the first review date (inclusive), the bonds will accrue interest at a rate equal to the applicable five-year swap rate plus an annual spread of:

- 1.356% over five years following the first review date;
- 1.606% over each of the five-year review periods commencing 28 August 2036, 2041 and 2046; and
- 2.356 % over the subsequent five-year review periods.

The Company has the option to defer interest payments on the bonds, without such deferral constituting a breach. Deferred interest will be accumulative and payable by the Company in the event that IBERDROLA meets certain circumstances defined in the terms and conditions of the bonds.

On 2 June 2025, the Company updated its Euro Medium Term Notes Programme (EMTN), increasing the programme limit to Euros 40,000 thousand, from the previous limit of Euros 30,000 thousand, with annual validity, thereby renewing the Company's capacity to issue senior unsecured and subordinated notes, which in both cases will be listed on the Luxembourg Stock Exchange.

Most significant transactions in 2024

In January 2024, the Company determined the terms and conditions of an issue of green subordinated perpetual bonds in the Euromarket, guaranteed by IBERDROLA, for an amount of Euros 700,000 thousand. The issue was structured in a single tranche, at a price equivalent to 99.997% of its nominal value, bearing a fixed annual coupon of 4.871%, and incorporating an issuer call option at par exercisable seven years from the issuance date.

In November 2024, the Company determined the terms and conditions of an issue of green subordinated perpetual bonds in the Euromarket, guaranteed by IBERDROLA, for an amount of Euros 800,000 thousand. The issue was structured in a single tranche, at a price equivalent to 100% of its nominal value, bearing a fixed annual coupon of 4.247%, and incorporating an issuer call option at par exercisable five years and six months from the issuance date.

In both issues, the Company will have the option to defer the payment of interest on the bonds without incurring a breach. Deferred interest will be cumulative and payable by the Company in the event that IBERDROLA meets certain circumstances defined in the terms and conditions of the bonds. The Company may also redeem the bonds on certain specified dates or upon the occurrence of certain events, as provided for in the terms and conditions of the bonds.

On 30 May 2024 the Company updated its Euro Medium Term Notes Programme (EMTN), with annual validity, thereby renewing its capacity to issue senior unsecured notes and acquiring the capacity to issue subordinated notes, which in both cases will be listed on the Luxembourg Stock Exchange.

11. Average supplier payment period. "Reporting requirement". Additional provision three of law 15/2010 of 5 July 2010

Details of the information required for 2025 and 2024 are as follows:

Number of days	2025	2024
Average supplier payment period	37	37
Transactions paid ratio	37	41
Transactions payable ratio	37	26

Thousands of Euros	2025	2024
Total payments made	985	512
Total payments outstanding	41	175

Information on invoices paid within the maximum period stipulated by Law 15/2010 is as follows:

	2025	2024
Monetary volume paid within the maximum established period in thousands of Euros	892	506
As a percentage of total monetary payments to suppliers	90.6%	98.8%
Number of invoices paid within the maximum period stipulated	82	84
As a percentage of total number of invoices paid to suppliers	95.3%	96.6%

The information in the tables above has been prepared in accordance with Law 15/2010 of 5 July 2010, amending Law 3/2004 of 29 December 2004, which establishes measures to combat late payments in commercial transactions, Law 18/2022 of 28 September 2022 on the creation and growth of companies, and in accordance with the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2016 regarding the information that must be disclosed in the notes to annual accounts on average payment periods to suppliers in commercial transaction.

The specifications with which such information has been prepared are the following:

- Transactions paid ratio: amount in days of the ratio between the sum of the products of each of the transactions paid and the number of paydays, and the total amount of payments made during the year.
- Transactions payable ratio: amount in days of the ratio between the sum of the products of each outstanding payment transaction and the number of unpaid days, and the total amount of outstanding payments.
- Suppliers: trade payables included under current liabilities in the balance sheet in respect of balances payable to suppliers for goods or services.
- Suppliers of fixed assets and finance lease payables are not included.
- Fees, royalties, indemnities etc. are not included as they are not commercial transactions.

12. Taxation

12.1. Public entities

A breakdown of Public entities receivables and payables on the balance sheet at 31 December 2025 and 2024 is as follows:

Thousands of Euros	2025	2024
Public entities, receivables		
Taxation authorities, VAT	1,428	743
Taxation authorities, income tax (a)	8,869	12,271
Total	**10,297**	**13,014**
Public entities, payables		
Taxation authorities, VAT	3	—
Taxation authorities, income tax (b)	16	14
Taxation authorities, withholdings	3	6
Taxation authorities, other	2	—
Total	**24**	**20**

(a) Reflects the effect of the receivable from the re-estimation of the tax effect of certain intragroup transactions with no impact on the consolidated Group.

(b) Includes the account payable for income tax in 2025 and 2024, respectively, to the parent of the tax group that includes the Company. This amount is presented net of collections on account of income tax made during 2025 and 2024, respectively.

12.2. Income tax

IBERDROLA FINANZAS, S.A.U. is a subsidiary of consolidated tax group 02415BSC, subject to Vizcaya Provincial Law, whose Parent is Iberdrola, S.A. Group 02415BSC is comprised of 23 companies.

A reconciliation of the individual accounting profit with the individual taxable income for corporate income tax for 2025 and 2024 is as follows:

	2025	
Thousands of Euros	Income statement Increases/(Decreases)	Income and expense recognised directly in equity Increases/(Decreases)
Income and expenses for the period	(7)	—
Income tax	74	—
Temporary differences:		
Originating in current year	—	—
Originating in prior years	—	—
Taxable income	**67**	**—**

Thousands of Euros	2024	
	Income statement Increases/(Decreases)	Income and expense recognised directly in equity Increases/(Decreases)
Income and expenses for the period	46	—
Income tax	14	—
Temporary differences:		
Originating in current year	—	—
Originating in prior years	—	—
Taxable income	**60**	**—**

12.3. Accounting income tax expense

A breakdown of income tax between current and deferred taxes is as follows:

Thousands of Euros	2025	
	Income statement	Income and expense recognised directly in equity
Effective tax (income)/expense		
Current	74	—
Deferred	—	—
Total	74	**—**

Thousands of Euros	2024	
	Income statement	Income and expense recognised directly in equity
Effective tax (income)/expense		
Current	14	—
Deferred	—	—
Total	**14**	**—**

Income tax accrued in 2025 and 2024 is as follows:

Thousands of Euros	2025	2024
Accounting profit before tax	67	60
Adjusted accounting profit	**67**	**60**
Gross tax	16	14
Corrections to deductions		**—**
Other [1]	58	—
Income tax expense/(income) accrued	**74**	**14**

(1) This reflects the impact on income tax arising from the tax rate differential associated with the bilateral adjustment recognised by the Bizkaia regional taxation authorities in relation to previous financial years, between the year in which the double taxation originates and the year in which its elimination becomes effective.

12.4. Tax inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period of four years has elapsed. The Company remains open to inspection for 2022 and subsequent years for most applicable taxes.

The Company's directors and its tax advisors consider that no significant additional liabilities will arise for the Company as a result of the years open to inspection.

13. Income and expenses

13.1. Revenue

Details of this item of the income statements for 2025 and 2024 are as follows:

Thousands of Euros	2025	2024
Finance income from marketable securities and other financial instruments of Group companies and associates (note 17.2)	482,746	322,486
Revenue from services rendered to Group companies and associates (note 17.2)	558	628
Total	**483,304**	**323,114**

13.2. Finance costs

Details of this item for 2025 and 2024 are as follows:

Thousands of Euros	2025	2024
Interest on payables to Group companies and associates (note 17.2)	13,574	12,670
Interest on other payables		
Interest on debentures, bonds and other	469,437	310,113
Other		—
Total	**483,011**	**322,783**

13.3. Change in fair value of financial instruments

Details of this item for 2025 and 2024 are as follows:

Thousands of Euros	2025	2024
Change in fair value of:		
With third parties - Bonds and other marketable securities (note 10)	(178,686)	(43,785)
With Group companies and associates - Loans to companies (note 8)	178,686	43,785
Total	**—**	**—**

13.4. Exchange gains/losses

The Company recognised a net exchange loss of Euros 5 thousand in 2025 (nil impact in 2024).

14. Senior management

The board of directors carries out the functions of senior management, understood as individuals with the authority and responsibility for planning, management and control of the Company's activities, and note 15 is thus applicable to this note.

15. Remuneration of the board of directors

During the period to which these annual accounts refer, as well as in 2024, the members of the Company's board of directors accrued no remuneration in their capacity as such.

No loans or advances have been extended to the directors, nor is any amount reflected in the balance sheets for 2025 and 2024 in respect of this item from prior years.

In 2025 and 2024 IBERDROLA, as parent of the group of companies to which the Company belongs, assumed the directors' public liability insurance premiums to cover damage or loss incurred in the performance of their duties.

At 31 December 2025 and 2024, the Company has not extended any guarantees to, nor has it assumed any commitments with former or current members of the board of directors in respect of pensions or life insurance, nor has it carried out any transactions with them other than those described in this note.

16. Information required by Article 229 of the Spanish Companies Act

In compliance with article 229 of the Spanish Companies Act, which was introduced by Royal Decree-Law 1/2010 of 2 July 2010, and amended by Law 31/2014 of 3 December 2014, to improve corporate governance, the members of the board of directors declare that they and any persons related to them, have not had any direct or indirect conflicts of interest with the Company.

17. Related party balances and transactions

All transactions that the Company has carried out with related parties are with its Sole Shareholder, and with the Group company Iberdrola Financiación, S.A.U.

The transactions detailed below are part of the ordinary business activity and have been carried out under normal market conditions.

17.1. Company balances with Group companies and associates

a) Financial balances with Group companies and associates

Loans to Group companies and associates

Details of current and non-current loans to Group companies and associates in the balance sheets at 31 December 2025 and 2024 are as follows:

Thousands of Euros	2025			2024		
	Current	Non-current	Total	Current	Non-current	Total
Iberdrola Financiación, S.A.U.	738,438	15,784,735	16,523,173	1,816,680	14,246,975	16,063,655
Accrued interest	181,576	—	181,576	154,594	—	154,594
Total	**920,014**	**15,784,735**	**16,704,749**	**1,971,274**	**14,246,975**	**16,218,249**

The above transactions comprise loans extended to Iberdrola Financiación, S.A.U. for the same amount as debt issues placed in different currencies. Information on the maturities of loans extended is disclosed in note 8.

Other financial assets with Group companies and associates

Details of the current portion of other financial assets with Group companies and associates at 31 December 2025 and 2024 are as follows:

Thousands of Euros	2025	2024
	Receivable	Receivable
Current		
Iberdrola Financiación, S.A.U.	101,295	98,685
Total	**101,295**	**98,685**

The Company has a current account agreement with Iberdrola Financiación, S.A.U. with an initial term of one year, which is automatically renewable for successive periods of equal duration, unless terminated by either party, and which is denominated in euros. At 31 December 2025, the debit balance amounted to Euros 101,295 thousand (debit balance of Euros 98,685 thousand at 31 December 2024).

Interest is settled annually, with the applicable interest rates for each quarter being as follows:

- Balances receivable: 3-month EURIBOR + 0.1985%
- Balances payable: 3-month EURIBOR + 0.1985%

Accrued interest receivable amounts to Euros 2,519 thousand at 31 December 2025 (Euros 4,137 thousand at 31 December 2024). Interest income accrued at 31 December 2025 amounts to Euros 2,519 thousand, which has been recognised under finance income from marketable securities and other financial instruments of Group companies and associates in the accompanying income statement (Euros 4,137 thousand at 31 December 2024).

Guarantees with Group companies and associates

Thousands of Euros	2025	2024
	Balance payable	Balance payable
Current		
Iberdrola, S.A.	1,910	1,765
Total	**1,910**	**1,765**

This amount corresponds to the interest accrued payable on internal guarantees extended by IBERDROLA to the Company each time an issue is placed. The associated finance cost is Euros 11,055 thousand and Euros 8,533 thousand in 2025 and 2024, respectively.

b) Trade balances with Group companies and associates

The breakdown of the Company's receivables from and payables to Group companies and associates at 31 December 2025 and 2024 is as follows:

Thousands of Euros	2025		2024	
	Receivables	Payables	Receivables	Payables
Group companies				
Iberdrola Financiación, S.A.U.	558	2,519	628	4,137
Iberdrola, S.A.	12	—	—	5
Total	**570**	**2,519**	**628**	**4,142**

The Company has a service level agreement with the Group company Iberdrola Financiación for the regulation of financial support services related to debt issues the Company carries out in favour of Iberdrola Financiación. These services include legal, tax, cash, accounting and administrative services linked to the management and administration of issues and intercompany financing in which the Company participates.

Consideration for the services is determined by the total costs incurred in rendering the services to the customer, plus a markup which may be revised annually, subject to the approval of both parties. This price will always be set under market conditions, in accordance with applicable legislation and regulations.

17.2. Related party transactions

The most significant transactions carried out in 2025 and 2024 were as follows:

Thousands of Euros	2025	2024
	Group entities or subsidiaries	Group entities or subsidiaries
Expenses and income		
Finance costs with Iberdrola, S.A.	11,055	8,533
Finance costs with Iberdrola Financiación, S.A.U.	2,519	4,137
Receipt of services from Iberdrola, S.A.	425	135
Total expenses	**13,999**	**12,805**
Finance income from marketable securities and other financial instruments of Group companies and associates		
Iberdrola, S.A.	—	3,939
Iberdrola Financiación, S.A.U.	482,746	318,547
Revenue from services rendered to Group companies and associates		
Iberdrola Financiación, S.A.U.	558	628
Total income	**483,304**	**323,114**

18. Audit fees

Details of the fees relating to audit services provided by the auditor (KPMG Auditores, S.L.) in 2025 and 2024 are as follows:

Thousands of Euros	2025	2024
Audit services	42	42
Non-audit services		
Other services (*)	17	33
Total	**59**	**75**

(*) Correspond to comfort letters for debt issues and programme renewal.

19. Events after the reporting period

The most significant events after the reporting period were as follows:

On 26 February 2026, the Company determined the terms and conditions of an issue of green subordinated perpetual bonds in the Euromarket, guaranteed by IBERDROLA, for an amount of Euros 600,000 thousand. The issue was structured in a single tranche, at a price equivalent to 100% of its nominal value. There is no contractual maturity, though there are early redemption options during the three-month period prior to (and including) 9 March 2033, and annually thereafter.

The bonds will accrue interest at a fixed annual coupon of 3.95%, from the date of issue (inclusive) until (but excluding) 9 March 2033 (the "first review date"), payable annually.

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

- 1.42% over the five-year review period commencing on the first review date;
- 1.67% over each of the five-year review periods commencing on 9 March 2038, 9 March 2043 and 9 March 2048; and
- 2.42 % over the subsequent five-year review periods.

The Company has the option to defer interest payments on the bonds, without such deferral constituting a breach. This deferred interest will be accumulative and payable by the Company in the event IBERDROLA meets certain circumstances defined in the terms and conditions of the bonds.

Similarly, the Company entered into a loan agreement with the Group company Iberdrola Financiación for an amount of Euros 600,000 thousand with identical conditions to the above issue, with the exception of the fixed annual interest rate, which is 7 basis points higher. The loan does not have a contractual maturity date; however, its repayment is subject to the total or partial redemption of the aforementioned bond.

Interest accrued on this transaction is callable annually providing the corresponding coupon has been paid by the bond issuer. Otherwise, interest is not callable and will be accumulative.

Directors' report 2025

1. Significant events for 2025

1.1 Key indicators of the income statement

Revenues in 2025 amounted to Euros 483,304 thousand, of which Euros 482,746 thousand derived from interest accrued on loans extended to Group companies and associates and Euros 558 thousand to the provision of financial support services. Operating expenses totalled Euros 673 thousand.

Net finance cost amounted to Euros 482,564 thousand, mainly on account of interest accrued on bonds and other marketable securities.

The Company made a pre-tax profit of Euros 67 thousand, while the income tax expense totalled Euros 74 thousand, resulting in a net loss of Euros 7 thousand for the period compared to a profit of Euros 46 thousand in 2024.

1.2 Compliance with article 262.1 of the Spanish Companies Act in relation to the average payment period to suppliers

As disclosed in note 11, the Company's average supplier payment period was 37 days in 2025 (shorter than the 60-day maximum payment period provided for by law).

2. Business performance

The Company was incorporated on 16 February 2005 with the sole purpose of issuing preferential shares and other marketable debt instruments in Spanish and foreign secondary markets.

The Company provides all the financing obtained on the debt markets to Iberdrola Financiación, S.A.U. (hereinafter, "Iberdrola Financiación") a wholly-owned subsidiary of Iberdrola, S.A. (hereinafter, and interchangeably, the "Sole Shareholder" or "IBERDROLA"). The Company also provided a portion of the financing obtained on the debt markets prior to December 2016 to IBERDROLA.

During 2025, the Company continued to service the debt of existing bond issues as well as place new issues.

On 2 June 2025, the Company updated its Euro Medium Term Notes Programme (EMTN), increasing the programme limit to Euros 40,000 thousand, from the previous limit of Euros 30,000 thousand, with annual validity, thereby renewing the Company's capacity to issue senior unsecured and subordinated notes, which in both cases will be listed on the Luxembourg Stock Exchange.

3. Main risk factors associated with the Company's activities

The activity with financial instruments exposes the Company to credit, market and liquidity risks. Since the Company is a financing entity of the IBERDROLA Group, the Company's exposure to these risks should be assessed in the environment of the IBERDROLA Group.

The IBERDROLA Group is exposed to certain inherent financial market risks due to the different countries and sectors where it operates, as well as its activities, that can prevent the Company from achieving its objectives and executing its strategies successfully. In particular, the IBERDROLA Group's financing and financial risk guidelines and corporate credit risk guidelines, approved by the IBERDROLA Group's board of directors, identify the risk factors which may affect the Company. The Company has an organisation and systems that enable it to identify, measure, manage and control the financial risks to which it is exposed.

4. Environmental issues

The Company has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial position or results. Consequently, these notes to the annual accounts do not include any specific disclosures regarding environmental issues.

5. Outlook for 2026

Company activity for 2026 will focus on placing issues under its EMTN programme and lending the funds obtained to Iberdrola Financiación, as well as servicing the debt of existing bond issues.

6. Research and development activities

The Company did not incur any research and development expenses during the year.

7. Own shares and capital reduction

The Company does not hold any own shares at 31 December 2025.

8. Financial derivatives and hedging transactions

The Company has no derivative financial instruments at 31 December 2025.

9. Events after the reporting period

Events after the reporting period are described in note 19 to the annual accounts.

Proposed application of losses

The application of losses for 2025 proposed by the directors and expected to be approved by the Sole Shareholder, is to carry forward losses as accumulated losses.

Authorisation for issue

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

Annual accounts, directors' report and proposal for distribution of profit of IBERDROLA FINANZAS, S.A.U. for the year 1 January 2025 to 31 December 2025, authorised for issue by the board of directors.

Jesús Martinez Pérez	Diego Fernandez Molina	Guillermo Colino Salazar
Board member	*Board member*	*Board member*

Daniel Alcain López
Board member

Rosario Baquero Alonso, Secretary to the Company's board of directors, certifies that the above signatures of the Company's directors have been provided in her presence and that this document comprises the annual accounts, directors' report and the proposal for distribution of profit of the Company for 2025. This documentation has been authorised for issue by the Company's board of directors at a meeting held on the aforementioned date and therefore within the period stipulated by article 253.1 of the Revised Spanish Companies Act and is included on 45 sheets of paper, printed on one side.

Bilbao, 27 March 2026