ANNEX I

GENERAL

1st **HALF-YEARLY FINANCIAL REPORT FOR FINANCIAL YEAR** 2025

REPORTING DATE 30/06/2025

I. IDENTIFICATION DATA

Registered Company Name: IBERDROLA, S.A.

Registered Address	Tax Identification Number
PLAZA EUSKADI, Nº 5 48009 BILBAO	A-48010615

II, SUPPLEMENTARY INFORMATION TO PREVIOUSLY RELEASED PERIODIC INFORMATION

Annex supplementary information

Explanation of the main modifications with respect to the previously released periodic information:
(To be completed only in the situations indicated in Section B) of the instructions)

III. STATEMENT(S) BY THE PERSON(S) RESPONSIBLE FOR THE INFORMATION

To the best of our knowledge, the accompanying half-yearly financial statements, which have been prepared in accordance with applicable accounting principles, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or of the undertakings included in the consolidated financial statements taken as a whole, and the interim management report includes a fair review of the information required,

Comments on the above statement(s):

Person(s) responsible for this information:

In accordance with the power delegated by the board of directors, the board secretary has verified that the half-yearly financial report has been signed by the directors.

Name/Company Name	***Office***
Mr. José Ignacio Sánchez Galán	Chairman
Mr. Pedro Azagra Blázquez	Chief executive officer
Mr. Juan Manuel González Serna	Frist Vice-chair
Mr. Anthony L. Gardner	Second Vice-chair
Mr. Ángel Jesús Acebes Paniagua	Lead independent director
Mr. Iñigo Víctor de Oriol Ibarra	Director
Mr. Manuel Moreu Munaiz	Director
Mr. Xabier Sagredo Ormaza	Director
Mrs. Sara de la Rica Goiricelaya	Director
Mrs. Nicola Mary Brewer	Director
Mrs. Regina Helena Jorge Nunes	Director
Mrs. María Ángeles Alcalá Díaz	Director
Mrs. Isabel García Tejerina	Director
Mrs. Ana Colonques García-Planas	Director

Date this half-yearly financial report was signed by the corresponding governing body: *22-07-2025*

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS) (1/2)

Units: Thousand euros

ASSETS		CURRENT P, 30/06/2025	PREVIOUS P, 31/12/2024
A) NON-CURRENT ASSETS	**0040**	52,463,261	51,144,762
1. Intangible assets:	**0030**	127,652	155,691
a) Goodwill	**0031**		
b) Other intangible assets	**0032**	127,652	155,691
2. Property, plant and equipment	**0033**	291,432	308,110
3. Investment property	**0034**		
4. Long-term investments in group companies and associates	**0035**	51,318,641	49,559,361
5. Long-term financial investments	**0036**	2,526	8,262
6. Deferred tax assets	**0037**	408,291	356,354
7. Other non-current assets	**0038**	314,719	756,984
B) CURRENT ASSETS	**0085**	2,355,106	508,512
1. Non-current assets held for sale	**0050**		
2. Inventories	**0055**		
3. Trade and other receivables:	**0060**	1,263,964	287,895
a) Trade receivables	**0061**	215,372	35,180
b) Other receivables	**0062**	39,481	64,520
c) Current tax assets	**0063**	1,009,111	188,195
4. Short-term investments in group companies and associates	**0064**	935,682	143,195
5. Short-term financial investments	**0070**	141,380	72,477
6. Prepayments for current assets	**0071**	10,409	4,760
7. Cash and cash equivalents	**0072**	3,671	185
TOTAL ASSETS (A + B)	**0100**	54,818,367	51,653,274

Comments

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS) (2/2)

Units: Thousand euros EQUITY AND LIABILITIES		CURRENT P, 30/06/2025	PREVIOUS P, 31/12/2024
A) EQUITY (A,1 + A,2 + A,3)	**0195**	34,974,494	35,529,821
A,1) CAPITAL AND RESERVES	**0180**	34,971,030	35,533,426
1. Capital:	**0171**	4,830,421	4,773,188
a) Registered capital	**0161**	4,830,421	4,773,188
b) *Less: Uncalled capital*	**0162**		
2. Share premium	**0172**	13,718,909	13,776,142
3. Reserves	**0173**	1,606,773	1,634,773
4. *Own shares and equity holdings*	**0174**	(3,272,867)	(2,309,858)
5. Prior periods' profit and loss	**0178**	17,165,968	11,961,731
6. Other shareholder contributions	**0179**		
7. Profit (loss) for the period	**0175**	887,496	5,651,978
8. *Less: Interim dividend*	**0176**		
9. Other equity instruments	**0177**	34,330	45,472
A,2) VALUATION ADJUSTMENTS	**0188**	3,464	(3,605)
1. Available-for-sale financial assets	**0181**		
2. Hedging transactions	**0182**	3,464	(3,605)
3. Other	**0183**		
A,3) GRANTS, DONATIONS AND BEQUESTS RECEIVED	**0194**		
B) NON-CURRENT LIABILITIES	**0120**	11,876,055	12,958,587
1. Long-term provisions	**0115**	490,793	495,932
2. Long-term debts:	**0116**	239,638	244,891
a) Debt with financial institutions and bonds and other marketable securities	**0131**	210,788	228,095
b) Other financial liabilities	**0132**	28,850	16,796
3. Long-term payables to group companies and associates	**0117**	9,967,361	11,347,088
4. Deferred tax liabilities	**0118**	1,178,263	870,676
5. Other non-current liabilities	**0135**		
6. Long-term accrual accounts	**0119**		
C) CURRENT LIABILITIES	**0130**	7,967,818	3,164,866
1. Liabilities associated with non-current assets held for sale	**0121**		
2. Short-term provisions	**0122**	19	18
3. Short-term debts:	**0123**	670,097	1,334,360
a) Bank borrowings and bonds and other negotiable securities	**0133**	620,357	1,224,854
b) Other financial liabilities	**0134**	49,740	109,506
4. Short-term payables to group companies and associates	**0129**	7,217,450	1,699,857
5. Trade and other payables:	**0124**	80,192	130,571
a) Suppliers	**0125**	13,431	10,001
b) Other payables	**0126**	66,290	120,314
c) Current tax liabilities	**0127**	471	256
6. Other current liabilities	**0136**		
7. Current accrual accounts	**0128**	60	60
TOTAL EQUITY AND LIABILITIES (A + B + C)	**0200**	54,818,367	51,653,274

Comments

IV. SELECTED FINANCIAL INFORMATION

2. INDIVIDUAL PROFIT AND LOSS ACCOUNT (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros

			PRESENT CURR, PERIOD (2nd HALF YEAR)	PREVIOUS CURR, PERIOD (2nd HALF YEAR)	CURRENT CUMULATIVE 30/06/2025	PREVIOUS CUMULATIVE 30/06/2024
			Amount	Amount	Amount	Amount
(+)	Revenue	0205			1.151.137	634.064
(+/-)	Change in inventories of finished products and work in progress	0206				
(+)	Own work capitalised	0207			4.758	4.239
(-)	Supplies	0208				
(+)	Other operating revenue	0209			1.425	1.796
(-)	Personnel expenses	0217			(106.964)	(98.684)
(-)	Other operating expenses	0210			(139.881)	(317.312)
(-)	Depreciation and amortisation charge	0211			(32.899)	(29.814)
(+)	Allocation of grants for non-financial assets and other grants	0212				
(+)	Reversal of provisions	0213				
(+/-)	Impairment and gain (loss) on disposal of fixed assets	0214				(19)
(+/-)	Other profit (loss)	0215			(13.926)	27.161
=	**OPERATING PROFIT (LOSS)**	0245			863.650	221.431
(+)	Finance income	0250			53.033	18.450
(-)	Finance costs	0251			(245.258)	(289.190)
(+/-)	Changes in fair value of financial instruments	0252			138.228	(35.244)
(+/-)	Exchange differences	0254			9.587	(6.139)
(+/-)	Impairment and gain (loss) on disposal of financial instruments	0255				-
=	**NET FINANCE INCOME (COSTS)**	0256			(44.410)	(312.123)
=	**PROFIT (LOSS) BEFORE TAX**	0265			819.240	(90.692)
(+/-)	Income tax expense	0270			68.256	124.075
=	**PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES**	0280			887.496	33.383
(+/-)	Profit (loss) from discontinued operations, net of tax	0285				
=	**PROFIT (LOSS) FOR THE PERIOD**	0300			887.496	33.383

EARNINGS PER SHARE		Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)
Basic	0290				
Diluted	0295				

Comments

IV. SELECTED FINANCIAL INFORMATION

3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

A. INDIVIDUAL STATEMENT OF RECOGNISED INCOME AND EXPENSE (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros		CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
A) PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	0305	887,496	33,383
B) INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	0310	4,236	(17,071)
1. From measurement of financial instruments:	0320		
a) Available-for-sale financial assets	0321		
b) Other income/(expenses)	0323		
2. From cash flow hedges	0330	5,574	(22,462)
3. Grants, donations and bequests received	0340		
4. From actuarial gains and losses and other adjustments	0344		
5. Other income and expense recognised directly in equity	0343		
6. Tax effect	0345	(1,338)	5,391
C) TRANSFERS TO PROFIT OR LOSS	0350	2,833	18,515
1. From measurement of financial instruments:	0355		
a) Available-for-sale financial assets	0356		
b) Other income/(expenses)	0358		
2. From cash flow hedges	0360	3,727	24,362
3. Grants, donations and bequests received	0366		
4. Other income and expense recognised directly in equity	0365		
5. Tax effect	0370	(894)	(5,847)
TOTAL RECOGNISED INCOME/(EXPENSE) (A + B + C)	0400	894,565	34,827

Comments

IV, SELECTED FINANCIAL INFORMATION

3, INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

B, INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (1/2) (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros		Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
CURRENT PERIOD		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Closing balance at 01/01/2025	**3010**	4,773,188	27,372,646	(2,309,858)	5,651,978	45,472	(3,605)		35,529,821
Adjustments for changes in accounting policy	**3011**								
Adjustment for errors	**3012**								
Adjusted opening balance	**3015**	4,773,188	27,372,646	(2,309,858)	5,651,978	45,472	(3,605)		35,529,821
I, Total recognised income/(expense)	**3020**				887,496		7,069		894,565
II, Transactions with shareholders or owners	**3025**	57,233	5,145,460	(963,009)	(5,651,978)				(1,412,294)
1. Capital increases/ (reductions)	**3026**	57,233	(57,233)						
2. Conversion of financial liabilities into equity	**3027**								
3. Distribution of dividends	**3028**		5,204,237		(5,651,978)				(447,741)
4. Net trading with treasury stock	**3029**		29,812	(963,009)					(933,197)
5. Increases/ (reductions) for business combinations	**3030**								
6. Other transactions with shareholders or owners	**3032**		(31,356)						(31,356)
III, Other changes in equity	**3035**		(26,456)			(11,142)			(37,598)
1. Equity-settled share-based payment	**3036**								
2. Transfers between equity accounts	**3037**								
3. Other changes	**3038**		(26,456)			(11,142)			(37,598)
Closing balance at 30/06/2025	**3040**	4,830,421	32,491,650	(3,272,867)	887,496	34,330	3,464		34,974,494

Comments

IV. SELECTED FINANCIAL INFORMATION

3. INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

B. INDIVIDUAL STATEMENT OF TOTAL CHANGES IN EQUITY (2/2) (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros		Capital and reserves					Valuation adjustments	Grants, donations and bequests received	Total equity
PREVIOUS PERIOD		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period	Other equity instruments			
Closing balance at 01/01/2024 (comparative period)	**3050**	4,762,709	25,553,823	(1,456,942)	5,065,681	40,340	1,023		33,966,634
Adjustments for changes in accounting policy	**3051**								
Adjustment for errors	**3052**								
Adjusted opening balance (comparative period)	**3055**	4,762,709	25,553,823	(1,456,942)	5,065,681	40,340	1,023		33,966,634
I, Total recognised income/(expense)	**3060**				33,383		1,444		34,827
II, Transactions with shareholders or owners	**3065**	54,765	4,550,140	(855,445)	(5,065,681)				(1,316,221)
1. Capital increases/ (reductions)	**3066**	54,765	(54,765)						
2. Conversion of financial liabilities into equity	**3067**								
3. Distribution of dividends	**3068**		4,638,439		(5,065,681)				(427,242)
4. Net trading with treasury stock	**3069**		(2,222)	(855,445)					(857,667)
5. Increases/ (reductions) for business combinations	**3070**								
6. Other transactions with shareholders or owners	**3072**		(31,312)						(31,312)
III, Other changes in equity	**3075**		(12,945)			(8,646)			(21,591)
1. Equity-settled share-based payment	**3076**		(12,945)			(8,646)			(21,591)
2. Transfers between equity accounts	**3077**								
3. Other changes	**3078**								
Closing balance at 30/06/2024 (comparative period)	**3080**	4,817,474	30,091,018	(2,312,387)	33,383	31,694	2,467		32,663,649

Comments

IBERDROLA, S.A.
1st HALF-YEAR OF 2025

IV. SELECTED FINANCIAL INFORMATION

4. INDIVIDUAL STATEMENT OF CASH FLOWS (PREPARED USING PREVAILING NATIONAL ACCOUNTING STANDARDS)

Units: Thousand euros			CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	**0435**	(177,559)	(482,876)
1,	**Profit (loss) before tax**	**0405**	819,240	(90,692)
2,	**Adjustments to profit (loss):**	**0410**	(817,692)	(62,697)
(+)	Depreciation and amortisation charge	**0411**	32,899	29,814
(+/-)	Other net adjustments to profit (loss)	**0412**	(850,591)	(92,511)
3,	**Changes in working capital**	**0415**	(211,396)	(132,912)
4,	**Other cash flows from operating activities:**	**0420**	32,289	(196,575)
(-)	Interest paid	**0421**	(8,490)	(387,364)
(+)	Dividends received	**0422**	120,896	253,380
(+)	Interest received	**0423**		2,654
(+/-)	Income tax recovered/(paid)	**0430**		1,591
(+/-)	Other sums received/(paid) from operating activities	**0425**	(80,117)	(66,836)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)**	**0460**	(1,788,754)	(69,965)
1,	**Payments for investments:**	**0440**	(1,919,524)	(495,722)
(-)	Group companies, associates and business units	**0441**	(1,830,521)	(7,121)
(-)	Property, plant and equipment, intangible assets and investment property	**0442**	(48,307)	(36,962)
(-)	Other financial assets	**0443**	(40,696)	(451,639)
(-)	Non-current assets and liabilities classified as held for sale,	**0459**		
(-)	Other assets	**0444**		
2,	**Proceeds from sale of investments**	**0450**	130,770	425,757
(+)	Group companies, associates and business units	**0451**	18,299	11,097
(+)	Property, plant and equipment, intangible assets and investment property	**0452**	39,724	
(+)	Other financial assets	**0453**	72,747	414,660
(+)	Non-current assets and liabilities classified as held for sale,	**0461**		
(+)	Other assets	**0454**		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3)**	**0490**	1,969,799	547,147
1,	**Sums received/(paid) in respect of equity instruments**	**0470**	(1,539,764)	(857,667)
(+)	Issuance	**0471**		
(-)	Redemption	**0472**		
(-)	Acquisition	**0473**	(1,626,702)	(930,962)
(+)	Disposal	**0474**	86,938	73,295
(+)	Grants, donations and bequests received	**0475**		
2,	**Sums received/(paid) in respect of financial liability instruments:**	**0480**	3,988,661	1,863,367
(+)	Issuance	**0481**	4,748,750	2,584,248
(-)	Repayment and redemption	**0482**	(760,089)	(720,881)
3,	**Payment of dividends and remuneration on other equity instruments**	**0485**	(479,098)	(458,553)
D)	**EFFECT OF FOREIGN EXCHANGE RATE CHANGES**	**0492**		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	**0495**	3,486	(5,694)
F)	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	**0499**	185	6,351
G)	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)**	**0500**	3,671	657

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
(+)	Cash on hand and at banks	**0550**	3,671	657
(+)	Other financial assets	**0552**		
(-)	*Less: Bank overdrafts repayable on demand*	**0553**		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**0600**	3,671	657

Comments

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (1/2)

Units: Thousand euros ASSETS		CURRENT P, 30/06/2025	PREVIOUS P, 31/12/2024
A) NON-CURRENT ASSETS	**1040**	136,330,295	137,458,056
1. Intangible assets:	**1030**	21,748,852	20,255,423
a) Goodwill	**1031**	8,526,275	8,618,498
b) Other intangible assets	**1032**	13,222,577	11,636,925
2. Property, plant and equipment	**1033**	93,889,350	94,461,128
3. Investment property	**1034**	420,694	420,442
4. Investments accounted for using the equity method	**1035**	1,639,726	4,314,511
5. Non-current financial assets	**1036**	8,085,528	7,538,802
a) At fair value through profit or loss	**1047**	39,828	39,658
Of which, “Designated upon initial recognition”	**1041**		
b) At fair value through other comprehensive income	**1042**		
Of which, “Designated upon initial recognition”	**1043**		
c) At amortised cost	**1044**	8,045,700	7,499,144
6, Non-current derivatives	**1039**	1,139,597	1,178,403
a) Hedging	**1045**	669,318	914,445
b) Other	**1046**	470,279	263,958
7, Deferred tax assets	**1037**	1,883,644	1,951,753
8, Other non-current assets	**1038**	7,522,904	7,337,594
B) CURRENT ASSETS	**1085**	21,239,674	20,834,524
1, Non-current assets held for sale	**1050**	3,800,712	404,316
2, Inventories	**1055**	2,751,458	3,305,017
3, Trade and other receivables:	**1060**	10,945,728	10,776,215
a) Trade receivables	**1061**	7,574,956	8,182,629
b) Other receivables	**1062**	1,929,679	1,901,357
c) Current tax assets	**1063**	1,441,093	692,229
4, Current financial assets	**1070**	977,821	1,265,440
a) At fair value through profit or loss	**1080**		
Of which, “Designated upon initial recognition”	**1081**		
b) At fair value through other comprehensive income	**1082**		
Of which, “Designated upon initial recognition”	**1083**		
c) At amortised cost	**1084**	977,821	1,265,440
5, Current derivatives	**1076**	398,684	1,001,859
a) Hedging	**1077**	98,276	388,794
b) Other	**1078**	300,408	613,065
6, Other current assets	**1075**		
7, Cash and cash equivalents	**1072**	2,365,271	4,081,677
TOTAL ASSETS (A + B)	**1100**	157,569,969	158,292,580

Comments

IV. SELECTED FINANCIAL INFORMATION

5. CONSOLIDATED BALANCE SHEET (ADOPTED IFRS) (2/2)

Units: Thousand euros — EQUITY AND LIABILITIES		CURRENT P, 30/06/2025	PREVIOUS P, 31/12/2024
A) EQUITY (A,1 + A,2 + A,3)	**1195**	59,423,747	61,051,088
A,1) CAPITAL AND RESERVES	**1180**	49,764,697	47,670,271
1. Capital	**1171**	4,830,421	4,773,188
a) Registered capital	**1161**	4,830,421	4,773,188
b) *Less: Uncalled capital*	**1162**		
2. Share premium	**1172**	13,718,909	13,776,142
3. Reserves	**1173**	12,279,982	9,620,774
4. *Less: Treasury stock*	**1174**	(3,281,284)	(2,318,128)
5. Prior periods' profit and loss	**1178**	18,654,435	16,206,356
6. Other shareholder contributions	**1179**		
7. Profit (loss) for the period attributable to the parent	**1175**	3,562,234	5,611,939
8. *Less: Interim dividend*	**1176**		
9. Other equity instruments	**1177**		
A,2) ACCUMULATED OTHER COMPREHENSIVE INCOME	**1188**	(4,134,496)	(545,258)
1. Items that are not reclassified to profit or loss for the period	**1186**		
a) Equity instruments through other comprehensive income	**1185**		
b) Others	**1190**		
2. Items that may subsequently be reclassified to profit or loss for the period	**1187**	(4,134,496)	(545,258)
a) Hedging transactions	**1182**	85,970	352,744
b) Translation differences	**1184**	(4,239,798)	(919,478)
c) Share in other comprehensive income for investments in joint ventures and others	**1192**	19,332	21,476
d) Debt instruments at fair value through other comprehensive income	**1191**		
e) Others	**1183**		
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY (A,1 + A,2)	**1189**	45,630,201	47,125,013
A,3) NON-CONTROLLING INTERESTS	**1193**	13,793,546	13,926,075
B) NON-CURRENT LIABILITIES	**1120**	69,691,698	67,103,245
1. Grants	**1117**	1,142,578	1,305,032
2. Non-current provisions	**1115**	4,571,020	4,624,031
3. Non-current financial liabilities:	**1116**	46,962,411	44,970,569
a) Debt with financial institutions and bonds and other marketable securities	**1131**	42,678,767	40,584,844
b) Other financial liabilities	**1132**	4,283,644	4,385,725
4. Deferred tax liabilities	**1118**	8,115,804	7,544,775
5. Non-current derivatives	**1140**	1,443,800	1,124,022
a) Hedging	**1141**	733,930	903,576
b) Other	**1142**	709,870	220,446
6. Other non-current liabilities	**1135**	7,456,085	7,534,816
C) CURRENT LIABILITIES	**1130**	28,454,524	30,138,247
1. Liabilities associated with non-current assets held for sale	**1121**	3,128,102	197,051
2. Current provisions	**1122**	975,670	794,624
3. Current financial liabilities:	**1123**	11,301,825	14,087,659
a) Debt with financial institutions and bonds and other marketable securities	**1133**	11,047,556	13,805,200
b) Other financial liabilities	**1134**	254,269	282,459
4. Trade and other payables:	**1124**	11,337,162	13,163,510
a) Suppliers	**1125**	5,177,271	6,182,788
b) Other payables	**1126**	5,167,733	5,843,584
c) Current tax liabilities	**1127**	992,158	1,137,138
5. Current derivatives	**1136**	643,457	867,011
a) Hedging	**1146**	330,110	442,491
b) Other	**1147**	313,347	424,520
6. Other current liabilities	**1136**	1,068,308	1,028,392
TOTAL EQUITY AND LIABILITIES (A + B + C)	**1200**	157,569,969	158,292,580

Comments

IV. SELECTED FINANCIAL INFORMATION

6. CONSOLIDATED PROFIT AND LOSS ACCOUNT (ADOPTED IFRS)

	Units: Thousand euros		PRESENT CURR. PERIOD (2nd HALF YEAR)	PREVIOUS CURR. PERIOD (2nd HALF YEAR)	CURRENT CUMULATIVE 30/06/2025	PREVIOUS CUMULATIVE 30/06/2024
			Amount	Amount	Amount	Amount
(+)	Revenue	1205			22,743,125	22,636,959
(+/-)	Change in inventories of finished products and work in progress	1206				
(+)	Own work capitalised	1207			581,206	451,650
(-)	Supplies	1208			(10,050,548)	(10,147,752)
(+)	Other operating revenue	1209			526,598	315,321
(-)	Personnel expenses	1217			(1,990,727)	(1,893,749)
(-)	Other operating expenses	1210			(3,657,575)	(3,804,508)
(-)	Depreciation and amortisation charge	1211			(2,590,161)	(2,450,340)
(+)	Allocation of grants for non-financial assets and other grants	1212			56,666	40,857
(+/-)	Impairment and gain (loss) on disposal of fixed assets	1214				
(+/-)	Gain (loss) on disposal of non-current assets	1216			(968)	17,527
(+/-)	Other profit (loss)	1215			(150,925)	1,693,239
=	**OPERATING PROFIT (LOSS)**	1245			5,466,690	6,859,205
(+)	Finance income	1250			552,674	603,882
	a) Interest income calculated using the effective interest rate method	1262			257,659	310,325
	b) Other	1263			295,015	293,557
(-)	Finance costs	1251			(1,568,674)	(1,490,537)
(+/-)	Changes in fair value of financial instruments	1252			339,517	7,181
(+/-)	Gain (loss) from reclassification of financial assets at amortised cost to financial assets at fair value	1258				
(+/-)	Gain (loss) from reclassification of financial assets at fair value through other comprehensive income to financial assets at fair value	1259				
(+/-)	Exchange differences	1254			11,898	34,589
(+/-)	Impairment and gain (loss) on disposal of financial instruments	1255			73	(3,270)
(+/-)	Gain (loss) on disposal of financial instruments	1257				
	a) Financial instruments at amortised cost	1260				
	b) Other financial instruments	1261				
=	**NET FINANCE INCOME (COSTS)**	1256			(664,512)	(848,154)
(+/-)	Profit (loss) of equity-accounted investees	1253			48,438	9,849
=	**PROFIT (LOSS) BEFORE TAX**	1265			4,850,616	6,020,900
(+/-)	Income tax expense	1270			(977,822)	(1,609,239)
=	**PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING ACTIVITIES**	1280			3,872,794	4,411,661
(+/-)	Profit (loss) from discontinued operations, net of tax	1285			(8,325)	(8,712)
=	**CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD**	1288			3,864,469	4,402,949
	A) Profit (loss) for the period attributable to the parent company	1300			3,562,234	4,133,915
	B) Profit (loss) attributable to non-controlling interests	1289			302,235	269,034
	EARNINGS PER SHARE		Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)	Amount (X,XX euros)
	Basic	1290			0.55	0.62
	Diluted	1295			0.55	0.62

IV. SELECTED FINANCIAL INFORMATION

7. CONSOLIDATED OTHER COMPREHENSIVE INCOME (IFRS ADOPTED)

Units: Thousand euros		CURRENT P, (2nd HALF YEAR)	PREVIOUS P, (2nd HALF YEAR)	CURRENT CUMULATIVE 30/06/2025	PREVIOUS CUMULATIVE 30/06/2024
A) CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (from the profit and loss account)	1305			3,864,469	4,402,949
B) OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE NOT RECLASSIFIED TO PROFIT OR LOSS:	1310				
1, From revaluation/reversal of revaluation) of property, plant and equipment and intangible assets	1311				
0, From actuarial gains and losses	1344				
2, Share in other comprehensive income of investments in joint ventures and associates	1342				
1, Equity instruments through other comprehensive income	1346				
2, Other income and expenses that are not reclassified to profit or loss	1343				
3, Tax effect	1345				
C) OTHER COMPREHENSIVE INCOME – ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS:	1350			(3,614,706)	765,233
1. Hedging transactions	1360			(340,570)	261,603
a) Valuation gains/(losses)	1361			32,452	16,846
b) Amounts transferred to profit or loss	1362			(391,303)	239,700
c) Amounts transferred to initial carrying amount of hedged items	1363			18,281	3,643
d) Other reclassifications	1364				1,414
2. Translation differences:	1365			(3,361,472)	560,831
a) Valuation gains/(losses)	1366			(3,361,472)	560,831
b) Amounts transferred to profit or loss	1367				
c) Other reclassifications	1368				
3. Share in other comprehensive income of investments in joint ventures and associates:	1370			(3,144)	(2,384)
a) Valuation gains/(losses)	1371			(3,144)	(2,422)
b) Amounts transferred to profit or loss	1372				38
c) Other reclassifications	1373				
4. Debt instruments at fair value through other comprehensive income	1381				
a) Valuation gains/(losses) taken to equity	1382				
b) Amounts transferred to profit or loss	1383				
c) Other reclassifications	1384				
5. Other income and expenses that may subsequently be reclassified to profit or loss	1375			(633)	4,986
a) Valuation gains/(losses) taken to equity	1376			(56,486)	(34,688)
b) Amounts transferred to profit or loss	1377			55,853	39,674
c) Other reclassifications	1378				
6. Tax effect	1380			91,113	(59,803)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A + B + C)	1400			249,763	5,168,182
a) Attributable to the parent	1398			(27,004)	5,018,217
b) Attributable to non-controlling interests	1399			276,767	149,965

Comments

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (ADOPTED IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD		Equity attributable to the parent company						Non-controlling interests	Total equity
		Capital and reserves					Valuation adjustments		
		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent	Other equity instruments			
Closing balance at 01/01/2025	3110	4,773,188	39,603,272	(2,318,128)	5,611,939		(545,258)	13,926,075	61,051,088
Adjustments for changes in accounting policy	3111								
Adjustment for errors	3112								
Adjusted opening balance	3115	4,773,188	39,603,272	(2,318,128)	5,611,939		(545,258)	13,926,075	61,051,088
I, Total comprehensive income/(expense) for the period	3120				3,562,234		(3,589,238)	276,767	249,763
II, Transactions with shareholders or owners	3125	57,233	5,139,686	(963,156)	(5,611,939)			390,404	(987,772)
1. Capital increases/ (reductions)	3126	57,233	(57,233)						
2. Conversion of financial liabilities into equity	3127								
3. Distribution of dividends	3128		5,132,842		(5,611,939)			(179,066)	(658,163)
4. Purchase / sale of treasury stock	3129		27,109	(963,156)					(936,047)
5. Equity increase/ (decrease) resulting from business combinations	3130							370,257	370,257
6. Other transactions with shareholders or owners	3132		36,968					199,213	236,181
III, Other changes in equity	3135		(89,632)					(799,700)	(889,332)
1. Equity-settled share-based payment	3136		(60,762)					(1,691)	(62,453)
2. Transfers among components of equity	3137								
3. Other changes	3138		(28,870)					(798,009)	(826,879)
Closing balance at 30/06/2025	3140	4,830,421	44,653,326	(3,281,284)	3,562,234		(4,134,496)	13,793,546	59,423,747

Comments

IV. SELECTED FINANCIAL INFORMATION

8. CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY (ADOPTED IFRS) (2/2)

Units: Thousand euros		Equity attributable to the parent company							
		Capital and reserves							
PREVIOUS PERIOD		Capital	Share premium and Reserves (1)	Treasury stock	Profit (loss) for the period attributable to the parent company	Other equity instruments	Valuation adjustments	Non-controlling interests	Total equity
Closing balance at 01/01/2024 (comparative period)	**3150**	4,762,709	37,699,798	(1,464,901)	4,802,782		(2,688,890)	17,180,176	60,291,674
Adjustments for changes in accounting policy	**3151**								
Adjustment for errors	**3152**								
Adjusted opening balance (comparative period)	**3155**	4,762,709	37,699,798	(1,464,901)	4,802,782		(2,688,890)	17,180,176	60,291,674
I, Total comprehensive income/(expense) for the period	**3160**				4,133,915		884,302	149,965	5,168,182
II, Transactions with shareholders or owners	**3165**	54,765	4,297,733	(855,918)	(4,802,782)			(188,967)	(1,495,169)
1. Capital increases/ (reductions)	**3166**	54,765	(54,765)						
2. Conversion of financial liabilities into equity	**3167**								
3. Distribution of dividends	**3168**		4,344,228		(4,802,782)			(289,355)	(747,909)
4. Purchase / sale of treasury stock	**3169**		8,270	(855,918)					(847,648)
5. Equity increase/ (decrease) resulting from business combinations	**3170**								
6. Other transactions with shareholders or owners	**3172**							100,388	100,388
III, Other changes in equity	**3175**		(165,189)					(1,979)	(167,168)
1. Equity-settled share-based payment	**3176**		(47,333)					(1,979)	(49,312)
2. Transfers among components of equity	**3177**								
3. Other changes	**3178**		(117,856)						(117,856)
Closing balance at 30/06/2024 (comparative period)	**3180**	4,817,474	41,832,342	(2,320,819)	4,133,915		(1,804,588)	17,139,195	63,797,519

Comments

IV. SELECTED FINANCIAL INFORMATION

9. A. CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD) (ADOPTED IFRS)

	Units: Thousand euros		CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	1435	6,618,981	5,793,515
1,	**Profit (loss) before tax**	1405	4,850,616	6,020,900
2,	**Adjustments to profit (loss):**	1410	3,330,743	1,817,048
(+)	Depreciation and amortisation charge	1411	2,590,161	2,450,340
(+/-)	Other net adjustments to profit (loss)	1412	740,582	(633,292)
3,	**Changes in working capital**	1415	(1,041,866)	(1,244,973)
4,	**Other cash flows from operating activities:**	1420	(520,512)	(799,460)
(-)	Interest paid	1421		
(-)	Payment of dividends and remuneration on other equity instruments	1430		
(+)	Dividends received	1422	24,836	16,683
(+)	Interest received	1423		
(+/-)	Income tax recovered/(paid)	1424	(406,576)	(625,949)
(+/-)	Other sums received/(paid) from operating activities	1425	(138,772)	(190,194)
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)**	1460	(6,071,323)	(419,722)
1,	**Payments for investments:**	1440	(5,825,988)	(5,743,979)
(-)	Group companies, associates and business units	1441	(140,832)	(185,488)
(-)	Property, plant and equipment, intangible assets and investment property	1442	(5,013,506)	(5,047,951)
(-)	Other financial assets	1443		
(-)	Non-current assets and liabilities classified as held for sale,	1449		
(-)	Other assets	1444	(671,650)	(510,540)
2,	**Proceeds from sale of investments**	1450	111,233	5,446,680
(+)	Group companies, associates and business units	1451	166,814	5,437,314
(+)	Property, plant and equipment, intangible assets and investment property	1452	2,611	9,366
(+)	Other financial assets	1453		
(+)	Non-current assets and liabilities classified as held for sale,	1461	(58,192)	
(+)	Other assets	1454		
3,	**Other cash flows from investing activities**	1455	(356,568)	(122,422)
(+)	Dividends received	1456		
(+)	Interest received	1457	100,083	152,246
(+/-)	Other sums received/(paid) from investing activities	1458	(456,651)	(274,668)
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)**	1490	(2,209,345)	(2,916,795)
1,	**Sums received/(paid) in respect of equity instruments**	1470	(1,539,736)	(857,928)
(+)	Issuance	1471		
(-)	Redemption	1472		
(-)	Acquisition	1473	(1,626,702)	(932,058)
(+)	Disposal	1474	86,966	74,130
2,	**Sums received/(paid) in respect of financial liability instruments:**	1480	1,524,672	(281,484)
(+)	Issuance	1481	12,470,141	9,391,626
(-)	Repayment and redemption	1482	(10,945,469)	(9,673,110)
3,	**Payment of dividends and remuneration on other equity instruments**	1485	(630,932)	(702,358)
4,	**Other cash flows from financing activities**	1486	(1,563,349)	(1,075,025)
(-)	Interest paid	1487	(858,905)	(1,028,139)
(+/-)	Other sums received/(paid) from financing activities	1488	(704,444)	(46,886)
D)	**FFECT OF CHANGES IN FOREIGN EXCHANGE RATE**	1492	(54,719)	(83,556)
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	1495	(1,716,406)	2,373,443
F)	**CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD**	1499	4,081,677	3,019,305
G)	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)**	1500	2,365,271	5,392,747

	COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
(+)	Cash on hand and at banks	1550	1,015,375	1,820,384
(+)	Other financial assets	1552	1,349,896	3,572,363
(-)	*Less: Bank overdrafts repayable on demand*	1553		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1600	2,365,271	5,392,747

IV, SELECTED FINANCIAL INFORMATION

9, B, CONSOLIDATED STATEMENT OF CASH FLOWS (DIRECT METHOD) (ADOPTED IFRS)

Units: Thousand euros			CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
A)	**CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)**	**8435**		
(+)	Proceeds from operating activities	**8410**		
(-)	Payments to suppliers and to personnel for operating expenses	**8411**		
(-)	Interest paid	**8421**		
(-)	Payment of dividends and remuneration on other equity instruments	**8422**		
(+)	Dividends received	**8430**		
(+)	Interest received	**8423**		
(+/-)	Income tax recovered/(paid)	**8424**		
(+/-)	Other sums received/(paid) from operating activities	**8425**		
B)	**CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2 + 3)**	**8460**		
1,	**Payments for investments:**	**8440**		
(-)	Group companies, associates and business units	**8441**		
(-)	Property, plant and equipment, intangible assets and investment property	**8442**		
(-)	Other financial assets	**8443**		
(-)	Other assets	**8444**		
2,	**Proceeds from sales of investments**	**8450**		
(+)	Group companies, associates and business units	**8451**		
(+)	Property, plant and equipment, intangible assets and investment property	**8452**		
(+)	Other financial assets	**8453**		
(+)	Other assets	**8454**		
3,	**Other cash flows from investing activities**	**8455**		
(+)	Dividends received	**8456**		
(+)	Interest received	**8457**		
(+/-)	Other flows from investing activities	**8458**		
C)	**CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2 + 3 + 4)**	**8490**		
1,	**Sums received/(paid) in respect of equity instruments**	**8470**		
(+)	Issuance	**8471**		
(-)	Redemption	**8472**		
(-)	Acquisition	**8473**		
(+)	Disposal	**8474**		
2,	**Sums received/(paid) in respect of financial liability instruments:**	**8480**		
(+)	Issuance	**8481**		
(-)	Repayment and redemption	**8482**		
3,	**Payment of dividends and remuneration on other equity instruments**	**8485**		
4,	**Other cash flows from financing activities**	**8486**		
(-)	Interest paid	**8487**		
(+/-)	Other sums received/(paid) from financing activities	**8488**		
D)	**EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE**	**8492**		
E)	**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)**	**8495**		
F)	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD**	**8499**		
G)	**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (E + F)**	**8500**		

COMPONENTS OF CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			CURRENT PERIOD 30/06/2025	PREVIOUS PERIOD 30/06/2024
(+)	Cash on hand and at banks	**8550**		
(+)	Other financial assets	**8552**		
(-)	*Less: Bank overdrafts repayable on demand*	**8553**		
	TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**8600**		

Comments

IV. SELECTED FINANCIAL INFORMATION

10. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		€ / share (X,XX)	**Amount (thousand euros)**	**No, of shares to be delivered**	**€ / share (X,XX)**	**Amount (thousand euros)**	**No, of shares to be delivered**
Ordinary shares	**2158**	0.24	479,097		0.21	458,554	
Other shares (non-voting shares, redeemable shares, etc,)	**2159**						
Total dividends paid	**2160**	0.24	479,097		0.21	458,554	
a) Dividends charged to profit and loss	**2155**	0.23	447,741		0.20	427,242	
b) Dividends charged to reserves or share premium	**2156**	0.01	31,356		0.01	31,312	
c) Dividends in kind	**2157**						
d) Flexible payment	**2154**			76,310,000			73,021,000

Comments

IV. SELECTED FINANCIAL INFORMATION

11. SEGMENT INFORMATION

Units: thousand euros

GEOGRAPHIC AREA		Distribution of revenue by geographic area: INDIVIDUAL CURRENT PERIOD	INDIVIDUAL PREVIOUS PERIOD	CONSOLIDATED CURRENT PERIOD	CONSOLIDATED PREVIOUS PERIOD
Spanish market	2210	1,062,761	282,918	7,854,098	7,389,590
International market	2215	88,376	351,146	14,889,027	15,247,369
a) European Union	2216	10,453	7,113	1,116,681	1,168,088
a,1) Euro Area	2217	10,453	6,178	1,075,768	1,101,524
a,2) Non-Euro Area	2218		935	40,913	66,564
b) OECD countries	2219	77,923	344,033	13,772,346	14,079,281
TOTAL	2220	1,151,137	634,064	22,743,125	22,636,959

Comments

Units: thousand euros

SEGMENTS		CONSOLIDATED: Ordinary revenue CURRENT PERIOD	Ordinary revenue PREVIOUS PERIOD	Profit (loss) CURRENT PERIOD	Profit (loss) PREVIOUS PERIOD
Spain	2221	8,329,309	8,153,673	2,036,306	2,582,703
United Kingdom	2222	3,930,157	4,230,414	1,158,910	1,210,733
United States	2223	4,724,394	4,016,582	1,150,855	314,976
Mexico	2224	646,090	952,465	202,284	1,883,326
Brazil	2225	4,248,609	4,640,388	824,776	904,525
IEI	2226	1,338,112	858,125	209,633	173,559
(-) Eliminations	2227	(473,546)	(214,688)	(67,636)	(200,768)
(+/-) Not allocated income/expenses	2228			(664,512)	(848,154)
	2229				
	2230				
TOTAL	2235	22,743,125	22,636,959	4,850,616	6,020,900

Comments

IV. SELECTED FINANCIAL INFORMATION

12. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	**2295**	1,011	931	43,537	41,613
Men	**2296**	532	496	32,603	31,393
Women	**2297**	479	435	10,934	10,220

Comments

IV. SELECTED FINANCIAL INFORMATION

13. REMUNERATION RECEIVED BY DIRECTORS AND MANAGERS

DIRECTORS: Item of remuneration:		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Remuneration for membership on the board and/or board committees	**2310**	3,869	3,885
Salaries	**2311**	1,710	1,653
Variable remuneration in cash	**2312**	4,390	4,746
Share-based remuneration systems	**2313**	9,901	7,951
Termination benefits	**2314**	4,435	
Long-term savings systems	**2315**		
Other items	**2316**	681	500
TOTAL	**2320**	24,986	18,735

MANAGERS:		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total remuneration paid to managers	**2325**	9,856	8,867

Comments

IV. SELECTED FINANCIAL INFORMATION

14. RELATED-PARTY TRANSACTIONS AND BALANCES (1/2)

Units: thousand euro

EXPENSES AND REVENUE		CURRENT PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Finance costs	2340			1,312		1,312
2) Leases	2343					
3) Services received	2344			583		583
4) Purchase of inventories	2345			107,494		107,494
5) Other expenses	2348					
TOTAL EXPENSES (1+2+3+4+5)	2350			109,389		109,389
6) Finance income	2351			2,341		2,341
7) Dividends received	2354			15,562		15,562
8) Services rendered	2356			29,718		29,718
9) Sale of inventories	2357					
10) Other income	2359					
TOTAL REVENUE (6+7+8+9+10)	2360			47,621		47,621

OTHER TRANSACTIONS:		CURRENT PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Financing agreements: loans and capital contributions (lender)	2372					
Financing agreements: loans and capital contributions (borrower)	2375					
Guarantees and collateral given	2381					
Guarantees and collateral received	2382					
Commitments assumed	2383					
Dividends and other earnings distributed	2386					
Other transactions	2385			6,203		6,203

BALANCES ON THE REPORTING DATE:		CURRENT PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Trade receivables	2341			11,985		11,985
2) Loans and credit given	2342			128,437		128,437
3) Other receivables	2346					
TOTAL RECEIVABLES (1+2+3)	2347			140,422		140,422
4) Trade payables	2352			34,407		34,407
5) Loans and credit received	2353			118,044		118,044
6) Other payment obligations	2355					
TOTAL PAYABLES (4+5+6)	2358			152,451		152,451

Comments

IV. SELECTED FINANCIAL INFORMATION

14. RELATED-PARTY TRANSACTIONS AND BALANCES (2/2)

Units: thousand euro

EXPENSES AND REVENUE		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Finance costs	6340			980		980
2) Leases	6343					
3) Services received	6344			580		580
4) Purchases of goods (finished or in progress)	6345			103,411		103,411
5) Other expenses	6348					
TOTAL EXPENSES (1+2+3+4+5)	**6350**			104,971		104,971
6) Finance income	6351			2,034		2,034
7) Dividends received	6354					
8) Services rendered	6356			8,328		8,328
9) Sale of goods (finished or in progress)	6357			23,994		23,994
10) Other income	6359					
TOTAL REVENUE (6+7+8+9+10)	**6360**			34,356		34,356

OTHER TRANSACTIONS:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
Financing agreements: loans and capital contributions (lender)	6372					
Financing agreements: loans and capital contributions (borrower)	6375					
Guarantees and collateral granted	6381					
Guarantees and collateral received	6382					
Commitments acquired	6383					
Dividends and other earnings distributed	6386					
Other transactions	6385					

BALANCES ON THE REPORTING DATE:		PREVIOUS PERIOD				
		Significant shareholders	Directors and managers	Group employees, companies and entities	Other related parties	Total
1) Trade receivables	6341			23,720		23,720
2) Loans and credit given	6342			99,177		99,177
3) Other receivables	6346					
TOTAL RECEIVABLES (1+2+3)	**6347**			122,897		122,897
4) Trade payables	6352			42,828		42,828
5) Loans and credit received	6353			83,440		83,440
6) Other payment obligations	6355					
TOTAL PAYABLES (4+5+6)	**6358**			126,268		126,268

Comments

V, HALF-YEARLY FINANCIAL INFORMATION

Annex

Half-yearly financial information

Content of this section:

		INDIVIDUAL	CONSOLIDATED
Explanatory notes	**2376**	X	X
Condensed half-yearly accounts	**2377**	X	X
Full half-yearly accounts	**2378**	-	-
Interim management report	**2379**	X	X
Audit report	**2380**	X	X

Comments

The Annex contains:

- Selected Condensed Individual Interim Financial Information Management Report for the six-month period ending on 30 June 2025 and Limited Review Report on the Individual Selected Condensed Interim Financial Information.

- Interim Condensed Consolidated Financial Statements, Interim Consolidated Management Report for the six-month period ending on 30 June 2025 and Limited Review Report on the Interim Consolidated Financial Statements.

- Liability Statement.

VI, SPECIAL AUDIT REPORT

Annex **Special audit report**
Comments

Iberdrola, S.A.

Selected condensed separate interim financial statements and Interim management report

Six-month period ended 30 June 2025

Limited Review Report on Iberdrola, S.A.

(Together with the selected condensed separate interim financial statements and the interim management report of Iberdrola, S.A. for the six-month period ended 30 June 2025)

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

KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Report on Limited Review of the Selected Condensed Separate Interim Financial Statements

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

To the Shareholders of

Iberdrola, S.A., commissioned by the Directors of the Company

REPORT ON LIMITED REVIEW OF THE SELECTED CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying selected condensed separate interim financial statements (the "interim financial statements") of Iberdrola, S.A. (the "Company"), which comprise the statement of financial position at 30 June 2025, and the income statement, statement of changes in equity, statement of cash flows for the six-month period then ended, and explanatory notes. The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with the accounting principles and the content envisaged in articles 12 and 13 of Royal Decree 1362/2007 of 19 October 2007 and in Circular 3/2018 of the Spanish National Securities Market Commission (CNMV). Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2025 have not been prepared, in all material respects, in accordance with the accounting principles and content envisaged in articles 12 and 13 of Royal Decree 1362/2007 and in Circular 3/2018 as regards the preparation of selected condensed separate interim financial statements.

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

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that the interim financial statements do not include all the information that would be required in a complete set of interim financial statements prepared in accordance with the Spanish General Chart of Accounts. The accompanying interim financial statements should therefore be read in conjunction with the Company's annual accounts for the year ended 31 December 2024. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying interim management report for the six-month period ended 30 June 2025 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The interim management report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2025. Our work is limited to the verification of the interim management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Iberdrola, S.A.

Other Matter

This report has been prepared at the request of the Directors in relation to the publication of the half-yearly financial report required by article 100 of Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

David España

24 July 2025

IBERDROLA, S.A.

SELECTED CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS AND

INTERIM MANAGEMENT REPORT

FOR THE SIX-MONTH PERIOD

ENDED 30 JUNE 2025

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Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 13). In the event of discrepancy, the Spanish-language version prevails.

IBERDROLA, S.A.

Statement of financial position at 30 June 2025

Set out below is the statement of financial position at 30 June 2025 and 31 December 2024, in millions of euros:

ASSETS	Note	30.06.2025 (unaudited)	31.12.2024 (*) (audited)
Intangible assets		**128**	**156**
Computer software		128	156
Property, plant and equipment		**291**	**308**
Land and buildings		209	211
Plant and other items		82	93
Plant and equipment in progress and prepayments		0	4
Non-current investments in group companies and associates		**51,318**	**49,559**
Equity instruments	5	51,159	49,378
Loans to companies	6, 11	127	127
Derivatives	6, 11	32	54
Non-current investments	**6**	**2**	**8**
Loans to third parties		2	2
Derivatives		0	6
Deferred tax assets		**408**	**356**
Non-current trade and other receivables	**8.4**	**316**	**758**
Total non-current assets		**52,463**	**51,145**
Current trade and other receivables		**1,263**	**288**
Trade receivables, group companies and associates		215	35
Other receivables		5	3
Current tax assets		1,009	188
Other taxes receivable		34	62
Current investments in group companies and associates	**6, 11**	**937**	**143**
Loans to companies		17	4
Derivatives		4	15
Other financial assets		916	124
Current investments	**6**	**141**	**72**
Derivatives		91	35
Other financial assets		50	37
Current prepayments		**10**	**5**
Cash and cash equivalents		**4**	**0**
Cash on hand		4	0
Total current assets		**2,355**	**508**
Total assets		**54,818**	**51,653**

(*) The statement of financial position at 31 December 2024 is presented for comparative purposes only.

The accompanying Notes are an integral part of these selected condensed separate interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 13). In the event of discrepancy, the Spanish-language version prevails.

Statement of financial position at 30 June 2025

LIABILITIES	Note	30.06.2025 (unaudited)	31.12.2024 (*) (audited)
Capital and reserves		**34,971**	**35,534**
Capital		**4,830**	**4,773**
Registered capital	7	4,830	4,773
Share premium		**13,720**	**13,777**
Reserves		**1,607**	**1,635**
Legal and bylaw reserves		969	969
Other reserves		638	666
Treasury shares and own equity investments		**(3,273)**	**(2,310)**
Prior years' profit and loss		**17,166**	**11,962**
Retained earnings		17,166	11,962
Profit/(loss) for the period and for the year		**887**	**5,652**
Other equity instruments		**34**	**45**
Valuation adjustments		**3**	**(4)**
Hedging instruments		**3**	**(4)**
Total equity		**34,974**	**35,530**
Non-current provisions		**491**	**496**
Non-current employee benefits		165	179
Other provisions		326	317
Non-current payables	**6**	**240**	**245**
Bank borrowings		167	183
Finance lease payables		44	45
Derivatives		14	0
Other financial liabilities		15	17
Payables to group companies and associates, non-current	**6, 11**	**9,967**	**11,347**
Deferred tax liabilities		**1,178**	**871**
Total non-current liabilities		**11,876**	**12,959**
Current payables	**6**	**671**	**1,334**
Bank borrowings		618	1,221
Finance lease payables		3	3
Derivatives		31	64
Other financial liabilities		19	46
Payables to group companies and associates, current	**6, 11**	**7,218**	**1,700**
Trade and other payables		**79**	**130**
Suppliers, group companies and associates		13	10
Other payables		37	65
Personnel (salaries payable)		14	29
Other taxes payable		15	26
Total current liabilities		**7,968**	**3,164**
Total equity and liabilities		**54,818**	**51,653**

(*) The statement of financial position at 31 December 2024 is presented for comparative purposes only.

The accompanying Notes are an integral part of these selected condensed separate interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 13). In the event of discrepancy, the Spanish-language version prevails.

Income statement for the six-month period ended 30 June 2025

Set out below is the income statement at 30 June 2025 and 30 June 2024, in millions of euros:

	Note	30.06.2025 (unaudited)	30.06.2024 (*) (unaudited)
Continuing operations			
Revenue	**9.1**	**1,151**	**634**
Finance income from equity investments in group companies and associates	11	913	394
Finance income from marketable securities and other financial instruments of group companies and associates	11	13	11
Income from services rendered to group companies	11	225	229
Own work capitalised		**5**	**4**
Other operating income		**1**	**2**
Non-trading and other operating income		1	2
Personnel expenses		**(107)**	**(99)**
Salaries, wages and similar items		(77)	(69)
Employee benefits expense		(30)	(30)
Other operating expenses		**(140)**	**(317)**
External services		(137)	(155)
Taxes	8.3	(1)	(160)
Other current management expenses		(2)	(2)
Amortisation and depreciation		**(33)**	**(30)**
Impairment and gains or losses on disposals of financial instruments from group companies and associates		**(14)**	**27**
Impairment and losses	5	(14)	27
Operating income		**863**	**221**
Finance income		**53**	**18**
From marketable securities and other third-party financial instruments		53	18
Finance expenses		**(245)**	**(289)**
Due to borrowings from group companies and associates	11	(232)	(269)
Due to third-party borrowings		(5)	(13)
Restatement of provisions		(8)	(7)
Change in fair value of financial instruments		**138**	**(35)**
Fair value through profit and loss		138	(35)
Exchange differences		**10**	**(6)**
Net finance income/(expense)		**(44)**	**(312)**
Profit/(loss) before tax		**819**	**(91)**
Income tax	**8**	**68**	**124**
Profit/(loss) for the period from continuing operations		**887**	**33**
Profit/(loss) for the period		**887**	**33**

(*) The income statement for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of these selected condensed separate interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 13). In the event of discrepancy, the Spanish-language version prevails.

Statement of changes in equity for the six-month period ended 30 June 2025

A) Statement of recognised income and expense for the six-month period ended 30 June 2025

Set out below is the statement of recognised income and expense at 30 June 2025 and 30 June 2024, in millions of euros:

sin dato	30.06.2025 (unaudited)	30.06.2024 (*) (unaudited)
Profit/(loss) for the period	**887**	**33**
Income and expense recognised directly in equity		
Hedging costs	5	(22)
Tax effect	(1)	5
Total income and expense recognised directly in equity	**4**	**(17)**
Amounts transferred to the income statement		
Cash flow hedges	0	1
Hedging costs	4	23
Tax effect	(1)	(6)
Total amounts transferred to the income statement	**3**	**18**
Total recognised income and expense	**894**	**34**

(*) The statement of recognised income and expense for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of these selected condensed separate interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 13). In the event of discrepancy, the Spanish-language version prevails.

B) Statement of changes in equity for the six-month period ended 30 June 2025

Set out below is the statement of changes in equity at 30 June 2025 and 30 June 2024, in millions of euros:

	Capital	Share premium	Reserves	Treasury shares and own equity investments	Prior years' profit and loss	Profit/(loss) for the year and for the period	Other equity instruments	Valuation adjustments	Total
Balance at 01.01.2024 (audited)	**4,763**	**13,924**	**1,527**	**(1,457)**	**10,103**	**5,066**	**40**	**1**	**33,967**
Total recognised income and expense	**0**	**0**	**0**	**0**	**0**	**33**	**0**	**1**	**34**
Transactions with shareholders or owners	**54**	**(54)**	**(33)**	**(855)**	**4,639**	**(5,066)**	**0**	**0**	**(1,315)**
Scrip issue (Note 7)	54	(54)	0	0	0	0	0	0	0
Distribution of earnings	0	0	0	0	4,639	(5,066)	0	0	(427)
Transactions with treasury shares or own equity instruments (net)	0	0	(2)	(855)	0	0	0	0	(857)
Other transactions with shareholders or owners	0	0	(31)	0	0	0	0	0	(31)
Other changes in equity	**0**	**0**	**(14)**	**0**	**0**	**0**	**(9)**	**0**	**(23)**
Balance at 30.06.2024 (*) (unaudited)	**4,817**	**13,870**	**1,480**	**(2,312)**	**14,742**	**33**	**31**	**2**	**32,663**

	Capital	Share premium	Reserves	Treasury shares and own equity investments	Prior years' profit and loss	Profit/(loss) for the year and for the period	Other equity instruments	Valuation adjustments	Total
Balance at 01.01.2025 (audited)	**4,773**	**13,777**	**1,635**	**(2,310)**	**11,962**	**5,652**	**45**	**(4)**	**35,530**
Total recognised income and expense	**0**	**0**	**0**	**0**	**0**	**887**	**0**	**7**	**894**
Transactions with shareholders or owners	**57**	**(57)**	**(2)**	**(963)**	**5,204**	**(5,652)**	**0**	**0**	**(1,413)**
Scrip issue (Note 7)	57	(57)	0	0	0	0	0	0	0
Distribution of earnings (Note 7)	0	0	0	0	5,204	(5,652)	0	0	(448)
Transactions with treasury shares or own equity instruments (net)	0	0	29	(963)	0	0	0	0	(934)
Transactions with shareholders or owners (Note 7)	0	0	(31)	0	0	0	0	0	(31)
Other changes in equity	**0**	**0**	**(26)**	**0**	**0**	**0**	**(11)**	**0**	**(37)**
Balance at 30.06.2025 (unaudited)	**4,830**	**13,720**	**1,607**	**(3,273)**	**17,166**	**887**	**34**	**3**	**34,974**

(*) The statement of changes in equity for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of these selected condensed separate interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 13). In the event of discrepancy, the Spanish-language version prevails.

Statement of cash flows for the six-month period ended 30 June 2025

Set out below is the statement of cash flows at 30 June 2025 and 30 June 2024, in millions of euros:

	Note	30.06.2025 (unaudited)	30.06.2024 (*) (unaudited)
Profit/(loss) for the period before tax		**819**	**(91)**
Adjustments for:		**(818)**	**(63)**
Amortisation and depreciation		33	30
Impairment	5	14	(27)
Finance income		(979)	(423)
Finance expenses		245	289
Exchange differences		(10)	6
Change in fair value of financial instruments		(138)	35
Other income and expenses		17	27
Changes in operating assets and liabilities		**(210)**	**(130)**
Trade and other receivables		(160)	(143)
Trade and other payables		(50)	13
Other cash flows from/(used in) operating activities		**32**	**(197)**
Interest paid		(8)	(387)
Dividends received		120	252
Interest received		0	3
Income tax proceeds/(payments)		0	2
Other proceeds/(payments)		(80)	(67)
Cash flows from/(used in) operating activities		**(177)**	**(481)**
Payments for investments		**(1,920)**	**(496)**
Group companies and associates		(1,831)	(7)
Intangible assets		(46)	(22)
Property, plant and equipment		(2)	(15)
Other financial assets		(41)	(452)
Proceeds from investments		**131**	**426**
Group companies and associates		18	11
Intangible assets		31	0
Property, plant and equipment		9	0
Other financial assets		73	415
Cash flows from/(used in) investing activities		**(1,789)**	**(70)**

	Note	30.06.2025 (unaudited)	30.06.2024 (*) (unaudited)
Proceeds from and payments for equity instruments		**(1,540)**	**(858)**
Acquisition of own equity instruments		(1,627)	(931)
Disposal of own equity instruments		87	73
Proceeds from and payments for financial instruments		**3,989**	**1,863**
Issue of		4,749	2,584
Bank borrowings		36	0
Payables to group companies and associates		4,703	2,578
Other payables		10	6
Redemption and repayment of		(760)	(721)
Bank borrowings		(17)	(48)
Payables to group companies and associates		(724)	(658)
Other payables		(19)	(15)
Dividends paid and payments on other equity instruments		**(479)**	**(459)**
Dividends	7	(479)	(459)
Cash flows from financing activities		**1,970**	**546**
Net increase/(decrease) in cash and cash equivalents		**4**	**(5)**
Cash and cash equivalents at start of period		**0**	**6**
Cash and cash equivalents at end of period		**4**	**1**

(*) The statement of cash flows for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of these selected condensed separate interim financial statements.

IBERDROLA, S.A.

Notes to the selected condensed separate interim financial statements for the six-month period ended 30 June 2025

1. Company activity

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

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

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

IBERDROLA also provides various services to other Group companies, mainly including the provision of IT services and other non-operating, structural and support services.

IBERDROLA, individually considered, has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant impact on its equity, financial position or results. Therefore, no specific environmental disclosures have been included in these Notes to the selected condensed separate interim financial statements.

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

2. Basis of presentation of the selected condensed separate interim financial statements

2.1. Accounting legislation applied

These selected condensed separate interim financial statements (hereinafter, interim financial statements) have been prepared in accordance with the principles and accounting standards set out in Articles 12 and 13 of Royal Decree 1362/2007 of 19 October, implementing Securities Market Act 24/1988 of 28 July, which describes the transparency requirements for information on issuers of securities admitted to trading in secondary markets or other regulated markets in the European Union, and in Circular 3/2018 of the Spanish Securities Market Commission on periodic reporting by issuers of securities admitted to trading in regulated markets regarding half-yearly financial reports, interim management statements and, where applicable, quarterly financial reports (Circular 3/2018).

These interim financial statements do not include all the information required for comprehensive separate financial statements prepared in accordance with generally accepted accounting principles in Spain. In particular, the accompanying interim financial statements have been prepared with the content necessary to comply with rule four of Circular 3/2018 for selected separate financial statements. As a result, the interim financial statements should be read in conjunction with IBERDROLA's financial statements for the year ended 31 December 2024.

IBERDROLA has drawn up its condensed consolidated interim financial statements in accordance with current law, pursuant to the provisions of the International Financial Reporting Standards (IFRS) as approved by the European Union. The main figures in the condensed consolidated interim financial statements of the IBERDROLA Group for the six-month periods ended 30 June 2025 and 30 June 2024 (except for total assets and equity for 2024, which are included in the IBERDROLA Group's consolidated financial statements at 31 December 2024), in millions of euros, are as follows:

sin dato	2025	2024
Total assets	**157,570**	**158,293**
Equity:		
IBERDROLA as parent company	45,628	47,125
Non-controlling interests	13,794	13,926
Revenue	**22,743**	**22,637**
Profit/(loss) for the period:		
IBERDROLA as parent company	3,562	4,134
Non-controlling interests	302	269

These interim financial statements have been prepared in relation to the publication of the half-yearly financial report required by Article 119 of Legislative Royal Decree 4/2015 of 23 October enacting the Consolidated Text of the Securities Market Act.

2.2. Accounting policies and measurement standards

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

2.3. Working capital deficit

At 30 June 2025, IBERDROLA's statement of financial position shows a working capital deficit (current liabilities exceeding current assets) of EUR 5,613 million. This deficit is largely due to the existence of current debt with group companies and associates in the amount of EUR 7,218 million, and also because of seasonal variations (Note 3).

According to IBERDROLA's directors, this deficit will be offset by the generation of funds from the IBERDROLA Group's businesses and the dividends received from its subsidiaries. At 30 June 2025, the IBERDROLA Group had undrawn loans and credit facilities of approximately EUR 16,618 million, which will cover IBERDROLA's cash requirements over the coming months.

2.4. Comparative information

In accordance with Circular 3/2018, the following are presented for comparative purposes:

- The statement of financial position at 30 June 2025, and the statement of financial position at 31 December 2024.

- The income statement, statement of changes in equity and statement of cash flows for the six-month periods ended 30 June 2025 and 30 June 2024.

3. Seasonal variations

On a half-yearly basis, IBERDROLA's activities show no significant degree of seasonal variation, except for dividends received from subsidiaries, which are normally distributed in the second half of the year.

4. Use of accounting estimates

IBERDROLA relied on certain assumptions and estimates in drawing up these interim financial statements. The main matters subject to estimate in the preparation of these interim financial statements are the same as those disclosed in Note 6 to IBERDROLA's 2024 financial statements.

The criteria used to calculate the estimates contained in these interim financial statements coincide, where applicable, with those used to draw up IBERDROLA's separate financial statements for 2024.

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

5. Investments in group companies and associates

Changes in "Non-current investments in group companies and associates – Equity instruments" in the statement of financial position during the six-month period ended 30 June 2025 and 30 June 2024 are as follows (expressed in millions of euros):

	Balance at 01.01.2025	Additions and allowances	Decreases, disposals or reversals	Valuation of net investment hedges	Balance at 30.06.2025
Investments in group companies	49,865	1,822	0	(27)	51,660
Investments in associates	1	0	0	0	1
Valuation adjustments of group companies and associates	(488)	(14)	0	0	(502)
Total	**49,378**	**1,808**	**0**	**(27)**	**51,159**

	Balance at 01.01.2024	Additions and allowances	Decreases, disposals or reversals	Valuation of net investment hedges	Balance at 30.06.2024
Investments in group companies	49,266	0	0	114	49,380
Investments in associates	1	0	0	0	1
Valuation adjustments of group companies and associates	(473)	(5)	32	0	(446)
Total	**48,794**	**(5)**	**32**	**114**	**48,935**

On 14 January 2025, a contribution of funds to Avangrid was approved for a total amount of USD 1,900 million, equivalent to EUR 1,822 million.

In the six-month period ended 30 June 2025, the Company recorded an impairment charge on ScottishPower Overseas Holdings, Ltd. for a total of EUR 2 million (reversal of EUR 8 million in the six-month period ended 30 June 2024).

In the six-month period ended 30 June 2025, a valuation adjustment of EUR 12 million was recognised at Iberdrola Participaciones, S.A.U. to reflect the difference between its carrying amount and the recoverable amount (allowance of EUR 5 million in the six-month period ended 30 June 2024).

During the six months ended 30 June 2024, the Company reversed the valuation adjustment included in IBERDROLA's separate financial statements in respect of the investment held in Iberdrola Financiación, S.A.U. for the amount of EUR 24 million.

A review of the impairment indicators for the remaining stakes did not reveal any further impairment at 30 June 2025.

6. Categories of financial assets and financial liabilities

At 30 June 2025 and 31 December 2024, the carrying amount of each category of financial assets and liabilities, except for equity investments in group companies and associates, trade and other receivables, trade and other payables, and cash and cash equivalents, is as follows (in millions of euros):

	Non-current financial assets					
	Loans and receivables		Derivatives [1]		Total	
Category	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**
At fair value through profit or loss	0	0	2	0	2	0
At amortised cost	129	129	0	0	129	129
Hedging derivatives	0	0	30	60	30	60
Total	**129**	**129**	**32**	**60**	**161**	**189**

	Current financial assets					
	Loans and receivables		Derivatives [1]		Total	
Category	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**
At fair value through profit or loss	0	0	89	16	89	16
At amortised cost	983	165	0	0	983	165
Hedging derivatives	0	0	6	34	6	34
Total	**983**	**165**	**95**	**50**	**1,078**	**215**

	Non-current financial liabilities							
	Bank borrowings		Derivatives [1]		Other		Total	
Category	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**
At fair value through profit or loss	0	0	12	0	0	0	12	0
At amortised cost	211	228	0	0	9,982	11,364	10,193	11,592
Hedging derivatives	0	0	2	0	0	0	2	0
Total	**211**	**228**	**14**	**0**	**9,982**	**11,364**	**10,207**	**11,592**

	Current financial liabilities							
	Bank borrowings		Derivatives [1]		Other		Total	
Category	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**	**30.06.25**	**31.12.24**
At fair value through profit or loss	0	0	10	16	0	0	10	16
At amortised cost	621	1,224	0	0	7,236	1,745	7,857	2,969
Hedging derivatives	0	0	22	49	0	0	22	49
Total	**621**	**1,224**	**32**	**65**	**7,236**	**1,745**	**7,889**	**3,034**

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

7. Equity

Changes in the share capital of IBERDROLA over the six-month period ended 30 June 2025 and financial year 2024 are as follows:

sin dato	Date of filing at the Commercial Registry	% Capital	Number of shares	Par value	Euros
Balance at 01.01.2024			**6,350,278,000**	**0.75**	**4,762,708,500**
Scrip issue	6 February 2024	1.150 %	73,021,000	0.75	54,765,750
Reduction in share capital	3 July 2024	2.854 %	(183,299,000)	0.75	(137,474,250)
Scrip issue	26 July 2024	1.991 %	124,251,000	0.75	93,188,250
Balance at 31.12.2024			**6,364,251,000**	**0.75**	**4,773,188,250**
Scrip issue	5 February 2025	1.199 %	76,310,000	0.75	57,232,500
Balance at 30.06.2025			**6,440,561,000**	**0.75**	**4,830,420,750**

On 30 January 2025, the second application of the scrip issue (bonus share issue) took place, having been approved by the shareholders at the General Shareholders' Meeting of IBERDROLA on 17 May 2024, under item 13 on the agenda, and used to implement the *Iberdrola Retribución Flexible* optional dividend system.

During the established period, the holders of 1,938,270,918 shares opted to receive the Interim Dividend (EUR 0.231 gross per share). Thus, the gross amount paid out under the Interim Dividend was EUR 448 million. As a result, those shareholders expressly waived 1,938,270,918 free-of-charge allocation rights and, therefore, the right to receive 33,418,464 new shares.

The shareholders acting at the General Shareholders' Meeting held on 30 May 2025 approved, under item 7 of the agenda, the engagement dividend and its payment to all shareholders entitled to participate in the General Meeting (i.e. with shares registered in their name on 23 May), having fulfilled all conditions to which payment of the dividend was subject, i.e. the approval of the dividend itself (under item 7 of the agenda), and that a quorum of 70% of share capital was reached. The dividend amounted to EUR 31 million (EUR 0.005 gross per share) and was paid on 2 June 2025.

There were no changes to IBERDROLA's share capital other than those resulting from the transactions described above. There are no claims on IBERDROLA's share capital other than those established by the Spanish Companies Act (*Ley de Sociedades de Capital*).

8. Taxes

The income tax expense for the interim period is obtained by multiplying profit before tax by the best estimate of the expected weighted average rate for the financial year, adjusted, if applicable, for the tax effect of those elements to be recognised in full in the interim period. The effective tax rate calculated in preparing the interim financial statements may thus differ from the rate estimated by the directors for the financial year.

Iberdrola S.A. is the parent company for two tax consolidation groups in Spain: group 2/86, which operates in the general taxation territory, and group 02415BSC, which operates in the province of Biscay. Currently, Iberdrola S.A. is a member of the latter group.

The effective tax rate for the six-month period ended 30 June 2025 amounts to 28.41% (24.76% for the six-month period ended 30 June 2024), calculated based on the accounting profit before tax adjusted for permanent differences.

The accrued income tax expense for the six-month period ended 30 June 2025 and 30 June 2024 is as follows (expressed in millions of EUR):

sin dato	30.06.2025	30.06.2024
Profit/(loss) before tax	**819**	**(91)**
Permanent differences		
Dividends received from Group companies	(913)	(394)
Impairment and other	6	(28)
Adjusted accounting profit (a)	**(88)**	**(513)**
Gross tax (24%) (b)	**(21)**	**(123)**
Tax deductions (c)	(4)	(4)
Adjustment of income tax expense from previous financial years	(9)	0
Other [1]	(34)	3
Income tax (income)/expense	**(68)**	**(124)**
Effective tax rate (b+c)/a	**28.41 %**	**24.76 %**

[1] Relates mainly to the reversal of the deferred tax liability associated with the tax treatment of financial goodwill in accordance with the provisions of the Biscay Corporation Tax Regulations.

8.1. Global Minimum Tax – Top-up Tax

As a large multinational group, the IBERDROLA Group is subject to model rules against base erosion of Pillar II (also known as GloBE rules) approved by the Inclusive Framework of the Organisation for Economic Cooperation and Development (OECD)/G20 on Base Erosion and Profit Shifting of 14 December 2021, which were signed by the Member States of the European Union, among many other signatories.

Under these model rules, the Group is required, if applicable, to pay a top-up tax on profits earned in any tax jurisdiction where its effective tax rate, calculated at the jurisdictional level and in accordance with those rules, is lower than a minimum of 15%.

The legislation implementing the model rules has been approved, or is at an advanced stage of approval, in many of the jurisdictions in which IBERDROLA has a presence.

In Spain, the country of the group's parent company, Directive (EU) 2022/2523 of the Council of 15 December 2022 was transposed into Spanish law, mainly and in terms of the elements affecting IBERDROLA, by means of Law 7/2024, of 20 December, and the Regulation of the Region of Biscay 4/2004 of 27 December.

According to the aforementioned legal provisions, the first financial year in which the new global minimum tax obligations were effective for the IBERDROLA Group was 2024, and it is subject to the Biscay regional regulation. However, the regulation established in Law 7/2024 will apply on an interim basis until the regional regulations have been developed. The tax self-assessment for this first period must be filed in July 2026.

As a result of the calculations made for this purpose, IBERDROLA does not expect a significant economic impact from the application of the model rules, pursuant to the alternative or simultaneous existence of the following circumstances in each of the jurisdictions in which it operates: an effective tax rate very close to or higher than 15%; substantial presence of personnel and property, plant and equipment implying the exclusion of income subject to minimum taxation; or insignificant amounts of income and profits. As a result, the income statement for this period does not include any current tax expense impact arising from this regulation.

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

8.2. Administrative proceedings

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

All of IBERDROLA's actions have been analysed by its internal and external advisors, both for this financial year and for preceding years, and they have found that these actions have been carried out in accordance with the law and are based on a reasonable interpretation of tax law. The occurrence of contingent liabilities is also analysed. IBERDROLA's general approach is to record provisions for tax litigation when there is a probable risk of an outcome detrimental to IBERDROLA's interests, while it does not record such provisions when the risk is possible or remote.

In March 2023, assessments in agreement and in protest were signed in relation to the limited review proceeding initiated by the Spanish Tax Agency (AEAT) following the rectification requests submitted by the Company in February 2022 in relation to VAT for financial years 2018 and 2019, and consequently of the Group of entities for the purposes of that tax.

In these submissions, IBERDROLA requested the exclusion of the capital gains obtained from the settlement of derivative financial instruments from the calculation of the pro rata portion for these financial years. Its request was upheld. The limited review proceeding was also extended to the company's income tax for financial years 2018 and 2019, and therefore to the Tax Group, for purposes of applying to such tax the effects arising from the request upheld in relation to VAT.

In the same proceeding, assessments were signed in protest within VAT group 0220/08, of which IBERDROLA is the parent company, in relation to the requests for the refund of VAT payments for unpaid debts, mainly by individuals, which are older than one year and with a tax base of less than EUR 300, corresponding to Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U. for financial years 2018 and 2019, on the grounds that Spanish regulations on the treatment of VAT for unpaid invoices are in violation of EU law. These requests were rejected and the settlement notices confirming the aforementioned tax assessments signed in protest were notified at the start of 2024. The relevant economic-administrative claims were lodged in response with the Central Tax Appeals Board and remain pending resolution.

Also in 2024, the Tax and Customs Unit of the AEAT's Office for Large Taxpayers notified IBERDROLA on 25 January 2024 of the initiation of verification and investigation proceedings for the temporary energy levy corresponding to 2023, in its capacity as a main operator in the energy sector, in accordance with the decisions of the National Commission for Markets and Competition of 10 December 2020, 16 December 2021 and 9 June 2020, as referred to in Article 1.1 of Law 38/2022.

In the course of this general inspection, IBERDROLA requested the exclusion of certain income from the levy base, fundamentally corresponding to expenses borne by the distributors' retail supply companies to be passed onto the end customer, equivalent to those arising from the regulated activities exempt from the levy. It also requested the rectification of the self-assessments filed in relation to such levy on the grounds that the laws creating and regulating it were unconstitutional and in violation of European Union law, seeking the reimbursement of all sums paid and the relevant late-payment interest. As a result of these inspection proceedings, a total of EUR 33 million was instructed to be refunded, plus late-payment interest. The income associated with this reimbursement reduced the effective expense corresponding to this levy in financial year 2024.

In January 2025, the Company was notified of the settlement notice confirming the assessment signed in protest initiated in July 2024, which accepted the request for exclusion of the relevant income from the tax base and reimbursement of the sums paid and the relevant interest, but rejected the request for complete rectification on the grounds that the Tax Agency is not competent to assess the alignment of the law that created the levy with the Spanish and/or European Union legal system, or to refer a request for clarification of constitutionality to the Constitutional Court or a preliminary question to the Regional High Court in this respect. The amount of the levy paid by IBERDROLA in 2024 was EUR 132 million, having already excluded from the levy base for that financial year the income that was recognised as excluded in the course of the general inspection relating to the levy paid in 2023.

IBERDROLA filed a request for rectification of the self-assessments filed and paid in relation to the levy for financial year 2024, similarly to the request filed for 2023. The rectification procedure initiated following the filing of that request concluded as a result of the notification on 17 March 2025 of the commencement of general verification and investigation proceedings concerning the temporary energy levy corresponding to 2024.

An assessment was signed in protest on 8 July as a result of the inspectorate not accepting the request for rectification of self-assessments, referring again to a lack of competence to assess the alignment of the law that created the levy with the legal system.

Moreover, in May 2024, the Tax and Customs Unit of the AEAT's Office for Large Taxpayers notified IBERDROLA of the initiation of general verification and investigation proceedings in relation to income tax for financial years 2018 and 2019, and VAT for financial years 2018 to 2020, in its capacity as an individual company and a representative of VAT Group 0220/08. IBERDROLA is the parent company of both Consolidated Tax Group 2/86, for purposes of income tax, and Group of Entities 0220/08, for purposes of VAT, until the termination of the latter. The proceedings have been ongoing throughout the first half of 2025.

IBERDROLA's directors and tax advisors believe that the aforementioned issues will not give rise to further material liabilities for the Company beyond those already recognised at 30 June 2025.

8.3. Tax litigation

Tax litigation for financial years 2008 to 2011

In June 2020, IBERDROLA was notified of the rulings of the Central Tax Appeals Board (TEAC) regarding the claims filed in relation to the tax assessments signed by IBERDROLA in protest in 2016, corresponding to the general inspection proceedings regarding the tax consolidation group in the general taxation territory (no. 2/86) for financial years 2008 to 2011, which concerned both income tax and VAT.

The TEAC ruling on VAT was favourable to the interests of IBERDROLA (annulling the Inspectorate's assessments and settlements), while the rulings on income tax were unfavourable.

IBERDROLA filed contentious-administrative appeals before the National High Court in response to the latter rulings on 7 July 2020. The relevant pleadings were presented in the proceedings throughout 2021, which remain ongoing at the present date, with the court yet to set the dates for the issuance of opinions and judgment.

The main adjustments included in the settlement notices arising from the income tax assessments signed in protest relate to the quantification of financial goodwill subject to tax amortisation due to the acquisition of ScottishPower, the elimination of the exemption for dividends of ScottishPower due to the inspectorate finding it incompatible with an adjustment in portfolio value due to hedging of net investment, differences in tax consolidation criteria and possible existence of a transaction involving a change of debtor in certain bond issues, due to the circumstances set out in Article 15.1 of the General Tax Act.

In relation to this latter matter, on 28 November 2024, the National High Court upheld the appeal concerning the dispute over the settlements dated 30 September 2016 issued by the Office for Large Taxpayers for income tax in connection with financial years 2009, 2010, and 2011. The judgment annulled the AEAT's referral to improper application of the law and fully upheld the appeal in relation to the tax adjustments associated with that procedure, although the General State Attorney has lodged an appeal before the Supreme Court. At the reporting date, the court had yet to admit the case for processing. The processing of the other related appeals was suspended until the issuance of a final decision on the appeal before the Court of Justice of the European Union in relation to the amortisation of financial goodwill. On 26 June 2025, the CJEU issued a final judgment rejecting the European Commission's appeal and accepting Iberdrola's arguments, which will lead to the lifting of the suspension of the appeals before the National High Court. In any case, the decisions of the National High Court may be appealed before the Supreme Court.

Tax litigation for financial years 2012 to 2020

Additionally, in December 2020 IBERDROLA was notified of the TEAC's decision relating to claims filed arising from tax assessments signed in protest in limited review proceedings regarding income tax for financial years 2012 to 2014. The dispute with the AEAT concerned the applicability or non-applicability of the rules on timing of accounting recognition established in numerous Supreme Court judgments, in relation to income received by the Group from payments made unlawfully.

The aforementioned December 2020 ruling partially upheld IBERDROLA's claims, accepting its position with regard to the taxes declared to be unconstitutional. On 25 January 2021, IBERDROLA filed a contentious-administrative appeal before the National High Court regarding the other matters in dispute. The relevant pleadings were presented in the proceedings throughout 2021. The National High Court has yet to render judgment.

In relation to the same issue, on 6 September 2021 IBERDROLA filed a claim with the TEAC against the enforcement by the Technical Department of the Large Taxpayers' Office of the TEAC's partially favourable ruling, which both recognised the effects of that assessment in the years concerned (2012 to 2014) and extended its effects to other previous financial years. These financial years had already been subject to a general inspection. Moreover, in some of the cases there was a final judgment and *res judicata* therefore applied. On 3 January 2024, IBERDROLA was notified of the TEAC's decision rejecting the Company's claims. It duly filed the corresponding contentious-administrative review application with the National High Court, filed the claim in June 2024 and submitted the final brief in February 2025.

In addition, in December 2021 and July 2022, claims were filed with the TEAC against the income tax settlement notices issued to Iberdrola Energía España, S.A. as representative of Tax Group 2/86 in relation to the tax assessments signed in protest by the Group in 2021 and 2022 for financial years 2012 to 2014 and 2015 to 2020, respectively. The disputed adjustments are substantially the same as those disputed in relation to financial years 2008 to 2011 and they fundamentally affect Iberdrola, S.A. The TEAC's decision in relation to the appeal filed in connection with financial years 2012 to 2014 was notified on 5 June 2024. The Group's submissions were partially upheld, to the extent that directors' remuneration was deemed deductible. The other claims were rejected. The company duly filed the corresponding contentious-administrative review application with the National High Court in relation to these latter claims, filing the claim in November 2024 and submitting the final brief in February 2025.

In addition, the TEAC's ruling on the cumulative claim submitted in relation to financial years 2015 to 2020 was notified in the first half of 2025. It also partially upheld the Group's claims in relation to the deductibility of the remuneration received by the board of directors, while rejecting the other claims. The company has duly filed the corresponding contentious-administrative review application with the National High Court in relation to the rejected claims. The appeal has recently been admitted for processing.

With regard to VAT, in July 2022 an economic-administrative claim was also filed with the TEAC against the VAT settlement notice for financial years 2015 to 2017, which was notified to IBERDROLA as representative of the 0220/08BVA Group of Entities. The main adjustment in dispute arose from the Inspectorate's inclusion in the denominator for IBERDROLA's VAT pro rata portion of gains arising from portfolio transfers and/or corporate restructuring transactions. The Inspectorate reduced the deductible input VAT in financial year 2015 and its effect on subsequent financial years due to the adjustment of input VAT on the acquisition of investment assets. The TEAC decision rejecting the claim was notified in February 2025, and the corresponding contentious-administrative review application has been duly filed with the National High Court.

Tax litigation regarding the temporary energy levy

Lastly in terms of IBERDROLA's significant tax litigation, on 21 February 2023, the Electricity Utilities Association (AELEC) filed a contentious-administrative appeal against Ministerial Order HFP/94/2023 approving the self-assessment forms for the new temporary energy levy, introduced by Law 38/2022. IBERDROLA also filed a contentious-administrative appeal against the same Ministerial Order, on similar terms to the appeal filed by AELEC, on 23 February 2023.

The aforementioned law imposed a temporary energy levy for 2023 and 2024 on those entities qualifying as the main operator in the energy sectors, with the legal status of a non-tax public levy.

The amount payable was calculated by applying a percentage of 1.2% to the net turnover generated by the activity in Spain in the calendar year prior to the year in which the obligation arose. IBERDROLA paid an amount of EUR 213 million for the levy in 2023, although as a result of the inspection proceedings referred to in the preceding section of this Note, an order was issued for the reimbursement of an amount of EUR 33 million plus late-payment interest. The income associated with this reimbursement reduced the effective expense corresponding to this levy in financial year 2024.

The amount of the levy paid by IBERDROLA in 2024 was EUR 132 million, having already excluded from the levy base for that financial year the income that was recognised as excluded in the course of the general inspection relating to the levy paid in 2023.

The contentious-administrative appeals filed by AELEC and IBERDROLA and currently pending resolution are based on defects in the ordinary legality of the Ministerial Order subject to appeal as well as on defects of unconstitutionality and infringement of Council Regulation (EU) 2022/1854 of 6 October 2022, found in Law 38/2022, which created the levy.

Assessment of tax litigation

IBERDROLA's directors and tax advisers consider that the proceedings described in the above paragraphs will not give rise to further material liabilities for the Company beyond those already recognised at 30 June 2025.

8.4. Other

Update of the financial goodwill situation (Article 12.5 of the Consolidated Text of the Corporate Income Tax Act (TRLIS)

In previous financial years, the Spanish authorities applied the aid and grants reimbursement procedure established in the General Tax Act, thus recovering the sum from the application of Article 12.5 TRLIS in financial years 2002 to 2015 by the IBERDROLA Group, amounting to a total of EUR 665 million (EUR 576 million as principal and EUR 89 million as late-payment interest). IBERDROLA settled this amount by (i) offsetting against the EUR 363 million received under the 2016 income tax rebate, and (ii) paying EUR 302 million in February 2018. All of the foregoing was based on the Third Decision of the European Commission.

Additionally, in May 2021, IBERDROLA was notified of a settlement notice under the aid and grants reimbursement procedure for financial years 2016 to 2018 in an amount of EUR 13 million, which the Company paid on 2 July 2021.

The Judgment of the General Court of the European Union (GCEU) of 27 September 2023 (Joined Cases T-256/15 and T-260/15) quashed the European Commission's Decision (EU) 2015/314 of 15 October 2014 (the Third Decision), and upheld all the claims submitted by the entities concerned, including the IBERDROLA Group.

Although the European Commission appealed this GCEU judgment, it was enforceable and binding from the date of its pronouncement. Additionally, the final judgment from the Court of Justice of the European Union of 26 June 2025 dismissed the appeal lodged by the European Commission, definitively annulling the Third Decision.

The amounts recovered from the AEAT will have to be reimbursed in the proportion pertaining to IBERDROLA, along with the relevant additional late-payment interest, and amount to EUR 760 million, as shown under "Current trade and other receivables" in the statement of financial position. These amounts were recorded under "Non-current trade and other receivables" in the statement of financial position at 30 June 2024.

In any event, the IBERDROLA Group and its internal and external advisors have always considered that no further risks should arise in relation to the application of the financial goodwill, and that the sums recovered by the Tax Agency should be refunded, as the payment made by the Group was undue.

Also recorded at the end of June 2025 were the effects arising from the request for recognition of the deduction of the goodwill that the Group could not deduct with regard to income tax for financial years 2016 to 2019, due to the enforceability until September 2023 of the Third Decision that has now been definitively annulled.

These amounts, together with the corresponding late-payment interest, are shown under “Non-current trade and other receivables” in the statement of financial position at 30 June 2025, and the associated deferred tax liability has also been recognised.

9. Income and expenses

9.1. Revenue

The distribution of IBERDROLA’s revenue from ordinary activities by category of activity and geographical market, in millions of euros, is as follows:

30.06.2025	European Union			Other countries	
	Spain	Euro zone	Non-euro zone		Total
Finance income from equity investments in group companies and associates	909	0	0	4	**913**
Finance income from marketable securities and other financial instruments of group companies and associates	10	3	0	0	**13**
Income from services rendered to group companies	144	7	0	74	**225**
Total	**1,063**	**10**	**0**	**78**	**1,151**

30.06.2024	European Union			Other countries	
	Spain	Euro zone	Non-euro zone		Total
Finance income from equity investments in group companies and associates	135	0	0	259	**394**
Finance income from marketable securities and other financial instruments of group companies and associates	7	4	0	0	**11**
Income from services rendered to group companies	141	3	1	84	**229**
Total	**283**	**7**	**1**	**343**	**634**

Details of dividends from Group companies, in millions of euros, are as follows:

	Six-month period ended	
	30.06.2025	30.06.2024
Avangrid, Inc.	0	256
Iberdrola Energía, S.A.U.	62	80
Hidrola I, S.L.U.	847	55
Neoenergia, S.A.	4	3
Total	**913**	**394**

9.2. Employees

IBERDROLA's workforce is structured as follows:

	30.06.2025		30.06.2024	
	Average	Final	Average	Final
Men	532	527	496	506
Women	479	477	435	452
Total	**1,011**	**1,004**	**931**	**958**

10. Remuneration of the Board of Directors and of executive officers

10.1. Remuneration of the Board of Directors

Remuneration and other benefits received by directors in the six-month periods ended 30 June 2025 and 30 June 2024 are presented in the table following table by remuneration item:

	30.06.2025	30.06.2024
Remuneration for membership of the Board and/or Board Committees	3.9	3.9
Other items	0.1	0.1
Total	**4.0**	**4.0**

10.2. Remuneration of executive officers

Only those members of the Company's management who perform global functions – except when these are support, advisory or staff functions – and who report directly to the Board of Directors, its chairman or the chief executive officer of the Company are considered to be senior management, as well as any other person to whom the Board of Directors, at the proposal of its chairman, grants such status and, in any case, the head of Internal Audit. At 30 June 2025, there were 4 members of senior management.

Remuneration paid to and earned by directors and senior management during the first half of 2025 and 2024 is as follows.

Executive officers who are also directors (1)	30.06.2025	30.06.2024
Cash remuneration	1.7	1.7
Variable remuneration	4.4	4.7
Pension plans (savings and risk)	0.2	0.5
Other items (2)	0.6	0.4
Total	**6.9**	**7.3**

In addition, on 24 June 2025, the items payable due to the termination of the chief executive officer's services were paid, including a severance payment equivalent to two years' remuneration, for a total amount of EUR 4.4 million.

Other executive officers	30.06.2025	30.06.2024
Cash remuneration (3)	1.2	1.1
Variable remuneration (3)	1.3	1.9
Pension plans (savings and risk)	0.8	0.8
Other items (2)	0.6	0.5
Total	**3.9**	**4.3**

(1) On 24 June 2025, the chief executive officer left the company and was replaced in his role.

(2) This includes the remuneration of executive officers who are directors and of the senior executives who have held the position of directors of companies that are not directly or indirectly wholly owned by the Company, or, as regards Avangrid, Inc., based on the regulatory and tax requirements of its sector and jurisdiction, as well as requirements arising from its recent merger, where a resolution has been approved by the relevant board. The respective amounts were EUR 0.3 million and EUR 0.3 million in the first half of 2025, and EUR 0.3 million and EUR 0.4 million in the first half of 2024.

(3) To foster the necessary autonomy and independence and to avoid conflicts related to variable remuneration linked to the Company's performance, executive officers and other professionals of the Iberdrola Group assigned to departments or areas that report functionally to the Audit and Risk Supervision Committee or to the Sustainable Development Committee, including Internal Audit and Risk and Compliance, have not participated in annual variable remuneration schemes and have not been beneficiaries of the long-term incentive since 1 January 2025.

The third of the three annual payments of the 2020-2022 Strategic Bonus was made during the first half of 2025, consisting of the delivery of 941,670 shares, following confirmation of achievement of the targets. The second of the three annual payments of the 2020-2022 Strategic Bonus was made during the first half of 2024, consisting of the delivery of 941,665 shares.

In addition, there were no related-party transactions involving the executive officers during the first half of 2025 and 2024.

11. Related-party transactions

11.1 IBERDROLA balances with group companies and associates

a) Financial balances with group companies and associates

<u>Loans to group companies and associates</u>

Current and non-current “Loans to group companies and associates” in the statement of financial position at 30 June 2025 and 31 December 2024 are as follows (in millions of euros):

sin dato	30.06.2025			31.12.2024		
sin dato	Current	Non-current	Total	Current	Non-current	Total
Iberdrola Financiación, S.A.U.	0	127	**127**	0	127	**127**
Unpaid accrued interest	17	0	**17**	4	0	**4**
Total	**17**	**127**	**144**	**4**	**127**	**131**

<u>Other financial assets/liabilities with group companies and associates</u>

Current and non-current “Other financial assets” and “Other financial liabilities” with group companies and associates were as follows at 30 June 2025 and 31 December 2024 (in millions of euros):

sin dato	30.06.2025		31.12.2024	
sin dato	Receivable	Payable	Receivable	Payable
Non-current				
Iberdrola Financiación, S.A.U.	0	7,396	0	8,714
Iberdrola International, B.V.	0	2,571	0	2,633
Total	**0**	**9,967**	**0**	**11,347**
Current				
Avangrid, Inc.	0	0	121	0
Hidrola I, S.L.U.	847	0	0	0
Iberdrola Energia S.A.U.	62	0	0	0
Iberdrola Financiación, S.A.U.	0	6,847	0	965
Iberdrola International, B.V.	2	0	0	330
Iberdrola Re, S.A.	0	189	0	52
Other	5	0	3	0
Accrued interest	0	181	0	352
Total	**916**	**7,217**	**124**	**1,699**

b) Derivatives with group companies and associates

Derivatives with group companies and associates held by IBERDROLA at 30 June 2025 and 31 December 2024, in millions of euros, are as follows:

	30.06.2025		31.12.2024	
	Assets	Liabilities	Assets	Liabilities
Non-current				
Iberdrola Financiación, S.A.U.	30	0	54	0
Other	2	0	0	0
Total	**32**	**0**	**54**	**0**
Current				
East Anglia Three, Ltd.	0	0	12	0
Windanker, GmbH.	4	0	0	0
Other	0	1	3	1
Total	**4**	**1**	**15**	**1**

11.2 Transactions between IBERDROLA and related parties

The most significant related-party transactions in the six-month periods ended 30 June 2025 and 30 June 2024, in millions of euros, are as follows:

	Six-month period ended 30.06.2025				
	Significant shareholders (1)	Directors and executive officers (2)	Group persons, companies or entities	Other related parties	Total
Expenses and income					
Finance expenses	0	0	232	0	232
Lease	0	0	2	0	2
Services received	0	0	59	0	59
Total expenses	**0**	**0**	**293**	**0**	**293**
Finance income	0	0	13	0	13
Dividends received	0	0	913	0	913
Services rendered	0	0	225	0	225
Total income	**0**	**0**	**1,151**	**0**	**1,151**
Other transactions					
Procurement of PP&E, intangible or other assets	0	0	40	0	40

sin dato	Six-month period ended 30.06.2024				
sin dato	Significant shareholders (1)	Directors and executive officers (2)	Group persons, companies or entities	Other related parties	Total
Expenses and income					
Finance expenses	0	0	269	0	269
Lease	0	0	2	0	2
Services received	0	0	69	0	69
Total expenses	**0**	**0**	**340**	**0**	**340**
Finance income	0	0	11	0	11
Dividends received	0	0	394	0	394
Services rendered	0	0	229	0	229
Total income	**0**	**0**	**634**	**0**	**634**

(1) At the date of authorisation for issue of these interim financial statements, there were no significant shareholders who met the definition of Article 529 *vicies* of the Spanish Companies Act because they did not hold 10% of the voting rights or were not represented on the Board of Directors.

(2) Refers to transactions other than those disclosed in Note 10.

12. Events occurring after 30 June 2025

After 30 June 2025 and before the date of publication of these interim financial statements, the following significant events have occurred:

Reduction in share capital

On 1 July 2025, the reduction in capital approved at the General Shareholders' Meeting of the Company held on 30 May 2025, under item 11 on the agenda, was implemented through the retirement of own shares.

Details of the reduction in share capital are as follows:

Sin dato	Date of filing at the Commercial Registry	% Capital	Number of shares	Par value	Euros
Reduction in share capital	3 July 2025	3.114%	200,561,000	0.75	150,420,750

Following the capital reduction, share capital stands at EUR 4,680,000,000, represented by 6,240,000,000 shares, each having a par value of EUR 0.75.

Iberdrola Retribución Flexible

On 2 July 2025, the following terms were established in relation to the implementation of the first increase in capital by means of a scrip issue (*Iberdrola Retribución Flexible*), as approved by the shareholders at the General Shareholders' Meeting of IBERDROLA held on 30 May 2025, under item 9 on the agenda:

– The maximum number of new shares to be issued under the capital increase is 160,000,000.

– The number of free-of-charge allocation rights required to receive one new share is 39.

– The maximum par value of the capital increase is EUR 120,000,000.

– The gross Interim Dividend per share amounts to EUR 0.409.

Increase in share capital

On July 22, 2025 the Board of Directors of Iberdrola, S.A. has resolved to carry out a share capital increase for an effective amount (including nominal value and share premium) of 5.000 million euros by issuing new ordinary shares of the Company of the same class and series as those currently outstanding (the “New Shares”) in consideration for cash contributions and with the disapplication of the pre-emptive rights of the Company’s shareholders (the “Capital Increase”). The Capital Increase has been approved by the Board of Directors of the Company pursuant to the authorisation granted by the General Shareholders’ Meeting of the Company held on first call on 17 May 2024, under item 20 of the agenda.

13. Explanation added for translation into English

These Financial statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company may not conform with generally accepted accounting principles in other countries.

Management report for the six-month period ended 30 June 2025

1. Business performance

IBERDROLA is a holding company and therefore its earnings mainly arise from dividends and services rendered to subsidiaries.

2. Significant events in the first half of 2025

2.1 Key figures from the IBERDROLA income statement

In the six-month period ended 30 June 2025, revenue amounted to EUR 1,151 million, of which EUR 913 million was through dividends from subsidiaries (EUR 62 million from Iberdrola Energía, S.A.U., EUR 847 million from Hidrola, S.A.U. and EUR 4 million from Neoenergia, S.A.), EUR 13 million was in the form of finance income from financing granted to subsidiaries, and EUR 225 million was from income from services rendered to group companies.

The increase of EUR 517 million in revenue is the net result of (Note 9):

- higher dividends of EUR 519 million and higher finance income with group companies amounting to EUR 2 million; and
- lower revenues from the provision of services to group companies amounting to EUR 4 million.

Personnel expenses are up EUR 8 million, while other operating expenses are down EUR 177 million, to EUR 107 million and EUR 140 million, respectively. The net effect of impairment charges and reversal of impairment is down EUR 41 million on the same period in the prior year (Note 5). Operating income for the period is at EUR 863 million, up EUR 642 million on the EUR 221 million recorded in the first half of 2024.

The Company reported a net finance expense of EUR 44 million compared to an expense of EUR 312 million in the same period of 2024. The EUR 268 million improvement in net finance income/(expense) is largely due to:

- an increase in finance income of EUR 35 million;
- a reduction in finance expenses of EUR 44 million;
- the positive impact of EUR 173 million from the valuation of derivatives, and the increase of EUR 16 million from negative translation differences compared to those for the previous year.

Profit for the year before tax amounted to EUR 819 million, while income tax amounted to a positive EUR 68 million, yielding a net profit for the period of EUR 887 million, versus net profit of EUR 33 million in the same period of 2024.

2.2 Statement of financial position

At 30 June 2025, IBERDROLA's statement of financial position showed current liabilities exceeding current assets in the amount of EUR 5,613 million. This shortfall is largely due to the existence of current debt with group companies and associates in the amount of EUR 7,218 million, which will be covered by funds generated from IBERDROLA's business and dividends received from subsidiaries.

3. Main risks and uncertainties

The Company performs its corporate purpose indirectly through the ownership of shares or other equity investments in other companies (country subholding companies, which in turn operate through the parent companies of their respective businesses). Therefore, the Company's main risk factors relate to its investees, as described in section 2 of the management report accompanying the condensed interim consolidated financial statements for the six-month period ended 30 June 2025.

Likewise, Note 4 identifies sources of uncertainty associated with the estimates made.

The Company (and therefore all Group companies) has a well implemented comprehensive risk control and management system, designed in accordance with international best practices and fully capable of identifying, assessing and monitoring risks. Detailed information thereon can be found in section 8.1 of the 2024 Annual Corporate Governance Report of Iberdrola, S.A.

4. Subsequent events

Events after the reporting period are described in Note 12.

Iberdrola, S.A. and subsidiaries

Condensed consolidated interim financial statements and
Consolidated interim management report

Six-month period ended 30 June 2025

Limited Review Report on Iberdrola, S.A. and subsidiaries

(Together with the condensed consolidated interim financial statements and the management report of Iberdrola, S.A. and subsidiaries for the six-month period ended 30 June 2025)

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

KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Report on Limited Review of the Condensed Consolidated Interim Financial Statements

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

To the Shareholders of

Iberdrola, S.A., commissioned by the Directors of the Company

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial statements (the "interim financial statements") of Iberdrola, S.A. (the "Company") and subsidiaries (together the "Group"), which comprise the statement of financial position at 30 June 2025, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the six-month period then ended, and explanatory notes (all condensed and consolidated). The Directors of the Company are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2025 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that these interim financial statements do not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2024. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim management report for the six-month period ended 30 June 2025 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim management report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial statements for the six-month period ended 30 June 2025. Our work is limited to the verification of the consolidated interim management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Iberdrola, S.A. and subsidiaries.

Other Matter

This report has been prepared at the request of the Directors in relation to the publication of the half-yearly financial report required by article 100 of Law 6/2023 of 17 March 2023 on Securities Markets and Investment Services.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

David España

24 July 2025

IBERDROLA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND

CONSOLIDATED INTERIM MANAGEMENT REPORT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

Consolidated statement of financial position at 30 June 2025

Set out below is the consolidated statement of financial position at 30 June 2025 and 31 December 2024, in millions of euros:

Assets	Note	30.06.2025 (unaudited)	31.12.2024 (*) (audited)
Intangible assets		**21,749**	**20,255**
Goodwill		8,526	8,618
Other intangible assets		13,223	11,637
Investment property		**421**	**420**
Property, plant and equipment	**7**	**93,889**	**94,461**
Property, plant and equipment in use		80,178	79,355
Property, plant and equipment under construction		13,711	15,106
Right-of-use assets		**2,489**	**2,630**
Non-current investments		**10,865**	**13,032**
Equity-accounted investees	5, 6	1,640	4,315
Non-current equity investments	9	40	40
Other non-current financial assets	9	8,045	7,499
Derivative financial instruments	9	1,140	1,178
Non-current trade and other receivables		**4,601**	**3,876**
Current tax assets	**17**	**432**	**832**
Deferred tax assets		**1,884**	**1,952**
Total non-current assets		**136,330**	**137,458**
Assets held for sale	**8**	**3,801**	**404**
Nuclear fuel		**417**	**318**
Inventories		**2,334**	**2,987**
Current trade and other receivables		**10,946**	**10,777**
Current tax assets		1,441	692
Other tax receivables		987	923
Current trade and other receivables		8,518	9,162
Current financial assets	**9**	**1,377**	**2,267**
Other current financial assets		978	1,265
Derivative financial instruments		399	1,002
Cash and cash equivalents	**10**	**2,365**	**4,082**
Total current assets		**21,240**	**20,835**
Total assets		**157,570**	**158,293**

(*) The consolidated statement of financial position at 31 December 2024 is presented for comparative purposes only.

The accompanying Notes are an integral part of the condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

Consolidated statement of financial position at 30 June 2025

Equity and liabilities	Note	30.06.2025 (unaudited)	31.12.2024 (*) (audited)
Parent		**45,628**	**47,125**
Subscribed capital	11	4,830	4,773
Valuation adjustments	11	105	374
Other reserves		44,652	39,603
Treasury shares	11	(3,281)	(2,318)
Translation differences	11	(4,240)	(919)
Net profit for the period and the year		3,562	5,612
Non-controlling interests		**13,794**	**13,926**
Total equity		**59,422**	**61,051**
Capital grants		**1,143**	**1,305**
Facilities transferred or financed by third parties		**6,630**	**6,683**
Non-current provisions		**4,571**	**4,624**
Provision for pensions and similar obligations	14	1,152	1,302
Other provisions		3,419	3,322
Non-current financial liabilities		**48,407**	**46,094**
Bank borrowings, bonds or other marketable securities	9, 15	42,679	40,585
Equity instruments having the substance of a financial liability	9	401	485
Derivative financial instruments	9	1,444	1,124
Leases		2,480	2,619
Other non-current financial liabilities		1,403	1,281
Other non-current liabilities		**413**	**434**
Current tax liabilities		**413**	**418**
Deferred tax liabilities		**8,116**	**7,545**
Total non-current liabilities		**69,693**	**67,103**
Liabilities linked to assets held for sale	**8**	**3,128**	**197**
Current provisions		**976**	**795**
Provision for pensions and similar obligations	14	16	22
Other provisions		960	773
Current financial liabilities		**20,818**	**25,528**
Bank borrowings, bonds or other marketable securities	9, 15	11,047	13,805
Equity instruments having the substance of a financial liability	9	78	103
Derivative financial instruments	9	643	867
Leases		176	180
Trade payables		5,178	6,183
Other current financial liabilities		3,696	4,390
Other current liabilities		**3,533**	**3,619**
Current tax liabilities		992	1,137
Other tax payables		1,472	1,454
Other current liabilities		1,069	1,028
Total current liabilities		**28,455**	**30,139**
Total equity and liabilities		**157,570**	**158,293**

(*) The consolidated statement of financial position at 31 December 2024 is presented for comparative purposes only.

The accompanying Notes are an integral part of the condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

Consolidated income statement for the six-month period ended 30 June 2025

Set out below is the income statement at 30 June 2025 and 30 June 2024, in millions of euros:

	Note	30.06.2025 (unaudited)	30.06.2024 (*) (unaudited)
Revenue	6,16.1	22,743	22,637
Supplies		(10,050)	(10,148)
Gross income		**12,693**	**12,489**
Personnel expenses		(1,991)	(1,894)
Capitalised personnel expenses		581	452
External services		(1,895)	(2,078)
Other operating income	5	484	2,111
Net operating expenses		(2,821)	(1,409)
Taxes	16.2	(1,585)	(1,466)
Gross operating profit – EBITDA		**8,287**	**9,614**
Valuation adjustments, trade and contract assets	6	(177)	(261)
Amortisation, depreciation and provisions	6	(2,643)	(2,494)
Operating profit – EBIT		**5,467**	**6,859**
Result of equity-accounted investees	5.6	48	10
Finance income		1,677	1,074
Finance expense		(2,342)	(1,922)
Net finance income/(expense)		(665)	(848)
Profit before tax		**4,850**	**6,021**
Income tax	17	(978)	(1,609)
Net profit for the year from continuing operations		**3,872**	**4,412**
Profit/(loss) for the year from discontinued operations (net of tax)		**(8)**	**(9)**
Non-controlling interests		(302)	(269)
Net profit for the period attributable to the parent		**3,562**	**4,134**
Earnings per share in euros for continuing operations:			
Basic earnings per share in euros		0.550	0.622
Diluted earnings per share in euros		0.549	0.621
Earnings per share in euros for discontinued operations:			
Basic loss per share in euros		(0.001)	(0.001)
Diluted loss per share in euros		(0.001)	(0.001)

(*) The consolidated income statement for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of the condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

Consolidated statement of comprehensive income for the six-month period ended 30 June 2025

Set out below is the consolidated statement of comprehensive income at 30 June 2025 and 30 June 2024, in millions of euros:

	30.06.2025 (unaudited)			30.06.2024 (*) (unaudited)		
	Parent	Non-controlling interests	Total	Parent	Non-controlling interests	Total
Net profit for the period	**3,562**	**302**	**3,864**	**4,134**	**269**	**4,403**
Other comprehensive income/(loss) to be reclassified to the consolidated income statement in subsequent years						
In valuation adjustments (Note 11)	**(266)**	**16**	**(250)**	**214**	**(8)**	**206**
Change in value of cash flow hedges	(365)	24	(341)	272	(11)	261
Change in hedging cost	(1)	0	(1)	5	0	5
Tax effect	100	(8)	92	(63)	3	(60)
In Translation differences	**(3,321)**	**(41)**	**(3,362)**	**673**	**(111)**	**562**
Total	**(3,587)**	**(25)**	**(3,612)**	**887**	**(119)**	**768**
Other comprehensive income (loss) of equity-accounted investees (net of taxes)						
In Valuation adjustments	**(3)**	**0**	**(3)**	**(2)**	**0**	**(2)**
Total	(3)	0	(3)	(2)	0	(2)
Total net profit recognised directly in equity	**(3,590)**	**(25)**	**(3,615)**	**885**	**(119)**	**766**
Total comprehensive income for the period	**(28)**	**277**	**249**	**5,019**	**150**	**5,169**

(*) The consolidated statement of comprehensive income for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

Consolidated statement of changes in equity for the six-month period ended 30 June 2025

Set out below is the consolidated statement of changes in equity at 30 June 2025 and 30 June 2024, in millions of euros:

			Other reserves								
	Subscribed capital	Treasury shares	Legal reserve	Share premium	Other restricted reserves	Retained earnings	Valuation adjustments	Translation differences	Net profit/(loss) for the year	Non-controlling interests	Total
Balance at 01.01.2025	**4,773**	**(2,318)**	**969**	**13,777**	**1,782**	**23,075**	**374**	**(919)**	**5,612**	**13,926**	**61,051**
Comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**(269)**	**(3,321)**	**3,562**	**277**	**249**
Transactions with shareholders or owners											
Scrip issue (Note 11)	57	0	0	(57)	0	0	0	0	0	0	0
Distribution of dividends (Note 11)	0	0	0	0	0	5,133	0	0	(5,612)	(179)	(658)
Transactions with treasury shares	0	(963)	0	0	0	27	0	0	0	0	(936)
Business combinations (Note 5)	0	0	0	0	0	0	0	0	0	370	370
Transactions with non-controlling interests (Note 5)	0	0	0	0	0	36	0	0	0	199	235
Other changes in equity											
Equity instruments-based payments	0	0	0	0	0	(61)	0	0	0	(2)	(63)
Cancellation of perpetual subordinated bonds (Note 11)	0	0	0	0	0	0	0	0	0	(800)	(800)
Interest accrued on perpetual subordinated bonds	0	0	0	0	0	(111)	0	0	0	0	(111)
Other changes	0	0	0	0	0	82	0	0	0	3	85
Balance at 30.06.2025	**4,830**	**(3,281)**	**969**	**13,720**	**1,782**	**28,181**	**105**	**(4,240)**	**3,562**	**13,794**	**59,422**

	Other reserves										
	Subscribed capital	Treasury shares	Legal reserve	Share premium	Other restricted reserves	Retained earnings	Valuation adjustments	Translation differences	Net profit/(loss) for the year	Non-controlling interests	Total
Balance at 01.01.2024	**4,763**	**(1,465)**	**969**	**13,924**	**1,645**	**21,161**	**2**	**(2,691)**	**4,803**	**17,181**	**60,292**
Comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**212**	**673**	**4,134**	**150**	**5,169**
Transactions with shareholders or owners											
Scrip issue (Note 11)	54	0	0	(54)	0	0	0	0	0	0	0
Distribution of dividends (Note	0	0	0	0	0	4,344	0	0	(4,803)	(289)	(748)
Transactions with treasury shares	0	(856)	0	0	0	8	0	0	0	0	(848)
Transactions with non-controlling interests (Note 5)	0	0	0	0	0	0	0	0	0	100	100
Other changes in equity											
Equity instruments-based payments	0	0	0	0	0	(47)	0	0	0	(2)	(49)
Issuance of perpetual subordinated bonds (Note 11)	0	0	0	0	0	0	0	0	0	700	700
Cancellation of perpetual subordinated bonds (Note 11)	0	0	0	0	0	0	0	0	0	(700)	(700)
Interest accrued on perpetual subordinated bonds	0	0	0	0	0	(110)	0	0	0	0	(110)
Other changes	0	0	0	0	0	(8)	0	0	0	0	(8)
Balance at 30.06.2024 (*) (unaudited)	**4,817**	**(2,321)**	**969**	**13,870**	**1,645**	**25,348**	**214**	**(2,018)**	**4,134**	**17,140**	**63,798**

(*) The consolidated statement of changes in equity for the six-month period ended 30 June 2024 is presented for comparison purposes only.

The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Translation of Financial statements originally issued in Spanish and prepared in accordance with accounting principles generally accepted in Spain (see Note 23). In the event of discrepancy, the Spanish-language version prevails.

Consolidated statement of cash flows for the six-month period ended 30 June 2025

Set out below is the consolidated statement of cash flows at 30 June 2025 and 30 June 2024, in millions of euros:

	Note	30.06.2025 (unaudited)	Restated (Note 2.c) 30.06.2024 (unaudited)
Profit before tax from continuing operations		4,850	6,021
Profit/(loss) before tax from discontinued operations		(10)	(12)
Adjustments for			
Amortisation, provisions, valuation adjustments of financial assets and personnel expenses for pensions		2,905	2,860
Net profit/(loss) from investments in associates and joint ventures		(48)	(10)
Capital grants applied and other deferred income		(181)	(159)
Finance income and finance costs		665	848
Gain/(loss) before tax on disposal of subsidiaries	5	0	(1,717)
Changes in working capital			
Change in trade receivables and other		40	(665)
Change in inventories		(371)	(324)
Change in trade payables and other liabilities		(711)	(249)
Provisions paid		(139)	(190)
Income tax paid	2.c	(407)	(626)
Dividends received		25	17
Net cash flows from operating activities		**6,618**	**5,794**
Acquisition of intangible assets		(293)	(301)
Acquisition of associates		(141)	(185)
Acquisition of investment property		(5)	(4)
Acquisition of property, plant and equipment		(3,874)	(4,037)
Capitalised interest paid		(260)	(254)
Capitalised personnel expenses paid		(581)	(452)
Capital grants and other deferred income		4	1
Payments for other investment flows		(770)	(749)
Interest received		100	152
Net proceeds/(payments) for current financial assets		99	238
Income tax	2.c	(461)	(275)
Proceeds from disposal of non-financial assets		3	9
Proceeds from disposal of subsidiaries	5	166	5,681
Change in cash due to modification of the scope of consolidation	5	0	(243)
Net cash flows used in investing activities		**(6,013)**	**(419)**
Dividends paid		(479)	(459)
Dividends paid to non-controlling interests		(152)	(244)
Perpetual subordinated bonds			
Instruments issued		0	700
Instruments redeemed	11	(800)	(700)
Interest paid		(154)	(147)
Bank borrowings, bonds or other marketable securities			
Issues and disposals		12,439	9,377
Redeemed		(10,755)	(9,490)
Interest paid excluding capitalised interest		(810)	(980)
Financial liabilities from leases			
Payment of principal		(88)	(86)
Interest paid excluding capitalised interest		(49)	(48)
Equity instruments having the substance of a financial liability			
Instruments issued		31	15
Payments		(102)	(97)
Acquisition of treasury shares		(1,627)	(932)
Proceeds from disposal of treasury shares		87	74
Proceeds for transactions with non-controlling interests	5	250	100
Net cash flows used in financing activities		**(2,209)**	**(2,917)**
Effect of exchange rate fluctuations on cash and cash equivalents		**(55)**	**(84)**
Net increase/(decrease) in cash and cash equivalents		**(1,659)**	**2,374**
(-) Cash and cash equivalents from assets and liabilities held for sale		**(58)**	**0**
Cash and cash equivalents at the beginning of year		**4,082**	**3,019**
Cash and cash equivalents at end of period		**2,365**	**5,393**

(*) The consolidated statement of cash flows for the six-month period ended 30 June 2024 is presented for comparison purposes only.
The accompanying Notes are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2025.

1. Group activities

Iberdrola, S.A. (hereinafter, IBERDROLA), a company incorporated in Spain and with registered address at Plaza Euskadi 5, in Bilbao, is the parent of a group of companies whose main activities are:

- Production of electricity from renewable and conventional sources.
- Sale and purchase of electricity and gas in wholesale markets.
- Transmission and distribution of electricity.
- Retail supply of electricity, gas and energy-related services.
- Other activities, mainly linked to the energy sector.

The aforementioned activities are performed in Spain and abroad, and totally or partially either directly by IBERDROLA or through the ownership of shares or other equity investments in other companies, subject in all cases to applicable legislation and, in particular, to the prevailing laws in the electricity industry.

2. Basis of presentation of the condensed consolidated interim financial statements

a) Accounting standards applied

The Board of Directors of IBERDROLA authorised for issue these condensed consolidated interim financial statements for the six-month period ended 30 June 2025 (the “consolidated financial statements”) on 22 July 2025.

These consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, and also include other information not required in that standard, as set forth under Article 12 of Royal Decree 1362/2007. However, they do not include all the information and disclosures required in the consolidated financial statements by the International Financial Reporting Standards adopted in the European Union (hereinafter, IFRS-EU). Therefore, to ensure they are properly interpreted, these financial statements should be read alongside the consolidated financial statements of the IBERDROLA Group for the year ended 31 December 2024.

The accounting policies used to prepare these consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2024. The regulations approved by the European Union for application on 1 January 2025 have had no impact on the consolidated financial statements of the IBERDROLA Group.

Regulations issued but not yet implemented

In addition, at the date of preparation of these condensed consolidated interim financial statements, the following standards, amendments and interpretations had been issued with an effective date on or after 1 January 2026:

Standard		Mandatory application	
		IASB	Europe
Amendments to various standards		01.01.2026	(*)
Amendments to IFRS 9 and IFRS 7	Electricity forward contracts	01.01.2026	01.01.2026
Amendments to IFRS 9 and IFRS 7	Amendments to the classification and measurement of financial instruments	01.01.2026	01.01.2026
IFRS 18	Presentation and Disclosure in Financial Statements	01.01.2027	(*)

(*) Pending EU approval.

Once IFRS 18 takes effect, the IBERDROLA Group will restructure its consolidated income statement to reflect the disclosure categories and subtotals established by the new standard and will include a specific note in the financial statements addressing the reporting requirements in relation to management-defined performance measures (MPMs).

Moreover, the amendments to IFRS 7 and IFRS 9 — Contracts Referencing Nature-dependent Electricity will prospectively eliminate the recognition of inefficiencies in the consolidated income statement in relation to the volume of energy whose production is not considered highly probable in cash flow hedges where the hedging instrument is a virtual or financial PPA that does not involve the physical delivery of energy.

The IBERDROLA Group believes that the effectiveness of the remaining amendments would not have entailed significant changes to these consolidated financial statements.

In preparing these condensed consolidated interim financial statements, the IBERDROLA Group has not adopted in advance any published standards or amendments that are not yet effective.

b) Working capital deficit

As at 30 June 2025, the consolidated financial statements show a shortfall in working capital (current liabilities exceed current assets) of EUR 7,215 million. The directors state that this shortfall will be covered by generating funds from the businesses of the IBERDROLA Group. Furthermore, the IBERDROLA Group has undrawn loans and facilities amounting to EUR 16,618 million, as indicated in Note 15.

c) Comparative information

As disclosed in Note 5, in March 2025 the IBERDROLA Group took control of Electricity North West Limited (ENW) and in February 2024 the divestment of certain companies in Mexico took place. These transactions should be taken into account when comparing the figures for the six months ended 30 June 2025 with those for the comparative period.

In addition, the comparative information provided in the consolidated statement of cash flows for the six-month period ended 30 June 2024 has been amended compared to that disclosed in the condensed consolidated interim financial statements for that period, in order to present separately, under “Net cash flows from investing activities”, the tax paid during the six months ended 30 June 2024 on the divestment in Mexico (Note 5), which amounted of EUR 275 million, as previously classified under “Net cash flows from operating activities”.

3. Seasonal variations

The IBERDROLA Group’s activity does not exhibit a significant degree of seasonal variation on a half-yearly basis.

4. Sources of uncertainty and use of accounting estimates

The IBERDROLA Group relied on certain assumptions and estimates in drawing up these consolidated financial statements. The criteria used to calculate the estimates contained in these financial statements are the same as those used to draw up the IBERDROLA Group’s 2024 consolidated financial statements.

The macroeconomic landscape remained fraught with uncertainty throughout the first half of the year, due to ongoing geopolitical tensions (mainly the conflicts in the Middle East and Ukraine) and also the trade war triggered by the tariffs imposed by the US administration. Against this backdrop, the ECB has continued to cut interest rates, bringing its official rate close to the neutral rate, while the Bank of England has slowed the pace of its rate cuts now that inflation has been tamed. Moving across to the United States, the Federal Reserve has been putting off further interest rate cuts in response to the high uncertainty generated by the fiscal and tariff measures announced by the new administration and their possible effects on inflation. Meanwhile, the nation’s economy has been holding up.

In view of the current management of the Group’s supply chain and financial risks, based on the knowledge available at the date of issue of these consolidated financial statements, the consequences of such a scenario are not expected to have a material adverse effect on the business plans and, therefore, on the recoverable amount of the Group’s non-current non-financial assets.

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

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

Business combinations

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

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

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

Upon completion of the transaction, judgement was applied in determining whether the IBERDROLA Group controlled or had significant influence over ENW Holding. The directors concluded that the IBERDROLA Group did not control ENW Holding despite its 88% equity ownership, as the IBERDROLA Group did not consider that it had the current ability to steer ENW Holding’s relevant activities, such as appointing key management, setting budgets or building, maintaining and funding the network, for as long as the IEO issued by the CMA remained in place.

As at 31 December 2024, the stake in ENW was accounted for using the equity method. Subsequently, in March 2025, the takeover of ENW went ahead following a review of the deal by the UK Competition and Markets Authority.

Fair value of acquired assets and liabilities

The fair value of ENW's assets and liabilities and their carrying amount at the date of the takeover, expressed in millions of euros, are as follows:

	Carrying amount	Fair value
Intangible assets	268	2,553
Property, plant and equipment	4,706	3,416
Right-of-use assets	41	41
Non-current investments	146	192
Inventories	68	68
Current trade and other receivables	140	140
Cash and cash equivalents	293	293
Total	**5,662**	**6,703**

	Carrying amount	Fair value
Facilities transferred and financed by third parties	599	0
Non-current financial liabilities	2,924	2,919
Other non-current liabilities	38	38
Deferred tax liabilities	480	891
Current provisions	5	5
Current financial liabilities	241	241
Other current liabilities	121	121
Total	**4,408**	**4,215**

Goodwill

Details of goodwill at 20 March 2025 arising from the business combination, expressed in millions of euros, are as follows:

	Total
Fair value of net acquired assets	2,488
Recognition of non-controlling interests	370
Fair value of the prior interest	2,709
Goodwill arising on the acquisition	**591**

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

Since the takeover, the acquisition of ENW has added a total of EUR 82 million to the IBERDROLA Group's net profit from continuing operations for the six-month period ended 30 June 2025.

The accounting treatment of this business combination has been determined on a provisional basis. Any adjustments to the provisional valuations that may prove necessary if and when new information about the facts and circumstances existing at the acquisition date come to light within 12 months of the acquisition date will be recognised retrospectively.

Sale of subsidiaries

Sale of Baixo Iguaçu

On 20 February 2025, Copel Geração e Transmissão S.A. (Copel) exercised its irrevocable and non-appealable right of first refusal, under the precise terms of the Adhesion Agreement, to acquire Neoenergia's entire direct stake in Geração Céu Azul and, indirectly, its 70% stake in CEBI.

As at 30 June 2025, Neoenergia and Copel were fully compliant with all the conditions precedent and proceeded to complete the transaction through the sale, by Neoenergia, of all the shares of Geração Céu Azul S.A. in exchange for BRL 1,050 million (of which BRL 16 million are earn-out, to be adjusted based on the IPCA).

This sale resulted in a capital gain of EUR 7 million, which was recognised under "Other operating income" in the consolidated income statement for the six-month period ended 30 June 2025.

At 31 December 2024, this stake was recognised under "Assets held for disposal" and "Liabilities held for disposal" (Note 8).

Agreement to sell Maine Natural Gas

In April 2025, the IBERDROLA Group sold 100% of US company Maine Natural Gas (MNG) to Unitil, a public energy holding company operating in Maine, New Hampshire and Massachusetts. The deal is valued at approximately USD 90 million (subject to closing adjustments).

The transaction is pending the routine clearance processes for this type of deal, but is expected to be completed by the end of 2025.

Divestment in Mexico

In June 2023, Iberdrola Generación México, S.A. de C.V., Iberdrola Renovables México, S.A. de C.V. and certain subsidiaries thereof, all fully owned, directly or indirectly, by the IBERDROLA Group's country subholding company in Mexico, Iberdrola México, S.A. de C.V., executed the sale and purchase agreement for the sale of their shares.

The spin-off to other subsidiaries of Iberdrola Mexico of certain generation projects and other assets excluded from the transaction was complete as at 31 December 2023, and all necessary regulatory approvals had been obtained, except for that of the Federal Economic Competition Commission (COFECE).

In February 2024, after receiving authorisation from the Mexican Federal Economic Competition Commission (COFECE) and having fulfilled the remaining conditions precedent agreed between the parties, the sale was successfully completed.

Total proceeds from the sale came to around USD 6,200 million. This resulted in a gross gain of EUR 1,717 million, recognised in "Other operating income" in the consolidated income statement for the six-month period ended 30 June 2024.

Transactions with non-controlling interests

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

In December 2024, the IBERDROLA Group entered into an agreement for the sale to Windanker Investco B.V. (a company belonging to the group of which Kansai Electric Power Company, Incorporated is the parent) of a 49% stake in the share capital of Windanker GmbH (Windanker), which owns the Windanker offshore wind farm in Germany.

Completion of the transaction took place in April 2025 once the buyer had secured the necessary regulatory clearance. The closing price of the transaction came to approximately EUR 180 million.

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

As the IBERDROLA Group already controlled the company, this transaction was recorded as involving non-controlling interests. This resulted in an increase of EUR 137 million under "Non-controlling interests" and a credit of EUR 36 million under "Other reserves" in the consolidated statement of financial position as at 30 June 2025.

Baltic Eagle capital increases

Baltic Eagle GmbH carried out capital increases during the six-month periods ended 30 June 2025, which were subscribed by its two existing owners (Masdar Baltic Eagle Germany GmbH and Iberdrola Renovables Deutschland GmbH) in proportion to their respective percentages of ownership. This resulted in a credit of EUR 58 million to "Equity – Non-controlling interests" in the consolidated statement of financial position at 30 June 2025.

In 2024, the capital increases carried out during the period resulted in the amounts of EUR 100 million and EUR 94 million being credited to "Equity – Non-controlling interests" in the consolidated statement of financial position in the first half and second half of 2024, respectively.

6. Segment information

The IBERDROLA Group groups its segments according to a dual structure of geographical areas and business areas. This matrix structure with segments by geographical areas and by business areas is as follows:

Geographical areas:

- Spain;
- United Kingdom;
- United States;
- Mexico;
- Brazil; and
- Iberdrola Energía Internacional (IEI), with the main countries being Germany, France and Australia.

Business areas:

- Networks business: comprises activities related to the transmission and distribution of energy, primarily involving gas and electricity, along with other regulated operations.
- Renewable Energy and Sustainable Generation business: includes the generation of electricity from renewable sources (onshore and offshore wind, photovoltaic and hydro) and from other energy sources, conventional nuclear generation and combined cycle plants in Spain.
- Customers business: covers activities related to energy retail supply, primarily involving gas and electricity, as well as the provision of other products and services, including hydrogen. It also includes non-renewable generation in Mexico, with a significant portion serving third-party customers.
- Other businesses: other non-energy businesses.

In addition, the Corporation includes the costs of the Group’s structure (Single Corporation), and of the administration services of the corporate areas that are subsequently invoiced to the other companies through specific service agreements.

The transactions between the different segments are generally executed on an arm’s length basis.

The key figures of the operating segments identified are shown below. For the sake of comparison, the balances for the consolidated income statement are shown at 30 June 2024, while the balances for the consolidated statement of financial position are shown at 31 December 2024.

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

Segmentation by country

30.06.2025	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
REVENUE (NOTE 16.1)	8,330	3,930	4,724	646	4,249	1,338	(474)	**22,743**
PROFIT/(LOSS)								
Segment operating profit – EBIT	2,036	1,135	1,138	202	813	211	(68)	**5,467**
Result of equity-accounted investees – net of taxes	1	25	13	0	11	(2)	0	**48**
ASSETS								
Segment assets	34,670	37,693	44,715	2,720	10,549	10,54	(1,727)	**139,162**
Equity-accounted investees	194	55	1,025	2	284	38	42	**1,640**
LIABILITIES								
Segment liabilities	11,059	9,004	13,092	595	4,093	1,966	(3,737)	**36,072**
OTHER INFORMATION								
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	707	1,826	1,550	58	10	551	29	**4,731**
Valuation adjustments, trade receivables and other assets (Expense)/income	(27)	72	82	0	47	3	0	**177**
Depreciation and amortisation	902	509	634	56	273	193	23	**2,590**
Charges/(reversals) for other provisions	1	12	33	0	4	1	2	**53**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	16	41	(2)	2	5	4	18	**84**

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2025.

30.06.2024	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
REVENUE (NOTE 16.1)	8,155	4,230	4,017	952	4,640	858	(215)	**22,637**
PROFIT/(LOSS)								
Segment operating profit – EBIT	2,589	1,211	309	1,883	890	174	(197)	**6,859**
Result of equity-accounted investees – net of taxes	(6)	0	6	0	15	(1)	(4)	**10**
OTHER INFORMATION								
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	945	1,143	1,616	36	17	529	63	**4,349**
Valuation adjustments, trade receivables and other assets (Expense)/income	22	96	88	0	54	1	0	**261**
Depreciation and amortisation	862	443	633	57	299	133	23	**2,450**
Charges/(reversals) for other provisions	7	3	29	0	6	(1)	0	**44**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	17	(3)	60	3	6	4	18	**105**

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2024.

Segmentation by country at 31 December 2024

31.12.2024	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
ASSETS								
Segment assets	34,603	33,527	48,930	3,899	9,884	9,996	(2,331)	**138,508**
Equity-accounted investees	175	2,739	1,036	2	285	36	42	**4,315**
LIABILITIES								
Segment liabilities	11,045	8,005	14,728	2,039	3,776	1,565	(3,881)	**37,277**

In addition, the amount of non-current assets, in millions of euros, is broken down below, according to their geographical location, excluding non-current financial assets, deferred tax assets and non-current trade and other receivables.

	30.06.2025	31.12.2024
Non-current assets		
Spain	27,433	27,488
United Kingdom	34,940	30,307
United States	40,074	43,750
Mexico	2,159	2,421
Brazil	3,960	4,146
IEI	9,325	8,930
Corporation and adjustments	657	724
Total	**118,548**	**117,766**

Segmentation by business

30.06.2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other businesses, Corporation and adjustments	Total
REVENUE (NOTE 16.1)	10,296	4,993	11,179	(3,725)	**22,743**
PROFIT/(LOSS)					
Segment operating profit – EBIT	2,928	1,520	1,098	(79)	**5,467**
Result of equity-accounted investees – net of taxes	43	7	(2)	0	**48**
ASSETS					
Segment assets	73,832	50,929	7,608	6,793	**139,162**
Equity-accounted investees	350	1,123	125	42	**1,640**
LIABILITIES					
Segment liabilities	24,339	11,466	5,118	(4,851)	**36,072**
OTHER INFORMATION					
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	2,292	2,024	341	74	**4,731**
Valuation adjustments, trade receivables and other assets (Expense)/income	133	0	44	0	**177**
Depreciation and amortisation	1,174	1,082	246	88	**2,590**
Charges/(reversals) for other provisions	38	9	5	1	**53**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	23	23	9	29	**84**

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2025.

30.06.2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other businesses, Corporation and adjustments	Total
REVENUE (NOTE 16.1)	9,696	4,904	11,706	(3,669)	**22,637**
PROFIT/(LOSS)					
Segment operating profit – EBIT	2,011	1,643	3,413	(208)	**6,859**
Result of equity-accounted investees – net of taxes	23	(4)	(3)	(6)	**10**
OTHER INFORMATION					
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	1,957	1,994	315	83	**4,349**
Valuation adjustments, trade receivables and other assets (Expense)/income	144	1	116	0	**261**
Depreciation and amortisation	1,089	1,037	251	73	**2,450**
Charges/(reversals) for other provisions	27	10	7	0	**44**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	75	25	9	(4)	**105**

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2024.

Segmentation by business at 31 December 2024

31.12.2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other businesses, Corporation and adjustments	Total
ASSETS					
Segment assets	69,386	54,474	8,898	5,750	**138,508**
Equity-accounted investees	2,987	1,115	116	97	**4,315**
LIABILITIES					
Segment liabilities	23,859	11,857	6,641	(5,080)	**37,277**

In addition, the amount of non-current assets, in millions of euros, is broken down below by business activity, excluding non-current financial assets, deferred tax assets and non-current trade and other receivables:

	30.06.2025	31.12.2024
Networks	62,280	58,444
Renewable Energy and Sustainable Generation	44,363	46,808
Customers	2,384	2,887
Other business, Corporation and adjustments	9,521	9,627
Total	**118,548**	**117,766**

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

	30.06.2025	31.12.2024
Segment assets	**139,162**	**138,508**
Non-current investments	10,865	13,032
Current investments	1,377	2,267
Cash and cash equivalents	2,365	4,082
Assets held for sale	3,801	404
Total assets	**157,570**	**158,293**

	30.06.2025	31.12.2024
Segment liabilities	**36,072**	**37,277**
Equity	59,422	61,051
Non-current financial liabilities	47,004	44,813
Bank borrowings, bonds or other marketable securities	42,679	40,585
Equity instruments having the substance of a financial liability	401	485
Derivative financial instruments	1,444	1,124
Leases	2,480	2,619
Current financial liabilities	11,944	14,955
Bank borrowings, bonds or other marketable securities	11,047	13,805
Equity instruments having the substance of a financial liability	78	103
Derivative financial instruments	643	867
Leases	176	180
Liabilities linked to assets held for sale	3,128	197
Total Liabilities and Equity	**157,570**	**158,293**

7. Property, plant and equipment

The following table displays the total cost incurred in the acquisition of property, plant and equipment, as well as the depreciation and impairment charge made in the six-month periods ended 30 June 2025 and 30 June 2024, broken down for each of the IBERDROLA Group's operating segments and business units and expressed in millions of euros:

	30.06.2025		30.06.2024	
	Cost incurred in property, plant and equipment (1)	Charge for depreciation and impairment allowances	Cost incurred in property, plant and equipment (1)	Charge for depreciation and impairment allowances
Customers business	147	73	127	81
Renewable Energy and Sustainable Generation business	2,030	1,004	2,052	963
Networks business	2,221	814	1,844	731
Other business, Corporation and adjustments	20	19	13	15
Total	**4,418**	**1,910**	**4,036**	**1,790**

(1) Includes the amount relating to interest and personnel expenses capitalised during the six-month period ended 30 June 2025 and 30 June 2024, respectively.

Investment commitments at 30 June 2025 and 30 June 2024 amounted to EUR 9,797 million and EUR 9,309 million, respectively.

During the six-month periods ended 30 June 2025 and 30 June 2024, the IBERDROLA Group did not make significant disposals of property, plant and equipment in relation to these consolidated financial statements.

Supplementary information on foreclosed assets

The Chamber of the High Court of Justice of Extremadura with jurisdiction over adversary proceedings involving public law entities partially upheld the appeal filed by one of the three owners of the land on which the Usagre Núñez de Balboa (Badajoz) photovoltaic plant is located, against the expropriation resolution passed by the Provincial Board of Compulsory Purchases of Badajoz. The judgment finds that the request for compulsory purchase lacked cause or justification and recognises the right to reinstatement of the affected land. Proyecto Núñez de Balboa, S.L.U. (PNDB), an IBERDROLA company, lodged an appeal before the Supreme Court in 2022, which was ultimately admitted for processing by the court on 14 December 2023. A notice of appeal in cassation was lodged on 16 February 2024.

On 12 June 2025, the Supreme Court handed down a judgment upholding the appeal lodged by PNDB and overturning the judgment of the High Court of Justice of Extremadura, thus recognising PNDB's right to possession of the land subject to expropriation, which should be governed by the terms of the lease contract signed at the time with the owner, and annulling the return of possession of the land to Natura Manager and, therefore, the ensuing of the photovoltaic plant. This final, non-appealable Supreme Court ruling is tantamount to the courts' recognition of the facility and of the title of possession and related permits for it.

8. Assets and liabilities held for sale

At 30 June 2025, certain transactions met the requirements of IFRS 5 — "Non-current Assets Held for Sale and Discontinued Operations" for classification as such in the consolidated statement of financial position, in that (i) a sale is planned at prices that are reasonable in comparison to the fair value of the assets to be sold and (ii) the sale is expected to be completed within 12 months.

Reclassification of asset and liability items in the consolidated statement of financial position to a separate line item is performed after eliminating intercompany balances.

At 31 December 2024, the following stakes were classified as "Assets held for disposal" and "Liabilities held for disposal":

- stake held by the IBERDROLA Group in Geraçao Ceu Azul S.A., which held a 70% equity interest in the 350.2 MW Baixo Iguaçu plant, for a total of EUR 246 million and EUR 84 million, respectively, at 31 December 2024. On 30 June 2025, the purchase and sale agreement was signed for all the shares in that company (Note 5).

- stake held by the IBERDROLA Group in Neoenergia Itabapoana Transmissão de Energía, S.A. amounting to EUR 154 million and EUR 113 million, respectively (30 June 2025: EUR 163 million and EUR 127 million, respectively).

  In April 2025, the IBERDROLA Group (acting through Neoenergia) reached an agreement to sell 50% of its stake in Neoenergia Itabapoana Transmissão de Energia, S.A. to GIC (Singapore sovereign wealth fund) for approximately BRL 117 million (around EUR 18 million), subject to the customary adjustments until the transaction is completed.

  The valuation adjustment as at 30 June 2025 amounted to EUR 45 million, of which EUR 6 million has been recognised under "Other operating income" in the consolidated income statement for the six months ended 30 June 2025.

Additionally, as at 31 December 2024, an amount of EUR 4 million previously recognised under "Property, plant and equipment" was reclassified to "Assets held for sale" (30 June 2025: EUR 4 million).

In addition, the following stakes were classified as "Assets held for disposal" and "Liabilities held for disposal" in 2025:

<u>SP Smart Meters Assets Limited (SPSMAL)</u>

In May 2025, the IBERDROLA Group entered into a sale and purchase agreement for 100% of the share capital of SPSMAL, the company that owns and operates ScottishPower's smart meter rental business in the United Kingdom, to Macquarie UK Holdings No.2 Limited, a company indirectly and wholly owned by Macquarie Group Limited.

The total consideration agreed amounts to GBP 899.7 million (equivalent to around EUR 1,061.5 million). The consideration payable is subject to the customary adjustments for such transactions and will be paid in full by the purchaser on the transaction completion date.

Completion of the transaction is subject to approval by the UK Competition and Markets Authority, which was obtained at the end of May. Completion is expected to take place in the third quarter of 2025.

On the completion date, ScottishPower Energy Retail Limited (SPERL) will enter into a long-term meter rental agreement with SPSMAL, whereby SPSMAL will provide SPERL with certain smart meter rental services for SPERL's customers in the United Kingdom.

East Anglia Three Holdings Limited (EA3)

In May 2025, IBERDROLA Group and Abu Dhabi renewable energy group Masdar agreed to co-invest in the EA3 offshore wind farm off the coast of Suffolk, in the United Kingdom. The transaction went ahead in July 2025 (Note 22).

The valuation adjustment resulting from the classification as held for sale resulted in a charge of EUR 81 million to "Other operating income" in the consolidated income statement for the six-month period ended 30 June 2025.

Moreover, with the held for sale classification, the hedges that the IBERDROLA Group had arranged to hedge the interest rate and inflation risk associated with the project have been discontinued, yielding income of EUR 282 million, which has been recognised under "Finance income" in the consolidated income statement for the six months ended 30 June 2025 (Note 11).

The breakdown as at 30 June 2025 of the items classified as "Assets held for disposal" and "Liabilities held for disposal" is as follows (in millions of euros):

	SPSMAL	EA3	Other	Total
Intangible assets	293	6	0	299
Property, plant and equipment	447	1,669	4	2,120
Right-of-use assets	0	39	0	39
Non-current investments	0	27	3	30
Non-current trade and other receivables	0	0	171	171
Current tax assets	7	0	0	7
Deferred tax assets	0	0	13	13
Non-current assets	**747**	**1,741**	**191**	**2,679**
Inventories	0	1,135	0	1,135
Current trade and other receivables	9	20	18	47
Current investments	0	5	0	5
Cash and cash equivalents	0	58	2	60
Current assets	**9**	**1,218**	**20**	**1,247**
Total gross assets	**756**	**2,959**	**211**	**3,926**
Impairment loss	0	(80)	(45)	(125)
Total net assets	**756**	**2,879**	**166**	**3,801**
Non-current provisions	0	0	2	2
Non-current financial liabilities	0	34	108	142
Deferred tax liabilities	93	41	13	147
Total non-current liabilities	**93**	**75**	**123**	**291**
Current financial liabilities	**19**	**2,814**	**4**	**2,837**
Total current liabilities	**19**	**2,814**	**4**	**2,837**
Total liabilities	**112**	**2,889**	**127**	**3,128**

9. Disclosures relating to financial assets and liabilities

The carrying amounts of each category of financial assets and liabilities, in millions of euros, are shown below, except for assets included under "Non-current trade and other assets" and "Current trade and other receivables" and liabilities included under "Other non-current financial liabilities", "Other current financial liabilities", "Leases" and "Trade payables":

	Non-current financial assets							
	Equity instruments		Other financial assets		Derivatives		Total	
Category	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24
Assets at fair value through the consolidated income statement	40	40	0	0	471	264	**511**	**304**
Assets at amortised cost	0	0	8,045	7,499	0	0	**8,045**	**7,499**
Hedging derivatives	0	0	0	0	669	914	**669**	**914**
Total	**40**	**40**	**8,045**	**7,499**	**1,140**	**1,178**	**9,225**	**8,717**

	Current financial assets							
	Equity instruments		Other financial assets		Derivatives		Total	
Category	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24
Assets at fair value through the consolidated income statement	0	0	0	0	300	613	**300**	**613**
Assets at amortised cost	0	0	978	1,265	0	0	**978**	**1,265**
Hedging derivatives	0	0	0	0	99	389	**99**	**389**
Total	**0**	**0**	**978**	**1,265**	**399**	**1,002**	**1,377**	**2,267**

Category	Non-current financial liabilities									
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Derivatives		Total	
	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24
Liabilities at fair value through the consolidated income statement	0	0	0	0	0	0	710	220	**710**	**220**
Liabilities at amortised cost	14,741	14,427	27,938	26,158	401	485	0	0	**43,080**	**41,070**
Hedging derivatives	0	0	0	0	0	0	734	904	**734**	**904**
Total	**14,741**	**14,427**	**27,938**	**26,158**	**401**	**485**	**1,444**	**1,124**	**44,524**	**42,194**

Category	Current financial liabilities									
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Derivatives		Total	
	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24	30.06.25	31.12.24
Liabilities at fair value through the consolidated income statement	0	0	0	0	0	0	313	425	**313**	**425**
Liabilities at amortised cost	2,313	3,757	8,734	10,048	78	103	0	0	**11,125**	**13,908**
Hedging derivatives	0	0	0	0	0	0	330	442	**330**	**442**
Total	**2,313**	**3,757**	**8,734**	**10,048**	**78**	**103**	**643**	**867**	**11,768**	**14,775**

The IBERDROLA Group's General Terms of Risk Control and Management described in its consolidated financial statements for the year ended 31 December 2024 (and the Risk Guidelines implementing and further specifying those Terms) remain in full effect as of the date of authorisation for issue of these condensed consolidated interim financial statements, with the review and approval process for 2025 having been successfully completed.

The fair value of "Bank borrowings, bonds or other marketable securities" under current and non-current liabilities in the IBERDROLA Group's consolidated statement of financial position at 30 June 2025 and 31 December 2024 amounts to EUR 53,532 and 53,570 million, respectively. The carrying amount is EUR 53,726 and 54,390 million, respectively. Said value is classified as Level 2 of the valuation hierarchy. The fair value of the remaining financial instruments does not differ significantly from their carrying amount.

The IBERDROLA Group recognises derivative financial instruments at fair value and classifies them into three levels:

- Level 1: assets and liabilities quoted in liquid markets.
- Level 2: assets and liabilities whose fair value is determined using valuation techniques that rely on observable market assumptions.
- Level 3: assets and liabilities whose fair value is determined using valuation techniques that do not rely on observable market assumptions.

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

sin dato	Value at 30.06.2025	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	**1,539**	14	1,199	326
Derivative financial instruments (financial liabilities)	**(2,087)**	0	(1,162)	(925)
Total	**(548)**	**14**	**37**	**(599)**

sin dato	Value at 31.12.2024	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	**2,180**	21	1,576	583
Derivative financial instruments (financial liabilities)	**(1,991)**	(2)	(1,256)	(733)
Total	**189**	**19**	**320**	**(150)**

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

sin dato	2025	2024
Balance at 1 January	**(150)**	**(149)**
Modification of the consolidation scope (Note 5)	(444)	0
Income and expense recognised in the consolidated income statement	15	(29)
Income and expense recognised in equity	(53)	(71)
Purchases	0	11
Sales and settlements	10	(2)
Translation differences	24	(6)
Transfers outside Level 3	(1)	0
Balance at 30 June	**(599)**	**(246)**

The fair value of Level 3-classified financial instruments has been determined using the discounted cash flow method. Projections of these cash flows include assumptions not observable in the market, and largely relate to the consideration of credit risk and purchase and sale price estimates that the Group routinely uses, based on its experience in the markets in which it operates.

None of the possible foreseeable scenarios of the assumptions given would result in a material change in the fair value of the financial instruments classified at this level.

To measure derivatives not traded on an organised market, the IBERDROLA Group uses assumptions based on market conditions at year end. More precisely:

- the fair value of interest rate swaps is calculated as the value discounted at market interest rates of the interest rate swap contract spread;
- in the case of currency futures, it is measured discounting the future cash flows calculated using the forward exchange rates at year end; and
- the fair value of contracts to trade non-financial items falling under the scope of IFRS 9 — "Financial Instruments" is calculated on the basis of the best estimate of future price curves for the underlying non-financial items at the year-end, using, wherever possible, prices established on futures markets.

These measurement models take into account the risks of the asset or liability, including the credit risk of both the counterparty (Credit Value Adjustment) and the entity itself (Debit Value Adjustment). The credit risk is calculated according to the following parameters:

- Exposure at default: the amount of the risk arising at the time of non-payment by a counterparty, taking into account any collateral or compensation arrangements connected to the transaction.

- Probability of default: the probability that a counterparty will breach its obligations to pay the principal and/or interest, depending mainly on the features of the counterparty and its credit rating.

- Loss given default: the estimated loss in the event of default.

10. Cash and cash equivalents

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

Sin dato	30.06.2025	31.12.2024
Cash	1,015	1,976
Other equivalent liquid assets	1,350	2,106
Total	**2,365**	**4,082**

Other cash equivalents mature or expire within a period of less than three months and bear market interest rates. There are no restrictions on cash withdrawals for significant amounts.

11. Equity

Subscribed capital

Changes in the share capital of IBERDROLA over the six-month period ended 30 June 2025 and financial year 2024 are as follows:

Sin dato	Date of filing at the Commercial Registry	% Capital	Number of shares	Par value	Euros
Balance at 01.01.2024			**6,350,278,000**	**0.75**	**4,762,708,500**
Scrip issue	6 February 2024	1.150 %	73,021,000	0.75	54,765,750
Reduction in share capital	3 July 2024	2.854 %	(183,299,000)	0.75	(137,474,250)
Scrip issue	26 July 2024	1.991 %	124,251,000	0.75	93,188,250
Balance at 31.12.2024			**6,364,251,000**	**0.75**	**4,773,188,250**
Scrip issue	5 February 2025	1.199 %	76,310,000	0.75	57,232,500
Balance at 30.06.2025			**6,440,561,000**	**0.75**	**4,830,420,750**

On 30 January 2025, the second application of the scrip issue (bonus share issue) took place, having been approved by the shareholders at the General Shareholders' Meeting of IBERDROLA on 17 May 2024, under item 13 on the agenda, and used to implement the *Iberdrola Retribución Flexible* optional dividend system.

During the established period, the holders of 1,938,270,918 shares opted to receive the Interim Dividend (EUR 0.231 gross per share). Thus, the gross amount paid out under the Interim Dividend was EUR 448 million. As a result, those shareholders expressly waived 1,938,270,918 free-of-charge allocation rights and, therefore, the right to receive 33,418,464 new shares.

The shareholders acting at the General Shareholders' Meeting held on 30 May 2025 approved, under item 7 of the agenda, the engagement dividend and its payment to all shareholders entitled to participate in the General Meeting (i.e. with shares registered in their name on 23 May), having fulfilled all conditions to which payment of the dividend was subject, i.e. the approval of the dividend itself (under item 7 of the agenda), and that a quorum of 70% of share capital was reached. The dividend amounted to EUR 31 million (EUR 0.005 gross per share) and was paid on 2 June 2025.

There were no changes to IBERDROLA's share capital other than those resulting from the transactions described above. There are no claims on IBERDROLA's share capital other than those established by the Spanish Companies Act (*Ley de Sociedades de Capital*).

Valuation adjustments

Changes during the periods ended 30 June 2025 and 30 June 2024, in millions of euros, are as follows:

	01.01.2025	Modification of the consolidation scope (Note 5)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to the income statement	30.06.2025
Valuation adjustments of equity-accounted investees (net of tax):	**22**	**0**	**(3)**	**0**	**0**	**19**
Cash flow hedging:						
Interest rate swaps (Note 8)	719	1	19	0	(308)	431
Commodities derivatives	161	0	(68)	0	(108)	(15)
Currency forwards	(84)	1	(55)	18	(4)	(124)
Other	(293)	0	110	0	29	(154)
Hedging costs:	**(3)**	**0**	**(57)**	**0**	**56**	**(4)**
Tax effect:	**(148)**	**(1)**	**16**	**(5)**	**90**	**(48)**
Total	**374**	**1**	**(38)**	**13**	**(245)**	**105**

Sin dato	01.01.2024	Modification of the consolidation scope (Note 20)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to the income statement	30.06.2024
Valuation adjustments of equity-accounted investees (net of tax):	17	0	(2)	0	0	**15**
Cash flow hedging:						
Interest rate swaps	360	0	218	0	(11)	567
Commodities derivatives	4	7	(66)	0	225	170
Currency forwards	(64)	(5)	(49)	4	14	(100)
Other	(281)	0	(76)	0	11	(346)
	19	**2**	**27**	**4**	**239**	**291**
Hedging costs:	**(3)**	**0**	**(35)**	**0**	**40**	**2**
Tax effect:	**(31)**	**0**	**5**	**(1)**	**(67)**	**(94)**
Total	**2**	**2**	**(5)**	**3**	**212**	**214**

Treasury shares

The IBERDROLA Group buys and sells treasury shares in accordance with prevailing law and the resolutions of the shareholders at a General Shareholders' Meeting. Such transactions include purchases and sales of company shares and derivatives thereon.

At 30 June 2025 and 31 December 2024 the balances of the various instruments are as follows (in millions of euros):

Sin dato	30.06.2025		31.12.2024	
	Number of shares	Millions of euros	Number of shares	Millions of euros
Treasury shares held by IBERDROLA	200,561,074	2,690	90,376,098	1,140
Treasury shares held by SCOTTISHPOWER	630,344	8	642,598	8
Total return swaps	10,000,000	109	13,212,427	143
Put options sold	6,000,000	88	83,143,313	1,027
Accumulators (potential shares)	26,453,700	386	0	0
Total	**243,645,118**	**3,281**	**187,374,436**	**2,318**

Physically settled derivatives

The IBERDROLA Group recognises these transactions directly in equity under the "Treasury shares" heading and records a liability for the obligation to purchase said shares under the "Current financial liabilities – Bank borrowings, bonds or other marketable securities" and "Non-current financial liabilities – Bank borrowings, bonds or other marketable securities" headings of liabilities of the consolidated statement of financial position.

- Total return swap

The IBERDROLA Group has swaps on treasury shares in which it pays the financial entity the 3-month Euribor plus a spread on the underlying notional and will receive the corresponding dividends with respect to the shares paid out to the financial entity over the life of the contract. On the expiration date IBERDROLA buys the shares at the strike price set out in the contract.

The key features of these contracts at 30 June 2025 and 31 December 2024 are as follows:

30.06.2025	Number of shares	Strike price	Maturity date	Interest rate	Millions of euros
Total Return Swap	10,000,000	10,9361	23/7/25	Euribor 3M + 0.49%	109
Total	**10,000,000**				**109**

31.12.2024	Number of shares	Strike price	Maturity date	Interest rate	Millions of euros
Total Return Swap	3,212,427	7.472	15/11/2025	Euribor 3M + 0.49%	24
Total Return Swap	10,000,000	11.893	23/07/2025	Euribor 3M + 0.47%	119
Total	**13,212,427**				**143**

- Sold put with physical settlement

The Group has sold put options on treasury shares that grant the counterparty the option to sell these shares on the exercise date at the strike price set in the contract.

The key features of these contracts at 30 June 2025 and 31 December 2024 are as follows:

30.06.2025	Number of shares	Average strike price	Maturity date	Millions of euros
Put option	6,000,000	13.7000	19/09/2025	88

31.12.2024	Number of shares	Average strike price	Maturity date	Millions of euros
Put option	83,143,313	12.352	17/01/2025 to 20/06/2025	1,027

Accumulators on own shares

The IBERDROLA Group holds several accumulators on treasury shares. These accumulators are essentially forward purchase obligations with zero notional at the inception date, where the number of shares to be accumulated depends on the price on a series of observation dates over the life of the options (daily in this case). A strike price and a level or barrier are set at which the structure is deactivated and no longer accumulates shares.

The accumulation mechanism is as follows:

– when the quoted price is below the strike price of the structure, two units of the underlying are accumulated;

- when the quoted price is between the strike price and the barrier, only one unit of the underlying asset is accumulated; and
- when the price is above the barrier, there is no accumulation.

The key features of these contracts as at 30 June 2025 are described below, with no outstanding contracts as at 31 December 2024:

30.06.2025	Number of shares	Average strike price	Maturity date	Millions of euros
Potential maximum [(1)]	26,453,700	14.5893	31/12/25	386

[(1)] Maximum number of additional shares that could be accumulated under the mechanism described above until the structures expire (assuming that the spot price over the remaining life of the structure always remains below the strike price).

Translation differences

During the six-month period ended 30 June 2025, the reduction of EUR 3,321 million in the balance of "Translation differences" in the consolidated statement of financial position is mainly due to the depreciation of the US dollar against the euro, which led to a reduction of EUR 2,845 million in equity during the period.

Perpetual subordinated bonds

On 7 January 2025, Iberdrola International, B.V. decided to repurchase a perpetual subordinated bond issue carried out in 2019 (with the subordinated guarantee of Iberdrola, S.A.) for a total amount of EUR 800 million. The repurchase took place on 7 February 2025.

The balance of perpetual subordinated bonds at 30 June 2025 and 31 December 2024 amounted to EUR 8,250 million and EUR 9,050 million, respectively.

12. Long-term compensation plans

Share-based long-term compensation plans

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

The key features of the plans are outlined below:

Long-term compensation programme	Settled in shares	Measurement period	Settlement period	Maximum number of beneficiaries	Maximum number of shares	Level of achievement
IBERDROLA 2020-2022	Iberdrola	2020-2022	2023-2025	300	14,000,000 (1)	100% (2)
NEOENERGIA 2020-2022	Neoenergia	2020-2022	2023-2025	125	3,650,000	80% (3)

(1) Includes shares relating to executives who are also directors.

(2) On 21 February 2023, the Board of Directors, at the proposal of the Remuneration Committee, resolved to settle the 2020-2022 Strategic Bond with level of achievement of 100%. As a result, and following verification of the relevant requirements, the third and last of the three annual settlements was made in the first half of 2025, involving the delivery of 4,167,910 shares.

(3) On 15 February 2023, the Board of Directors of Neoenergia, at the proposal of the Remuneration Committee, resolved to settle the NEOENERGIA Long-Term Incentive Programme 2020-2022 with a level of achievement of 80%. As a result, and following verification of the relevant requirements, the third and last of the three annual settlements was made in the first half of 2025, involving the delivery of 889,071 shares.

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

The key features of the plan are summarised below:

Long-term compensation programme	Settled in shares	Measurement period	Settlement period	Maximum number of beneficiaries	Maximum number of shares	Expected shares (3)
IBERDROLA 2023-2025 (1)	IBERDROLA	2023-2025	2026-2028	300	14,000,000 (2)	8,547,468 (2)

(1) Approval by the shareholders at the General Shareholders' Meeting of Iberdrola, S.A. in 2023.

(2) Includes shares relating to executives who are also directors.

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

Cash-based long-term compensation plans

Cash-based long-term compensation plans in the measurement period

The key features of the plan are summarised below:

Long-term compensation programme	Measurement period	Settlement period	Maximum number of beneficiaries	Level of achievement
AVANGRID 2020-2022 (1)	2020-2022	2023-2025	300	65% (2)

(1) On 23 December 2024, Avangrid was delisted from the New York Stock Exchange and transitioned to operating as a private company. Consequently, the share-based plan was cancelled and replaced with a cash-based plan, setting the share price at USD 35.75. The third and last of the three annual settlements was made during the first half of 2025, once compliance with the relevant requirements had been confirmed.

(2) Degree of fulfilment and settlement approved by the Board of Directors of Avangrid upon the proposal of the Compensation, Nominating and Corporate Governance Committee (CNCGC).

Cash-based long-term compensation plans in the measurement period

The key features of the plans are as follows:

Long-term compensation programme	Measurement period	Settlement period	Maximum number of beneficiaries
NEOENERGIA 2023-2025 (1)	2023-2025	2026-2028	70
AVANGRID 2023-2025 (2)	2023-2025	2026-2028	125

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

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

13. Litigation payments

Litigation payments of EUR 24 million and EUR 51 million were made, respectively, during the six-month periods ended 30 June 2025 and 30 June 2024.

14. Provision for pensions and similar obligations

At 30 June 2025, the IBERDROLA Group concluded that, at that date, there were no significant changes in the assumptions previously relied on to measure its pension obligations at 31 December 2024.

At 30 June 2024, the IBERDROLA Group concluded that, at that date, there had been no significant changes in the assumptions previously relied on to measure its pension obligations at 31 December 2023.

15. Bank borrowings, bonds or other marketable securities

Details of bank borrowings, bonds or other marketable securities outstanding, once foreign exchange hedges are considered, in millions of euros, are as follows:

	30.06.2025	31.12.2024
In euros		
Long-term and medium-term bonds	11,153	12,068
Commercial paper	4,346	3,829
Loans and drawdowns of credit facilities	9,099	8,535
Other financing transactions	612	1,204
Unpaid accrued interest	253	202
	25,463	**25,838**
In foreign currency		
US dollars	12,393	14,631
Pounds sterling	7,279	5,107
Brazilian reais	7,683	7,987
Other	506	521
Unpaid accrued interest	402	306
	28,263	**28,552**
Total	**53,726**	**54,390**

The most significant financing transactions carried out by the IBERDROLA Group during the six months ended 30 June 2025 were as follows:

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
First quarter						
NYSEG Storm Funding, LLC	Public bond (Securitisation)	Feb-25	225	USD	4.71%	May-31
NYSEG Storm Funding, LLC	Public bond (Securitisation)	Feb-25	225	USD	4.87%	May-34
NYSEG Storm Funding, LLC	Public bond (Securitisation)	Feb-25	261	USD	5.16%	May-37
RG&E Storm Funding, LLC	Public bond (Securitisation)	Feb-25	75	USD	4.93%	May-37
Iberdrola Finanzas	Green public bond	Mar-25	400	EUR	1.50%	Mar-30
Iberdrola Financiación (3)	EIB green loan	Jan-25	200	EUR		To be determined
Iberdrola Financiación	Sustainable bilateral loan	Mar-25	151	USD		Mar-32
Second quarter						
Neoenergia Coelba (2)	Green public bond (debenture)	Apr-25	700	BRL	CDI - 0.49%	Apr-32
Neoenergia Elektro (2)	Green public bond (debenture)	Apr-25	700	BRL	CDI - 0.49%	Apr-32
Neoenergia Pernambuco (2)	Green public bond (debenture)	Apr-25	700	BRL	CDI - 0.49%	Apr-32
Iberdrola Finanzas	Green public bond	May-25	750	EUR	3.500%	May-35
Iberdrola Financiación (3)	EIB green loan	Apr-25	58	EUR		To be determined
Iberdrola Financiación (3)	EIB green loan	Apr-25	50	EUR		To be determined
Iberdrola Financiación	Green syndicated loan	Apr-25	900	EUR		Oct-30
Iberdrola Financiación	Sustainable bilateral loan	May-25	121	EUR		May-31
Neoenergia Elektro (1)	Green loan 4131	May-25	36	USD		May-28
Iberdrola Financiación	Sustainable bilateral loan	Jun-25	15	EUR		Jun-30
Iberdrola Financiación	Green development bank loan (NWF)	Apr-25	600	GBP		Oct-40

(1) Currency swap contracts for the company's currency.
(2) Terms of the transactions, including interest rate swaps.
(3) Financing expected to be drawn down in 2025–2026.

The most significant extensions arranged by the IBERDROLA Group during the six months ended 30 June 2025 were as follows:

Borrower	Transaction	Extension signature date	Millions	Currency	Option to extend	Maturity
Rochester Gas & Electric	Tax relief bond	June 2025	50	USD	0	May-32
Rochester Gas & Electric	Tax relief bond	June 2025	11	USD	0	May-32
Rochester Gas & Electric	Tax relief bond	June 2025	92	USD	0	Aug-32

At 30 June 2025 and at the date of authorisation for issue of these condensed consolidated interim financial statements, the IBERDROLA Group was fully up to date on all its financial debt payments and there had been no circumstances affecting the change of control or adverse changes in its credit quality or other similar circumstances. Therefore, it had not been necessary to meet the early maturity of the debt or modify the cost related to the loans held by it, or to change the classification of current and non-current payables as set out in the consolidated statement of financial position.

At 30 June 2025, the IBERDROLA Group had undrawn loans and credit facilities amounting to EUR 16,618 million. Additionally, at 30 June 2025 there were current cash deposits which, due to their contractual terms, the IBERDROLA Group included in its liquidity position as at that date. The following table provides a breakdown by maturity of the liquidity position at 30 June 2025, based on the balance of the “Cash and cash equivalents” heading of the consolidated statement of financial position and current financial assets (between 3 and 12 months), in millions of euros:

Sin dato	Available
Available maturity	
2025 – first half of 2026	263
Second half of 2026 – 2027	4,185
2028 and beyond	12,170
Total	**16,618**
Short-term financial investments (between 3 and 12 months)	16
Cash and cash equivalents	2,365
Liquidity position	**18,999**

16. Income and expenses

16.1 Revenue

The table below shows details of this caption in the consolidated income statement for the six-month periods ended 30 June 2025 and 30 June 2024, by category and segment (Note 6), in millions of euros:

30.06.2025	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
In regulated markets	**1,694**	**1,166**	**3,929**	**361**	**3,363**	**0**	**(1)**	**10,512**
Electricity	1,694	1,166	2,901	361	3,363	0	(1)	9,484
Gas	0	0	1,028	0	0	0	0	1,028
In non-regulated markets	**6,517**	**2,764**	**792**	**285**	**177**	**1,305**	**(495)**	**11,345**
Electricity	5,730	1,624	643	285	173	1,286	(515)	9,226
Gas	420	957	0	0	0	8	4	1,389
Other	367	183	149	0	4	11	16	730
Income from construction contracts	**0**	**0**	**0**	**0**	**709**	**0**	**0**	**709**
Income from lease contracts	**0**	**0**	**0**	**0**	**0**	**0**	**15**	**15**
Valuation and inefficiencies of commodities derivatives	**119**	**0**	**3**	**0**	**0**	**33**	**7**	**162**
Total	8,330	3,930	4,724	646	4,249	1,338	(474)	22,743

30.06.2024	Spain	United Kingdom	United States	Mexico	Brazil	IEI	Corporation and adjustments	Total
In regulated markets	**1,686**	**875**	**3,225**	**328**	**3,699**	**0**	**(1)**	**9,812**
Electricity	1,686	875	2,416	328	3,699	0	(1)	9,003
Gas	0	0	809	0	0	0	0	809
In non-regulated markets	**6,341**	**3,355**	**775**	**624**	**172**	**827**	**(226)**	**11,868**
Electricity	5,573	2,172	643	624	168	809	(222)	9,767
Gas	403	992	0	0	0	2	(2)	1,395
Other	365	191	132	0	4	16	(2)	706
Income from construction contracts	**1**	**0**	**0**	**0**	**769**	**0**	**0**	**770**
Income from lease contracts	**0**	**0**	**0**	**0**	**0**	**0**	**13**	**13**
Valuation and inefficiencies of commodities derivatives	**127**	**0**	**17**	**0**	**0**	**31**	**(1)**	**174**
Total	**8,155**	**4,230**	**4,017**	**952**	**4,640**	**858**	**(215)**	**22,637**

30.06.2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other businesses, Corporation and adjustments	Total
Supplies In regulated markets	**9,579**	**227**	**1,029**	**(323)**	**10,512**
Electricity	8,551	227	1,029	(323)	9,484
Gas	1,028	0	0	0	1,028
Supplies and other revenues in non-regulated markets	**8**	**4,730**	**10,024**	**(3,417)**	**11,345**
Electricity	0	4,111	8,028	(2,913)	9,226
Gas	0	0	1,621	(232)	1,389
Other	8	619	375	(272)	730
Income from construction contracts	**709**	**0**	**0**	**0**	**709**
Income from lease contracts	**0**	**0**	**0**	**15**	**15**
Valuation of commodities derivatives	**0**	**36**	**126**	**0**	**162**
Total	**10,296**	**4,993**	**11,179**	**(3,725)**	**22,743**

30.06.2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other businesses, Corporation and adjustments	Total
Supplies In regulated markets	**8,919**	**255**	**1,090**	**(452)**	**9,812**
Electricity	8,110	255	1,090	(452)	9,003
Gas	809	0	0	0	809
Supplies and other revenues in non-regulated markets	**7**	**4,604**	**10,487**	**(3,230)**	**11,868**
Electricity	0	3,995	8,590	(2,818)	9,767
Gas	0	0	1,530	(135)	1,395
Other	7	609	367	(277)	706
Income from construction contracts	**770**	**0**	**0**	**0**	**770**
Income from lease contracts	**0**	**0**	**0**	**13**	**13**
Valuation of commodities derivatives	**0**	**45**	**129**	**0**	**174**
Total	**9,696**	**4,904**	**11,706**	**(3,669)**	**22,637**

16.2. Taxes other than income tax

The following significant events occurred in the six-month period ended 30 June 2025:

16.2.1 Spain

- Tax on the Value of Electricity Production, regulated in Law 15/2012.

  Royal Decree-Law 12/2021 introduced a temporary suspension of this tax. This suspension was extended, through several renewals, during financial years 2022 and 2023. Royal Decree-Law 8/2023 ended the suspension with effect from 1 January 2024, with a reduction of 50% applied in the first quarter and 25% in the second quarter. The tax is fully applicable in financial year 2025.

  The amount recorded by the IBERDROLA Group in the six-month period ended 30 June 2025 totalled EUR 164 million, as against the amount of EUR 94 million recognised at 30 June 2024.

- Fee for use of water systems for electricity production, regulated in Royal Legislative Decree 1/2001.

  The Supreme Court annulled the application of this fee through various 2021 judgments. Following a reform to its regulation through Law 7/2022, it was reintroduced with effects in financial year 2022. However, doubts were raised from the outset regarding its effective application in that period, owing to the absence of transitional provisions for its reintroduction. The IBERDROLA Group therefore appealed against the application of the fee in said financial year 2022.

A range of administrative rulings in favour of non-application of the fee in 2022 were issued in 2024. This had a positive effect in the amount of EUR 79 million, corresponding to the right to reimbursement of the amounts paid for financial year 2022 (practically all of these amounts have now been reimbursed).

The respective expenses recognised for this item in the six-month periods ended 30 June 2025 and 30 June 2024 were EUR 140 million and EUR 85 million (EUR 164 million as expense and EUR 79 million as income, owing to the reimbursement of the 2022 fees).

- Tax on the production of combustible nuclear waste and radioactive waste resulting from nuclear power generation, established in Law 15/2012.

  The respective costs of this tax in the six-month periods ended 30 June 2025 and 30 June 2024 were EUR 56 million and EUR 61 million.

- Rates for the financing of costs corresponding to ENRESA's management of radioactive waste and spent fuel generated at nuclear power plants, regulated in Law 54/1997 (as provided for in Royal Decree-Law 6/2009).

  Although several rates are applied for the financing of these costs, the most significant is imposed on the operating nuclear power plants, which are subject to a rate base made up of the gross nuclear power generated by each of the plants in each calendar month, measured in gross kilowatt hours (kWh) and rounded down to the lower whole number.

  With effect from 1 July 2024, the entry into force of Royal Decree 589/2024 increased this rate from 0.798 euro cents per kWh to 1.036 euro cents per kWh (an increase of 29.82%).

  These rates represented expenses of EUR 118 million and EUR 86 million, respectively, as the best available estimate, for the six-month periods ended 30 June 2025 and 30 June 2024.

- Temporary energy levy provided for in Law 38/2022.

  This item, which was calculated by applying a percentage of 1.2% to the revenue generated by the activity in Spain in the calendar year preceding the year in which the obligation arises, was discontinued in financial year 2025. The amount recorded by the IBERDROLA Group in the six-month period ended 30 June 2024 totalled EUR 157 million, and the amount ultimately paid totalled EUR 132 million following the exclusion from the levy base of certain income recognised in the course of the general inspection regarding the levy paid in 2023.

16.2.2 United Kingdom

- In the United Kingdom, energy efficiency schemes in the domestic sector through the ECO, Fuel Poverty and WHD schemes, which respectively accounted for EUR 115 million and EUR 125 million in the six-month periods ended 30 June 2025 and 30 June 2024;

- In the United Kingdom, a windfall tax on generation was introduced in the second half of financial year 2023, levying a 45% charge on unit revenue from generation exceeding £75/MWh. The respective amounts recognised for this item in the six-month periods ended 30 June 2025 and 30 June 2024 were EUR 23 million and EUR 91 million.

17. Income tax expense

Pursuant to IAS 34 — Interim Financial Reporting, the amount included under "Income tax" in the consolidated income statement for the six-month periods ended 30 June 2025 and 30 June 2024 has been calculated on the basis of the best estimate of the expected tax rate for the corresponding annual periods.

Iberdrola, S.A. is the parent of two tax consolidation groups in Spain: group 2/86, in the common territory, and group 02415BSC, in the tax region of Biscay. It is currently part of the latter group.

The table below shows how the accrued income tax expense was determined for the six months ended 30 June 2025 and 30 June 2024, in millions of euros:

	30.06.2025	30.06.2024
Consolidated profit/(loss) from continuing operations before tax	**4,850**	**6,021**
Consolidated profit/(loss) from discontinued operations before tax	**(10)**	**(12)**
Consolidated profit/(loss) before tax	**4,840**	**6,009**
Non-deductible expenses and non-taxable income	(112)	(212)
Profit/(loss) of equity-accounted investees	(48)	(10)
Adjusted accounting profit(/loss) (a)	**4,680**	**5,787**
Gross tax calculated at the applicable tax rate in each country (b)	**1,194**	**1,596**
Tax deductions due to reinvestment of windfall profits and other tax credits (c)	(65)	(84)
Adjustment of income tax expense from previous financial years (*)	(125)	2
Adjustment of deferred tax assets and liabilities	(45)	54
Other	17	38
Accrued income tax (income)/expense	**976**	**1,606**
Accrued income tax from continuing operations (income)/expense	**978**	**1,609**
Accrued income tax from discontinued operations (income)/expense	**(2)**	**(3)**
Effective tax rate (b+c)/a	**24.12%**	**26.13%**

(*) This fundamentally includes the tax impact arising from the exclusion from the income tax base, once confirmed, of the discount to present value corresponding to the PIS/COFINS credits recorded at the distributors of the Neoenergia Group and generated by the exclusion of ICMS from the tax base for the aforementioned taxes.

Global Minimum Tax – Top-Up Tax

As a large multinational group, the IBERDROLA Group is subject to model rules against base erosion of Pillar II (also known as GloBE rules) approved by the Inclusive Framework of the Organisation for Economic Cooperation and Development (OECD)/G20 on Base Erosion and Profit Shifting of 14 December 2021, which were signed by the Member States of the European Union, among many other signatories.

Under these model rules, the Group is required, if applicable, to pay a top-up tax on profits earned in any tax jurisdiction where its effective tax rate, calculated at the jurisdictional level and in accordance with those rules, is lower than a minimum of 15%.

The legislation implementing the model rules has been approved, or is at an advanced stage of approval, in many of the jurisdictions in which IBERDROLA has a presence.

In Spain, the country of the group's parent company, Directive (EU) 2022/2523 of the Council of 15 December 2022 was transposed into Spanish law, mainly and in terms of the elements affecting IBERDROLA, by means of Law 7/2024, of 20 December, and the Regulation of the Region of Biscay 4/2004 of 27 December.

According to the aforementioned legal provisions, the first financial year in which the new global minimum tax obligations were effective for the IBERDROLA Group was 2024, and it is subject to the Biscay regional regulation. However, the regulation established in Law 7/2024 will apply on an interim basis until the regional regulations have been developed. The tax self-assessment for this first period must be filed in July 2026.

As a result of the calculations performed for this purpose, IBERDROLA does not expect a significant economic impact from the application of the model rules, pursuant to the alternative or simultaneous existence of the following circumstances in each of the jurisdictions in which it operates: an effective tax rate very close to or higher than 15%; substantial presence of personnel and property, plant and equipment giving rise to the exclusion of income subject to minimum taxation; or insignificant amounts of income and profits. As a result, the consolidated income statement for this period does not include any current tax expense impact arising from this regulation.

There is currently widespread uncertainty about the impact of the GloBE rules on the deferred tax assets and liabilities of the entities subject to them. Therefore, the amendments to IAS 12 issued by the IASB in May 2023 to adjust it to the model rules provide for a temporary exception to the new requirements of IAS 12 in this respect. IBERDROLA applies this temporary exception to these consolidated financial statements.

Administrative proceedings

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

All of the Group's actions have been analysed by its internal and external advisors, both for this financial year and for preceding years, and they have found that these actions have been carried out in accordance with the law and are based on a reasonable interpretation of tax law. The occurrence of contingent liabilities is also analysed. The Group's general approach is to record provisions for tax litigation when there is a probable risk of an outcome detrimental to the Group's interests, while it does not record such provisions when the risk is possible or remote.

Ongoing tax inspections at the reporting date in June 2025 depend on the tax law applicable in each country, but no material impacts arising therefrom not already included in these financial statements are expected.

Administrative proceedings in Spain

On 25 January 2024, the Tax and Customs Unit of the AEAT's Office for Large Taxpayers notified Iberdrola, S.A. of the initiation of verification and investigation proceedings for the temporary energy levy corresponding to 2023, in its capacity as a main operator in the energy sector, in accordance with the decisions of the National Commission for Markets and Competition of 10 December 2020, 16 December 2021 and 9 June 2020, as referred to in Article 1.1 of Law 38/2022.

In the course of this general inspection, IBERDROLA requested the exclusion of certain income from the levy base, fundamentally corresponding to expenses borne by the distributors' retail supply companies to be passed onto the end customer, equivalent to those arising from the regulated activities exempt from the levy. It also requested the rectification of the self-assessments filed in relation to such levy on the grounds that the laws creating and regulating it were unconstitutional and in violation of European Union law, seeking the reimbursement of all sums paid and the relevant late-payment interest. As a result of the inspection proceedings, an order was issued for the reimbursement of an amount of EUR 33 million plus late-payment interest. The income associated with this reimbursement reduced the effective expense corresponding to this levy in financial year 2024.

In January 2025, the Company was notified of the settlement notice confirming the assessment signed in protest initiated in July 2024, which accepted the request for exclusion of the relevant income from the tax base and reimbursement of the sums paid and the relevant interest, but rejected the request for complete rectification on the grounds that the Tax Agency is not competent to assess the alignment of the law that created the levy with the Spanish and/or European Union legal system, or to refer a request for clarification of constitutionality to the Constitutional Court or a preliminary question to the Regional High Court in this respect. The amount of the levy paid by IBERDROLA in 2024 was EUR 132 million, having already excluded from the levy base for that financial year the income that was recognised as excluded in the course of the general inspection relating to the levy paid in 2023.

IBERDROLA filed a request for rectification of the self-assessments filed and paid in relation to the levy for financial year 2024, similarly to the request filed for 2023. The rectification procedure initiated following the filing of that request concluded as a result of the notification on 17 March 2025 of the commencement of general verification and investigation proceedings concerning the temporary energy levy corresponding to 2024. An assessment was signed in protest on 8 July as a result of the inspectorate not accepting the request for rectification of self-assessments, referring again to a lack of competence to assess the alignment of the law that created the levy with the legal system.

Moreover, in May 2024, the Tax and Customs Unit of the AEAT's Office for Large Taxpayers notified Iberdrola Energía España, S.A. and Iberdrola S.A. of the initiation of general verification and investigation proceedings in relation to income tax and VAT for financial years 2018 to 2020, in their capacity as individual companies and representatives of Income Tax Group 2/86 and VAT Group 0220/08, respectively. The proceedings are currently ongoing.

Administrative proceedings in other countries

- As a large taxpayer at both federal and state level in the United States, the Avangrid Group is currently subject to various tax inspection procedures regarding other taxes.

- In the United Kingdom, ScottishPower has been assigned low-risk taxpayer status by HM Revenue and Customs (HMRC). There are currently no ongoing general inspection procedures.

- In Mexico, in financial year 2020 and subsequent years, the Mexican tax authority (SAT) initiated numerous inspection procedures in relation to several Group companies.

  In February 2024, after receiving authorisation from the Mexican Federal Economic Competition Commission (COFECE) and having fulfilled the remaining conditions precedent agreed between the parties, the transfer of electricity generation assets (12 combined cycle plants and a wind farm with an installed capacity of 8,539 MW) to Grupo Financiero Actinver, in its capacity as trustee, was completed under an Irrevocable Trust Agreement, administered by Mexico Infrastructure Partners FF, S.A.P.I. de C.V.

  The purchaser assumed the outcome of ongoing (and future) tax inspections associated with the transferred companies.

  During the first half of 2025, there has been very positive progress in the majority of the inspections and appeals that remained open at year-end 2024. Appeals have been upheld, where applicable, and new settlement notices issued without observations, following certain minor self-corrections made by some of the companies that do not have a significant impact on results.

  The only notices that remain subject to challenge on appeal are the settlement notices issued to the engineering subsidiary following the 2017 income tax inspection and to Iberdrola Energía Noroeste, S.A. de C.V. following the sales tax inspection regarding financial year 2020. Positive progress is also expected in relation to these notices before financial year-end.

- Brazil is notable as a highly litigious jurisdiction and a range of tax inspections are ongoing, reflecting the country's tax and administrative structure and the customary conduct of the tax authorities. However, in general, very few of these proceedings are settled in favour of the tax authorities.

The IBERDROLA Group's directors and tax advisors believe that the aforementioned issues will not give rise to further material liabilities for the Group beyond those already recognised at 30 June 2025.

Tax litigation

Tax litigation in Spain

Tax litigation financial years 2008 to 2011

In June 2020, IBERDROLA was notified of the rulings of the Central Tax Appeals Board (TEAC) regarding the claims filed in relation to the tax assessments signed in protest in 2016, corresponding to the general inspection proceedings regarding the tax consolidation group in the common territory (no. 2/86) for financial years 2008 to 2011, which concerned both income tax and VAT.

The TEAC ruling on VAT was favourable to the interests of IBERDROLA (annulling the Inspectorate's assessments and settlements), while the rulings on income tax were unfavourable.

IBERDROLA filed contentious-administrative appeals before the National High Court in response to the latter rulings on 7 July 2020.

The main adjustments included in the settlement notices arising from the income tax assessments signed in protest relate to the quantification of financial goodwill subject to tax amortisation due to the acquisition of ScottishPower, the elimination of the exemption for dividends of ScottishPower due to the inspectorate finding it incompatible with an adjustment in portfolio value due to hedging of net investment, differences in tax consolidation criteria and possible existence of a transaction involving a change of debtor in certain bond issues, due to the circumstances set out in Article 15.1 of the General Tax Act. These appeals are pending before the National High Court.

In relation to this latter matter, on 28 November 2024, the National High Court upheld the appeal concerning the dispute over the settlements dated 30 September 2016 issued by the Office for Large Taxpayers for income tax in connection with financial years 2009, 2010, and 2011. The judgment annulled the AEAT's referral to improper application of the law and fully upheld the appeal in relation to the tax adjustments associated with that procedure, although the General State Attorney has lodged an appeal before the Supreme Court, which is currently pending admission by that court. The processing of the other related appeals was suspended until the issuance of a final decision on the appeal before the Court of Justice of the European Union in relation to the amortisation of financial goodwill. On 26 June 2025, the CJEU issued a final judgment rejecting the European Commission's appeal and accepting IBERDROLA's arguments, which will lead to the lifting of the suspension of the appeals before the National High Court. In any case, the decisions of the National High Court may be appealed before the Supreme Court.

Tax litigation financial years 2012 to 2020

Additionally, in December 2020 IBERDROLA was notified of the TEAC's decision relating to claims filed arising from tax assessments signed in protest in limited review proceedings regarding income tax for financial years 2012 to 2014. The dispute with the AEAT concerned the applicability or non-applicability of the rules on timing of accounting recognition established in numerous Supreme Court judgments, in relation to income received by the Group from payments made unlawfully.

The aforementioned December 2020 ruling partially upheld IBERDROLA's claims, accepting its position with regard to the taxes declared to be unconstitutional. On 25 January 2021, IBERDROLA filed a contentious-administrative appeal before the National High Court regarding the other matters in dispute. The relevant pleadings were presented in the proceedings throughout 2021. The National High Court has yet to render judgment.

In relation to the same issue, on 6 September 2021 IBERDROLA filed a claim with the TEAC against the enforcement by the Technical Department of the Large Taxpayers' Office of the TEAC's partially favourable ruling, which both recognised the effects of that assessment in the years concerned (2012 to 2014) and extended its effects to other previous financial years. These financial years had already been subject to a general inspection. Moreover, in some of the cases there was a final judgment and *res judicata* therefore applied. On 3 January 2024, IBERDROLA was notified of the TEAC's decision rejecting the Company's claims. It duly filed the corresponding contentious-administrative review application with the National High Court, filing the claim in June 2024 and submitting the final brief in February 2025.

In addition, in December 2021 and July 2022, claims were filed with the TEAC against the income tax settlement notices issued to Iberdrola Energía España, S.A. as representative of Tax Group 2/86 in relation to the tax assessments signed in protest by the Group in 2021 and 2022 for financial years 2012 to 2014 and 2015 to 2020, respectively. The disputed adjustments are substantially the same as those disputed in relation to financial years 2008 to 2011. The TEAC's decision in relation to the appeal filed in connection with financial years 2012 to 2014 was notified on 5 June 2024. The Group's submissions were partially upheld, to the extent that directors' remuneration was deemed deductible. The other claims were rejected. The Company duly filed the corresponding contentious-administrative review application with the National High Court in relation to these latter claims, filing the claim in November 2024 and submitting the final brief in February 2025. In addition, the TEAC's ruling on the cumulative claim submitted in relation to financial years 2015 to 2020 was notified in the first half of 2025. It also partially upheld the Group's claims in relation to the deductibility of the remuneration received by the board of directors, while rejecting the other claims. The company has duly filed the corresponding contentious-administrative review application with the National High Court in relation to the rejected claims. The appeal has recently been admitted for processing.

With regard to VAT, in July 2022 the corresponding economic-administrative claim was filed with the TEAC against the VAT settlement notice confirming the tax assessment signed in protest in relation to financial years 2015 to 2017, which was notified to Iberdrola S.A. as representative of the 0220/08BVA Group of Entities, resulting from adjustments made by the AEAT arising from the inclusion in the denominator of the pro rata portion of gains arising from portfolio transfers or from corporate restructuring transactions. The claim is pending judgment. The relevant pleadings were submitted in the last quarter of 2022 and supplementary pleadings were submitted in the first quarter of 2023. IBERDROLA also requested the refund of VAT payments for unpaid debts, mainly by individuals, which are older than one year and with a tax base of less than EUR 300, corresponding to Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U. in relation to the aforementioned financial years. This request was made on the grounds that Spanish law in relation to the treatment of VAT corresponding to unpaid invoices is contrary to European Union law. The TEAC decision rejecting the claim was notified in February 2025, and the corresponding contentious-administrative review application has been duly filed with the National High Court.

In January 2024, Iberdrola, S.A., in its capacity as representative and parent entity of the 0220/08BVA Group of Entities for VAT purposes, was notified of the settlement notice issued by the Tax and Customs Unit of the AEAT's Office for Large Taxpayers, bringing an end to the partial verification proceedings in relation to financial years 2018 and 2019, and confirming in full the assessment signed in protest issued to the group in March 2023. The matters in dispute are substantially the same as those in dispute in relation to VAT for financial years 2015 to 2017. Income tax settlement notices were also issued for those financial years, due to the effect of the proposed VAT adjustments on income tax. The economic-administrative claims filed with the TEAC against these notices remain pending judgment as at the end of June 2025.

Tax litigation regarding the temporary energy levy

Lastly, in terms of IBERDROLA's significant tax litigation, on 21 February 2023, the Electricity Utilities Association (AELEC) filed a contentious-administrative appeal against Ministerial Order HFP/94/2023 approving the self-assessment forms for the new temporary energy levy, introduced by Law 38/2022. IBERDROLA also filed a contentious-administrative appeal against the same Ministerial Order, on similar terms to the appeal filed by AELEC, on 23 February 2023.

The aforementioned law imposes a temporary energy levy for 2023 and 2024 on those entities qualifying as the main operator in the energy sectors, with the legal status of a non-tax public levy.

The amount payable is calculated by applying a percentage of 1.2% to the net turnover generated by the activity in Spain in the calendar year prior to the year in which the obligation arises. IBERDROLA paid an amount of EUR 213 million for the levy in 2023, although as a result of the inspection proceedings referred to in the preceding section of this Note, an order was issued for the reimbursement of an amount of EUR 33 million plus late-payment interest. The income associated with this reimbursement reduced the effective expense corresponding to this levy in financial year 2024.

The amount of the levy paid by IBERDROLA in 2024 was EUR 132 million, having already excluded from the levy base for that financial year the income that was recognised as excluded in the course of the general inspection relating to the levy paid in 2023.

The contentious-administrative appeals filed by AELEC and IBERDROLA and currently pending resolution are based on defects in the ordinary legality of the Ministerial Order subject to appeal as well as on defects of unconstitutionality and infringement of Council Regulation (EU) 2022/1854 of 6 October 2022, found in Law 38/2022, which created the levy.

Tax litigation in other countries

The most significant process in the United States is the appeal brought before the Appeals Tribunal in relation to the income tax inspection for financial years 2012 to 2014 in the State of New York. Efforts are ongoing to reach an agreement with the State and settle the matter before the tribunal delivers a decision, with no significant impact on the Avangrid Group's results.

In the United Kingdom, the only significant matter in dispute concerns the deductibility of certain payments made as required by the energy regulator (OFGEM). The relevant pleadings were submitted in 2021 in relation to claims brought before the First Tier Tax Tribunal. The Tax Tribunal issued its ruling in February 2022, and disagreeing with it, an appeal was lodged with the Upper Tribunal in May 2022. In September 2023, notice was served of the judgment, which was favourable to HMRC, and in January 2024 ScottishPower was granted leave to file the relevant appeal before the Court of Appeal. In January 2025, the Court of Appeal issued a judgment favourable to the company's interests. However, HMRC has requested and been granted leave to appeal the decision before the Supreme Court.
In general, no significant tax litigation is ongoing in the other jurisdictions where the Group operates, except for Brazil, where a large number of litigation and administrative and judicial proceedings are in progress. The Group considers it probable that the final rulings will be favourable (Note 19).

The IBERDROLA Group's directors and tax advisors consider that the proceedings described in the above paragraphs will not give rise to further material liabilities for the Company beyond those already recognised at 30 June 2025.

Update of the financial goodwill situation (Article 12.5 of the Consolidated Text of the Corporate Income Tax Act (TRLIS)

In previous financial years, the Spanish authorities applied the aid and grants reimbursement procedure established in the General Tax Act, thus recovering the sum from the application of Article 12.5 TRLIS in financial years 2002 to 2015 by the IBERDROLA Group, amounting to a total of EUR 665 million (EUR 576 million as principal and EUR 89 million as late payment interest). IBERDROLA settled this amount by (i) offsetting against the EUR 363 million received under the 2016 income tax rebate, and (ii) paying EUR 302 million in February 2018. All of the foregoing was based on the Third Decision of the European Commission.

Additionally, in May 2021, IBERDROLA was notified of a settlement notice under the aid and grants reimbursement procedure for financial years 2016 to 2018 in an amount of EUR 13 million, which the Company paid on 2 July 2021.

The Judgment of the General Court of the European Union (GCEU) of 27 September 2023 (Joined Cases T-256/15 and T-260/15) quashed the European Commission's Decision (EU) 2015/314 of 15 October 2014 (the Third Decision) and upheld all the claims submitted by the entities concerned, including the IBERDROLA Group.

Although the European Commission appealed this GCEU judgment, the final judgment from the Court of Justice of the European Union of 26 June 2025 dismissed the appeal lodged by the European Commission, definitively annulling the Third Decision.

The amounts recovered by the AEAT will have to be reimbursed, together with the relevant additional late-payment interest, and they are recorded in an amount of EUR 767 million in "Current tax assets" under current assets in the consolidated statement of financial position at 30 June 2025. At 30 June 2024 they were recorded in "Current tax assets" under non-current assets in the consolidated statement of financial position.

In any event, the IBERDROLA Group and its internal and external advisors have always considered that no further risks should arise in relation to the application of the financial goodwill, and that the sums recovered by the Tax Agency should be refunded, as the payment made by the Group was undue.

Also recorded at the end of June 2025 were the effects arising from the request for recognition of the deduction of the goodwill that the Group could not deduct with regard to income tax for financial years 2016 to 2019, due to the enforceability until September 2023 of the Third Decision that has now been definitively annulled.

These amounts, together with the relevant late-payment interest, are recorded in “Current tax assets” under non-current assets in the consolidated statement of financial position at 30 June 2025 and the related deferred tax liability has likewise been recognised.

18. Charges and reversals for asset impairment

As indicated in the consolidated financial statements of the IBERDROLA Group for 2024, the IBERDROLA Group analyses its assets for indications of impairment. If such indications are found, an impairment test is conducted. The IBERDROLA Group also conducts a systematic analysis of the impairment of cash-generating units that include goodwill or intangible assets in progress or with an indefinite useful life. Recoverable amount is defined as the higher of fair value less costs to sell and value in use, which is the present value of estimated future cash flows.

The sensitivity analyses performed in 2024 on the key assumptions used for the various cash-generating units or groups of cash-generating units considered did not reveal any significant impairment risk, except for the US onshore renewable energy cash-generating unit, in respect of which any change would entail an additional adjustment, as it underwent a valuation adjustment in 2024. The monitoring carried out during the first half of 2025 shows that the underlying performance of this cash-generating unit has not changed substantially with respect to what was envisaged in the business plan for the previous year, although it will be necessary to continue monitoring it through to the end of the year.

In addition to the above, the impairment indicators of the different units or groups of cash-generating units have been reviewed, and no additional impairment has been detected to date.

19. Contingent assets and liabilities

IBERDROLA Group companies are party to court and out-of-court disputes arising as part of the ordinary course of their business (disputes with suppliers, customers, administrative or tax authorities, individuals, environmental activists or employees). The IBERDROLA Group’s legal advisors believe that the outcome of these disputes will have no material impact on its financial position.

In relation to said disputes, the IBERDROLA Group has the following main contingent assets and liabilities not recognised in these consolidated financial statements because they do not meet the pertinent accounting criteria:

Contingent liabilities

- In 2022, the remuneration for financial years 2017, 2018 and 2019 was approved by Order TED/749/2022, of 27 July. The Company lodged an appeal against the aforementioned Order, as it incorporated results from the inspection of regulatory information for financial years 2015 to 2017. These results reduced remuneration for the aforementioned financial years by failing to recognise investments and expenses incurred during operations, in violation of current regulations. The case is being heard by the Contentious-Administrative Chamber of the Supreme Court, which is expected to render judgment in the second half of 2025.

- Contentious-administrative appeals lodged on 7 July 2020 before the National High Court against unfavourable decisions by the TEAC notified to IBERDROLA in June in connection with the assessments signed in protest by the Group in 2016, pertaining to financial years 2008 to 2011. The main adjustments in dispute arise from the elimination of the tax exemption on dividends received because the tax office believes that this exemption is incompatible with an adjustment in portfolio value due to hedging of net investment, differences in tax consolidation criteria and possible existence of a transaction involving a change of debtor in certain bond issues, due to the circumstances set out in Article 15.1 of the General Tax Act. On 28 November 2024, the National High Court upheld the appeal concerning the dispute over the settlements dated 30 September 2016 issued by the Office for Large Taxpayers for income tax in connection with financial years 2009, 2010, and 2011. The judgment annuls the AEAT's referral to improper application of the law and fully upholds the appeal in relation to the tax adjustments associated with that procedure, although the General State Attorney has lodged an appeal before the Supreme Court. The processing of other related appeals was suspended until the issuance of a final decision on the appeal before the Court of Justice of the European Union in relation to the amortisation of financial goodwill. On 26 June 2025, the CJEU issued a final judgment rejecting the European Commission's appeal and accepting IBERDROLA's arguments, which will lead to the lifting of the suspension of the appeals before the National High Court. In any case, the decisions of the National High Court may be appealed before the Supreme Court.

- Contentious-administrative appeals filed before the National High Court on 30 July 2024 and 4 June 2025 in relation to TEAC rulings that only partially upheld the tax appeals filed on 17 December 2021 and 29 July 2022, respectively, against the income tax assessment notices issued to Iberdrola Energía España, S.A., in its capacity as representative of Tax Group 2/86, in connection with the tax assessments signed in protest by the Group in 2021 and 2022, relating to financial years 2012 to 2014 and 2015 to 2020, respectively. The disputed adjustments are substantially the same as those disputed in relation to financial years 2008 to 2011. In the appeal corresponding to financial years 2012 to 2014, pleadings were submitted in November 2024, followed by written submissions in February 2025. The appeal relating to financial years 2015 to 2020 has recently been admitted for processing by the National High Court.

- Contentious-administrative appeal filed before the National High Court on 7 April 2024 in relation to the TEAC's ruling rejecting the tax appeal filed on 29 July 2022 against the VAT assessment notice for financial years 2015 to 2017 issued to Iberdrola, S.A. in its capacity as representative of the 0220/08BVA Group of Entities. The main adjustment in dispute arises from the Inspectorate's inclusion in the denominator for Iberdrola S.A.'s VAT pro rata portion of gains arising from portfolio transfers and/or corporate restructuring transactions. The Inspectorate reduced the deductible input VAT in financial year 2015 and its effect on subsequent financial years due to the adjustment of input VAT on the acquisition of investment assets. The appeal has been admitted for processing by the National High Court.

- Contentious-administrative appeal lodged on 25 January 2021 before the National High Court against the TEAC's decision notified to IBERDROLA in December 2020. The claim, which was filed against the tax settlement notices upholding the tax assessments signed in protest that were served to the Company in limited income tax review proceedings regarding financial years 2012 to 2014, was partially upheld. The dispute with the AEAT concerned the applicability or otherwise of the rules on timing of accounting recognition established in numerous Supreme Court judgments, in relation to income received by the Group from payments unlawfully made. The aforementioned ruling partially upheld IBERDROLA's claims, accepting its position on taxes that were declared unconstitutional. The aforementioned appeal has been lodged with the National High Court regarding the remaining disputed issues. A decision date cannot be reliably estimated.

- Appeal lodged by IBERDROLA, S.A. on 6 September 2021 before the TEAC against the enforcement by the Technical Office of the Large Taxpayers' Office of the TEAC's aforementioned partially favourable ruling, which both recognised the effects of that assessment in the years concerned (2012 to 2014) and extended those effects to other previous financial years. These financial years had already been subject to a general inspection. Moreover, in some of the cases there was a final judgment and *res judicata* therefore applied. On 3 January 2024, the TEAC issued a decision rejecting the Company's claims. The respective contentious-administrative appeal has been filed with the National High Court. A decision date cannot be reliably estimated.

- Economic-administrative claim lodged on 23 February 2024 with the TEAC against the settlement notice confirming the assessment signed in protest issued to Iberdrola, S.A., in its capacity as representative of VAT Group 0220/08, in relation to VAT for financial years 2018 and 2019. The notice rejected the rebate requests made by two companies belonging to the aforementioned VAT group, namely Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U., regarding VAT charges for unpaid debts owed mainly by individuals, which were more than one year old and with a tax base of less than EUR 300, on the grounds that Spanish regulations on the treatment of VAT for unpaid invoices are in violation of EU law.

- On 24 November 2015, the National Commission on Markets and Competition (CNMC) fined Iberdrola Generación (now Iberdrola Energía España) an amount of EUR 25 million for a very serious violation, in accordance with the provisions of Article 60(a)(15) of Law 54/1997, of 27 November, on the electricity sector. A contentious-administrative appeal was lodged against this fine with the National High Court. Following admission for processing, the appeal was suspended due to criminal proceedings on the same facts before Examining Court no. 4 of the National High Court. On 4 January 2024, the Central Criminal Court of the National High Court ordered an acquittal in summary proceedings no. 11/2022. This acquittal was declared final by Order of 1 February 2024 issued by the Central Criminal Court of the National High Court. The suspension of the contentious-administrative proceedings before the National High Court was lifted upon the conclusion of the criminal case. The company is now contesting the fine before the National High Court, arguing that no legal provisions were violated, as confirmed by the acquittal. The enforcement of the fine has been suspended as payment thereof has been secured by a bank guarantee.

- Iberdrola Castilla y León (IBERCYL) has been summoned as a party with subsidiary liability, alongside the Regional Government of Castile and León, in the proceedings before Valladolid Preliminary Examining Court no. 4 in relation to alleged irregularities in the award of wind power operating permits in Castile and León. The order states that IBERCYL must pay a bond in the amount of EUR 11.2 million in this respect. The trial hearings have been scheduled to take place from September 2025 until the end of January 2026. Judgment will hence be rendered in 2026, and the parties will be able to file appeals.

- Various labour, civil and tax claims are ongoing against several companies of the NEOENERGIA Group in Brazil arising out of their ordinary course of business. The IBERDROLA Group considers that such companies have assessed the risk of potential losses in line with the opinions of management and the external tax advisors, and the relevant provisions have been made based on the likelihood of loss according to the available evidence, the position adopted by the courts and the most recent case law.

  The labour claims relate to actions brought by former employees of NEOENERGIA Group companies or former employees of service providers (subcontractors) with requests for overtime, equal pay and other labour rights. Of particular note is the class action at Neoenergia Cosern brought by the trade union SINTERN on behalf of employees to preserve and ensure immediate compliance with the Jobs, Careers and Wages Plan approved in 1991. The claimants are seeking payment of wage differences for the last five years and past-due social security contributions. The civil proceedings involve commercial claims and actions for material or non-material damage, arbitration proceedings on issues related to engineering and energy contracts, and environmental actions and actions concerning the compulsory acquisition of property associated with the execution of projects.

The most significant tax litigation in Brazil involves claims against the decisions upholding infringement notices issued in relation to:

- the non-deductibility of amortised gain/goodwill expense for the purpose of calculating income tax (both for corporate income tax and employee contribution tax) applicable to the subsidiaries Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro, Itapebi and Termopernambuco. In recent years, both the lower and appellate courts had issued several favourable decisions concerning this issue, in relation to several of the financial years challenged by the Brazilian Treasury with respect to Neoenergia Pernambuco and Neoenergia Cosern. However, the underlying issue is still pending a final ruling from the Supreme Court. In January 2025, the Supreme Court issued a favourable final judgment in the matter concerning the amortised gain tax benefit utilised by Neo Pernambuco from 2001 to 2006;

- failure to make income tax withholdings on the payment of interest on equity capital between companies belonging to the same group;

- the requirement to withhold income tax on the alleged taxable capital gain accrued by Iberdrola Energía, S.A. following the incorporation of Elektro Holding into Neoenergia, in relation to which the Administrative Council of Tax Appeals (CARF) issued its administrative decision in late 2024. The decision was unfavourable to the company due to the casting vote of the tax authorities in relation to the principal. The corresponding appeal was filed against this decision, although the cancellation of the initial fine was upheld;

- questions concerning tax credits related to consumption tax (ICMS) at NC Energia, Termopernambuco, Neoenergia Pernambuco and Neoenergia Elektro;

- questions concerning federal taxes (corporate income tax and employee contribution tax) due to the disallowance of expenses with payment of regulatory compensation at Neo Pernambuco and Neo Coelba; and

- questions concerning the alleged failure to collect ICMS by recording the cancellation of debts without verified origin or subject to procedural errors, in proceedings involving Neoenergia Brasília.

In terms of regulatory proceedings, the distribution companies Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro and Neoenergia Brasília are involved in various processes, notably including: (i) proceedings to calculate individual and collective technical service continuity indicators; (ii) trade matters; (iii) the relevant financial offsetting and recovery of global indicators; (iv) matters related to the collection or legality of tariff-related items or matters; and (v) matters related to the legality of administrative action imposed by ANEEL. Such actions notably include the following:

- Elektro's social energy tariff (for low-income consumers), for which the Consumers Association intends to increase the number of eligible customers from 2002 to 2010, imposing on ANEEL and Elektro the obligation to reimburse tariff differences, the cost of which will ultimately have to be met by the CDE sector fund;

- The free or paid use of right-of-way areas in roads for the electricity grid, the merits of which are being discussed before the Supreme Court;

- Several matters regarding over or under subscription of energy, currently under discussion at the administrative level;

- The possibility of ANEEL including as part of the tariff tax income resulting from the favourable outcome obtained by distributors in the legal dispute concerning the exclusion of the ICMS tax from the PIS/COFINS federal contributions calculation base (currently subject to preliminary discussions at the administrative level);

- Action brought by Neoenergia Brasília to annul ANEEL's notice that captured, for tariff purposes, the surplus income obtained between May 2002 and October 2004, and between July 2005 and August 2008, accumulated according to the low-income consumer qualifying criteria.

- Through some subsidiaries, Avangrid Renewables has engineering, procurement and construction (EPC) contracts with Sterling and Wilson Solar Solutions, Inc. (SWSS) for the development of two solar plants: Lund Hill in Klickitat, WA (Lund Hill), and Pachwáywit Fields in Gillam County, OR (Montague). Avangrid Renewables believes that SWSS has breached several of its obligations under the respective EPC contracts, including construction defects and non-payment to certain subcontractors.
As a result, Avangrid Renewables had to rely on letters of credit for both Montague and Lund Hill. In response, SWSS filed liens on both projects for a total of approximately USD 105 million, the sum it claims is owed under the EPC contracts. Avangrid Renewables posted bonds to counter these liens on both properties. Subsequently, SWSS initiated foreclosure actions in Oregon concerning the lien on Montague and added claims for breach of contract and quantum meruit, seeking up to USD 111.8 million. SWSS also started foreclosure proceedings in Washington State. On 26 February 2024, SWSS filed a lawsuit with a New York State court against the Lund Hill project company and Avangrid Renewables, based on the same facts as the earlier foreclosure proceedings, and seeking USD 59.9 million in damages.

- On 17 May 2024, Avangrid entered into a Merger Agreement and Plan with IBERDROLA, S.A., and Arizona Merger Sub, Inc. According to the Merger Agreement, subject to the satisfaction or waiver of the conditions established therein, Merger Sub will merge with Avangrid, making Avangrid a wholly-owned subsidiary of IBERDROLA. On 27 November 2024, Milton Deutsch filed a class action lawsuit with the Supreme Court of the State of New York, County of New York, against Avangrid and IBERDROLA (the "Deutsch Action"). The lawsuit alleges certain breaches of fiduciary duties by Avangrid and members of its Board of Directors related to the merger, including actions against IBERDROLA. Additional plaintiffs have since sought to join this action. The court has scheduled a hearing to decide whether to permit these parties to take part in the proceedings. On 27 January 2025, another class action lawsuit with similar claims to the Deutsch Action was filed against Avangrid in the Southern District of New York.

- Encon Monterrey, a company of the IBERDROLA Group and the current owner of the Dulces Nombres II Combined Cycle Thermal Power Plant in Pesquería, Nuevo León, northern Mexico, initiated arbitration proceedings against General Electric Global Services GmbH, Mexico branch, for the breach of financial obligations arising from a previous settlement between the parties. Encon Monterrey is seeking damages from General Electric, which it claims is liable for an unscheduled shutdown of the plant. During this arbitration process, the defendant filed a statement of opposition to IBERDROLA's claim along with a counterclaim, seeking USD 16.5 million from the claimant for: (i) work done during the forced shutdown; (ii) reconditioning of materials; (iii) personnel costs; (iv) import taxes; and (v) payment to customs agents. IBERDROLA believes the counterclaim is unjustified and has opposed it.

- In relation to the divestment at Iberdrola México, the buyer, México Infrastructure Partners (MIP), made a series of claims on 24 February 2025 alleging breaches of the Stock Purchase Agreement (SPA), related to alleged damage at the plants subject to sale. MIP quantified the damages in the amount of USD 357 million, of which USD 116 million corresponds to purported lost profits. IBERDROLA has answered the claims, denying liability and noting that it has fulfilled all its obligations under the SPA, that lost profits fall outside the scope of any contractual liability, that all the information concerning the plants sold was conveyed to the buyer prior to the sale, and that the buyer had carried out its own due diligence and visited all the plants, checking their physical state as well as the status of their permits and position at the time of sale. Accordingly, IBERDROLA does not consider itself liable for the matters subject to claim.

- In Mexico, Iberdrola Cogeneración Bajío, S.A. de C.V. filed a claim seeking indirect relief before the Civil, Administrative and Labour District Courts in the State of Querétaro, in relation to the legal provisions approving a gas emissions tax in the aforementioned State in 2024. On 15 April 2025, the Federal Judiciary granted the company the aforementioned relief, exempting it from the application of the law and even ordering the refund of the amounts paid. However, the competent authorities filed an appeal for review, which is pending a decision from the Collegiate Circuit Courts of the State of Querétaro.

Additionally, the following contingent liability has arisen as part of the ordinary course of business of the IBERDROLA Group:

- US gas companies own, or have owned, land on which they operated gas production plants. This land was polluted as a result of these activities. In some cases, the soil has now been decontaminated, while in others the soil has been assessed and classified, but has yet to be cleaned. Finally, in some other cases, the extent of the pollution has yet to be determined. Where the extent of the pollution cannot be determined, no provisions have been recorded at 30 June 2025 because the cost cannot reasonably be estimated as the matter requires the regulators' involvement and approval. The gas companies have received authorisation to recover decontamination expenses from customers through tariffs in the past, and they expect to recover such decontamination expenses for the remaining land.

<u>Contingent assets</u>

- Avangrid initiated legal proceedings against the former owners of certain sites in order to recover the costs of environmental restoration work for which it has been forced to pay.

Other information

No significant appeals have been lodged regarding the regulation-related proceedings commenced by third parties that could affect the remunerative or financial situation of the IBERDROLA Group.

Contingent assets and liabilities at 31 December 2024 are described in the IBERDROLA Group's consolidated financial statements for that financial year.

20. Remuneration of the Board of Directors and of executive officers

20.1 Remuneration of the Board of Directors

Remuneration and other benefits received by directors in the six-month periods ended 30 June 2025 and 30 June 2024, in millions of euros, are presented in the following table, by remuneration item:

Sin dato	30.06.2025	30.06.2024
Remuneration for membership of the Board and/or Board Committees	3.9	3.9
Other items	0.1	0.1
Total	**4.0**	4.0

20.2 Remuneration of executive officers

Only those members of the Company's management who perform global functions – except when these are support, advisory or staff functions – and who report directly to the Board of Directors, its chairman or the chief executive officer of the Company are considered to be senior management, as well as any other person to whom the Board of Directors, at the proposal of its chairman, grants such status and, in any case, the head of Internal Audit. At 30 June 2025, there were 4 members of senior management.

Remuneration paid to and earned by directors and senior management during the first half of 2025 and 2024 is as follows.

Executive officers who are also directors [1]	30.06.2025	30.06.2024
Cash remuneration	1.7	1.7
Variable remuneration	4.4	4.7
Pension plans (savings and risk)	0.2	0.5
Other items [2]	0.6	0.4
Total	**6.9**	**7.3**

In addition, on 24 June 2025, the items payable due to the termination of the chief executive officer's services were paid, including a severance payment equivalent to two years' remuneration, for a total amount of EUR 4.4 million.

Other executive officers	30.06.2025	30.06.2024
Cash remuneration (3)	1.2	1.1
Variable remuneration (3)	1.3	1.9
Pension plans (savings and risk)	0.8	0.8
Other items (2)	0.6	0.5
Total	**3.9**	**4.3**

([1]) On 24 June 2025, the chief executive officer left the company and was replaced in his role.

([2]) This includes the remuneration of executive officers who are directors and of the senior executives who have held the position of directors of companies that are not directly or indirectly wholly owned by the Company, or, as regards Avangrid, Inc., based on the regulatory and tax requirements of its sector and jurisdiction, as well as requirements arising from its recent merger, where a resolution has been approved by the relevant board. The respective amounts were EUR 0.3 million and EUR 0.3 million in the first half of 2025, and EUR 0.3 million and EUR 0.4 million in the first half of 2024.

([3]) To foster the necessary autonomy and independence and to avoid conflicts related to variable remuneration linked to the Company's performance, executive officers and other professionals of the Iberdrola Group assigned to departments or areas that report functionally to the Audit and Risk Supervision Committee or to the Sustainable Development Committee, including Internal Audit and Risk and Compliance, have not participated in annual variable remuneration schemes and have not been beneficiaries of the long-term incentive since 1 January 2025.

The third of the three annual payments of the 2020-2022 Strategic Bonus was made during the first half of 2025, consisting of the delivery of 941,670 shares, following confirmation of achievement of the targets. The second of the three annual payments of the 2020-2022 Strategic Bonus was made during the first half of 2024, consisting of the delivery of 941,665 shares.

In addition, there were no related-party transactions involving the executive officers during the first half of 2025 and 2024.

21. Related-party transactions and balances

The following transactions have taken place within the ordinary course of business and have been carried out at arm's length.

The most significant transactions carried out with the IBERDROLA Group during the six months ended 30 June 2025 and 30 June 2024, in millions of euros, were as follows:

	Six-month period ended 30.06.2025				
	Significant shareholders (1)	Directors and executive officers (2)	Group persons, companies or entities	Other related parties	Total
Expenses and income					
Finance expenses	0	0	(1)	0	**(1)**
Services received	0	0	(1)	0	(1)
Purchases (3)	0	0	(107)	0	**(107)**
Total expenses	**0**	**0**	**(109)**	**0**	**(109)**
Finance income	0	0	2	0	**2**
Services rendered	0	0	16	0	16
Sales	0	0	30	0	30
Total income	**0**	**0**	**48**	**0**	**48**
Other transactions					
Purchase of PP&E, intangible and other assets	0	0	6	0	6

	Six-month period ended 30.06.2024				
	Significant shareholders (1)	Directors and executive officers (2)	Group persons, companies or entities	Other related parties	Total
Expenses and income					
Finance expenses	0	0	(1)	0	**(1)**
Services received	0	0	(1)	0	(1)
Purchases (3)	0	0	(103)	0	**(103)**
Total expenses	**0**	**0**	**(105)**	**0**	**(105)**
Finance income	0	0	2	0	**2**
Services rendered	0	0	8	0	8
Sales	0	0	24	0	24
Total income	**0**	**0**	**34**	**0**	**34**

Balances with related parties, in millions of euros, were as follows at 30 June 2025 and 30 June 2024:

Sin dato	30 June 2025				
Sin dato	Significant shareholders (1)	Directors and executive officers (2)	Group persons, companies or entities	Other related parties	Total
Trade and other receivables	0	0	12	0	12
Loans and credits granted	0	0	128	0	128
Other receivables	0	0	0	0	0
Total receivables	**0**	**0**	**140**	**0**	**140**
Trade and other payables	0	0	(34)	0	(34)
Loans and credits received	0	0	(118)	0	(118)
Other payment obligations	0	0	0	0	0
Total payables	**0**	**0**	**(152)**	**0**	**(152)**

Sin dato	30 June 2024				
Sin dato	Significant shareholders (1)	Directors and executive officers (2)	Group persons, companies or entities	Other related parties	Total
Trade and other receivables	0	0	24	0	24
Loans and credits granted	0	0	99	0	99
Other receivables	0	0	0	0	0
Total receivables	**0**	**0**	**123**	**0**	**123**
Trade and other payables	0	0	(43)	0	(43)
Loans and credits received	0	0	(83)	0	(83)
Other payment obligations	0	0	0	0	0
Total payables	**0**	**0**	**(126)**	**0**	**(126)**

(1) At 30 June 2025 and 30 June 2024, there were no significant shareholders who met the definition of Article 529 *vicies* of the Spanish Companies Act because they did not hold 10% of the voting rights or were not represented on the Board of Directors.

(2) Refers to transactions other than those disclosed in Note 20.

(3) Relates mainly to purchases of electric power.

22. Events occurring after 30 June 2025

The material events that have occurred after 30 June 2025 and up to the date of authorisation for issue of these consolidated financial statements are described below:

Sale of a 50% stake in East Anglia Three Holdings Limited (EA3) (Note 8)

In July 2025, the IBERDROLA Group completed the sale of 50% of its stake in EA3, resulting in the effective loss of control over the investee, which is now considered a joint venture accounted for using the equity method.

Reduction in share capital

On 1 July 2025, the reduction in capital approved at the General Shareholders' Meeting of the Company held on 30 May 2025, under item 11 on the agenda, was implemented through the retirement of own shares.

Details of the reduction in share capital are as follows:

Sin dato	Date of filing at the Commercial Registry	% Capital	Number of shares	Par value	Euros
Reduction in share capital	3 July 2025	3.114%	200,561,000	0.75	150,420,750

Following the capital reduction, share capital stands at EUR 4,680,000,000, represented by 6,240,000,000 shares, each having a par value of EUR 0.75.

Iberdrola Retribución Flexible

On 2 July 2025, the following terms were established in relation to the implementation of the first increase in capital by means of a scrip issue (*Iberdrola Retribución Flexible*), as approved by the shareholders at the General Shareholders' Meeting of IBERDROLA held on 30 May 2025, under item 9 on the agenda:

- The maximum number of new shares to be issued under the capital increase is 160,000,000.
- The number of free-of-charge allocation rights required to receive one new share is 39.
- The maximum par value of the capital increase is EUR 120,000,000.
- The gross Interim Dividend per share amounts to EUR 0.409.

Increase in share capital

On July 22, 2025 the Board of Directors of Iberdrola, S.A. has resolved to carry out a share capital increase for an effective amount (including nominal value and share premium) of 5.000 million euros by issuing new ordinary shares of the Company of the same class and series as those currently outstanding (the "New Shares") in consideration for cash contributions and with the disapplication of the pre-emptive rights of the Company's shareholders (the "Capital Increase"). The Capital Increase has been approved by the Board of Directors of the Company pursuant to the authorisation granted by the General Shareholders' Meeting of the Company held on first call on 17 May 2024, under item 20 of the agenda.

Bank market

The most significant financing arranged by the IBERDROLA Group after 30 June 2025 in the interbank and capital markets is as follows:

Borrower	Transaction	Amount (millions)	Currency	Interest rate	Maturity
Coelba [1]	EIB loan	300	EUR		Jul-33
Iberdrola Financiación	Sustainable syndicated credit facility	2,500	EUR		Jul-30
East Anglia Three	Green Project Finance	3,621	GBP		Mar-48

(1) Currency swap contracts for the company's currency.

The IBERDROLA Group's liquidity position, taking into account financing operations signed after 30 June 2025, amounts to EUR 19,299 million (Note 15).

23. Explanation added for translation into English

These Financial statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company may not conform with generally accepted accounting principles in other countries.

APPENDIX

INDUSTRY REGULATION AND OPERATION OF THE ELECTRICITY AND GAS SYSTEM

Various provisions affecting the energy sector were enacted in the first half of 2025. This section addresses the most significant developments.

Spain

Resolution of 26 December 2024, of the General Directorate for Energy Policy and Mines, publishing the last-resort tariff for natural gas. Establishing the last-resort tariff (TUR) for gas for the first quarter of 2025, in which the raw material cost (Cmp) increased by around 20% against the previous quarter.

Resolution of 12 December 2024, of the National Commission on Markets and Competition, establishing and publishing, for purposes of the provisions of Article 34 of Royal Decree-Law 6/2000, of 23 June, the relationships of main operators in the energy sectors, and Resolution of 12 December 2024, of the National Commission on Markets and Competition, establishing and publishing, for purposes of the provisions of Additional Provision Thirteen of Royal Decree-Law 6/2000, of 23 June, the relationships of dominant operators in the energy sectors. Publishing lists with the dominant operators and main operators in the energy sectors (electricity, gas and oil). Inclusion in these lists entails a range of obligations or restrictions.

Resolution of 9 April 2025, of the National Commission on Markets and Competition, provisionally establishing the remuneration of companies owning electricity transmission facilities for financial year 2025. Provisionally establishing the remuneration of electricity transmission and distribution companies for 2025. These regulations are customary at the start of the year to establish the provisional remuneration to be paid during the financial year, as the final remuneration is published late owing to the various judicial processes. The provisional remuneration established by the National Commission on Markets and Competition (CNMC) for each activity coincides with the approved final remuneration for the previous year and will be updated if new final remuneration is approved.

Resolution of 22 January 2025, of the Spanish Congress, ordering the publication of the Repeal of Royal Decree-Law 9/2024, of 23 December, adopting urgent economic, tax, transport and social security measures and extending certain measures to address social vulnerability. Repealing RDL 9/2024 in full, and thereby repealing the measures. In relation to the energy sector, the prohibition on cutting supply is annulled, the previously applicable social rate discount reduction pathway is recovered, the 80% reduction in charges for energy-intensive consumers is terminated and subsidies for the purchase of electric vehicles are terminated.

Resolution of 22 January 2025, of the Spanish Congress, ordering the publication of the repeal of Royal Decree-Law 10/2024, of 23 December, to establish a temporary energy levy during 2025. Repealing RDL 10/2024, and thereby annulling the temporary energy levy for 2025.

Royal Decree-Law 1/2025 of 28 January, approving urgent economic, transport and social security measures and measures to address vulnerability. Approving urgent economic, transport and social security measures and measures to address vulnerability. Extending until 31 December 2025 the prohibition on cutting supplies of electricity, gas and water, and reintroducing the social rate discount reduction pathway until the end of the year.

Circular 1/2025 of 28 January, of the National Commission on Markets and Competition, amending Circular 3/2020 of 15 January, establishing the methodology for the calculation of electricity transmission and distribution charges. Modifying certain aspects of Circular 3/2020 of the CNMC on charge calculation methodology, such as technical changes to the calculation structure and methodology, enabling the CNMC to use the surplus from charges in previous financial years, and creating a new charge for public charging of electric vehicles.

Resolution of 29 January 2025, of the National Commission on Markets and Competition, establishing the adjustment to be made to the remuneration of electricity transmission and distribution companies for financial year 2025 for the use of fibre optic cable in their various activities. Setting the adjustment for the lease of fibre optic cable in transmission and distribution for 2025.

Resolution of 17 February 2025, of the National Commission on Markets and Competition, establishing the remuneration of companies owning electricity distribution facilities for 2021. Approving the final distribution remuneration for financial year 2021. The remuneration also applies to the provisional settlements for 2022, 2023, 2024 and 2025, adjusted to the value of R2021 without incentives.

Order TED/197/2025 of 26 February, establishing energy savings obligations, compliance via Energy Savings Certificates and the minimum contribution to the National Energy Efficiency Fund for 2025. Establishing the energy efficiency obligations imposed on electricity, gas and oil retail suppliers for financial year 2025. These obligations can be complied with through financial contributions to the National Energy Efficiency Fund (FNEE) or via Energy Savings Certificates (CAEs).

Resolution of 6 March 2025, of the National Commission on Markets and Competition, amending Appendix II of the Resolution of 4 December 2024, establishing the values of electricity transmission and distribution network access charges to be applicable as from 1 January 2025. Changing the prices of power surges in electricity charges, reducing the price penalty. This change affects measure type 4 and 5 consumers.

Resolution of 12 March 2025, of the National Commission on Markets and Competition, establishing the remuneration of companies owning electricity transmission facilities for 2022. Establishing the final electricity transmission remuneration for 2022. The remuneration also provisionally applies to financial years 2023, 2024 and 2025, until the approval of their respective final remunerations.

Resolution of 10 March 2025, of the General Directorate for Energy Policy and Mines, establishing the final amount pending collection as at 31 December 2023, from the collection right awarded at the auction of 12 June 2008, from the deficit recognised ex ante in the settlement for regulated activities, and Resolution of 10 March 2025, of the General Directorate for Energy Policy and Mines, establishing the amount pending collection as at 31 December 2023 and as at 31 December 2024, from the collection rights awarded to the electricity system deficit securitisation fund. Establishing the outstanding balances from the historical electricity sector debt for the ex ante deficit and the Electricity System Deficit Securitisation Fund (FADE) deficit, which were generated in the settlements for regulated activities until 2012. Both were auctioned and securitised, and are being recovered over a 15-year period.

Resolution of 26 March 2025, of the General Directorate for Energy Policy and Mines, publishing the last-resort tariff for natural gas. Establishing the last-resort tariff (TUR) for gas for the second quarter of 2025, in which the raw material cost (Cmp) fell by around 36% against the previous quarter.

Royal Decree-Law 3/2025 of 1 April, establishing the e-mobility incentive programme (MOVES III) for 2025. Extending the MOVES III Plan from 1 January 2025 to 31 December 2025 and personal income tax deductions. Funded in the amount of EUR 400 million with a charge to PGE.

Resolution of 2 April 2025, of the General Directorate for Energy Policy and Mines, determining the form of transfer of dynamic information from the public-access electrical charging infrastructure to the Management and Visualisation System for the information sent by electrical charging point operators. Approving the technical instructions regulating the transfer of dynamic information for the implementation of the public-access charging point (CP) map. The information will be included in the MITECO Management and Visualisation System developed by REE pursuant to the mandate established in RDL 4/2024. The charging point operators (CPOs) are required to submit dynamic information from their public-access CPs with power ≥43kW.

Extract from Order of 10 April 2025, announcing the award in 2025 of the subsidies provided for in Title III of Royal Decree 1106/2020 of 15 December, regulating the status of energy-intensive consumers, corresponding to charges borne during 2024 for specific renewable and high-efficiency cogeneration remuneration financing and for additional financing in non-mainland territories. Awarding the EUR 11 million budget for 2025 subsidies, to offset 75-85% of the cost of charges (representing a 66% reduction compared with the 2024 budget of EUR 32 million).

Resolution of 30 April 2025, of the National Commission on Markets and Competition, establishing the formats for publication of access capacities for demand facilities and of power generation by distribution network managers. Establishing the formats for generation and demand access capacities. This standardises the formats being used by distributors and transmitters for the publication of generation capacity and establishes the standard format for publication of demand capacity. It comes into effect when the demand specifications are published.

Resolution of 22 May 2025, of the General Directorate for Energy Planning and Coordination, updating Appendix I of Order TED/845/2023 of 18 July, approving the portfolio of standardised energy efficiency measures. Updating the portfolio of energy performance certificates (EPCs) affecting tertiary sector files related to lighting.

Order TED/535/2025 of 28 May, approving the regulatory basis for the award of subsidies for innovative energy storage projects eligible for co-financing with European Union funds. Awarding ERDF subsidies for a total amount of EUR 700 million, which can be increased by EUR 140 million, with the intention of mobilising 2.5-3.5 GW of storage.

Royal Decree-Law 7/2025 of 24 June, approving urgent measures to strengthen the electricity system. Implementing measures to strengthen the electricity system following the power outage of 28 April 2025. These measures include significant advances in the electrification of demand, renewable energy and access to demand, as well as in security of supply and prevention of power outages.

Resolution of 26 June 2025, of the General Directorate for Energy Policy and Mines, publishing the last-resort tariff for natural gas. Establishing the last-resort tariff (TUR) for gas for the third quarter of 2025, in which the raw material cost (Cmp) fell by around 4% against the previous quarter.

United Kingdom

Government legislation programme: the Great British Energy Bill (establishing Great British Energy as a publicly-owned and operationally independent energy company) was enacted on 15 May 2025, with a provision to ensure that forced labour is not used in its activities or in its supply chains. The Planning and Infrastructure Bill has also progressed through the House of Commons and had its first reading in the House of Lords on 12 June 2025. The Bill includes clauses relating to electricity network connection reform, improving the planning approval system for electricity infrastructure in Scotland, powers to create an energy bill discount scheme for those living close to electricity transmission infrastructure, extending the generator commissioning clause to 27 months in the Offshore Transmission Owners (OFTO) system, and the introduction by OFGEM of a cap and floor scheme to support long duration electricity storage.

Contract for Difference (CfD) auction and Clean Industry Bonus: Following the publication of the government's Clean Power 2030 Action Plan in December 2024, the Department for Energy Security and Net Zero (DESNZ) is preparing to run CfD Allocation Round 7 (AR7) later this year. The AR7 application window is expected to run from 7 to 27 August 2025, with the results to be announced in late 2025 or early 2026. DESNZ has published a response to the consultation on the AR7 proposed reforms, confirming that: (i) the CfD contract duration will be extended from 15 to 20 years (with indexation to CPI throughout this period) for fixed-based offshore wind, floating offshore wind, onshore wind and solar PV; (ii) the eligibility criteria for fixed-based offshore wind projects participating in AR7 will be relaxed, removing the requirement for planning consent. The government also published the Final Budget Notice for the new CfD Clean Industry Bonus (CIB) allocation round for offshore wind power, which is being run as part of AR7. The budget has been set at GBP 20.1 million per GW of capacity applying for the CIB, giving a total potential budget of GBP 544 million (assuming all CIB projects are selected).

Capacity Market: the T-1 and T-4 Capacity Market auctions were held on 4-5 March and 11-12 March, respectively. The T-1 auction awarded 7.94 GW of capacity to be commissioned in 2025/26 at a price of £20/kW/year, while the T-2 auction awarded 43.1GW at a price of £60/kW/year, to be commissioned in 2028/29, maintaining the trend of higher prices in recent years. Five of ScottishPower's onshore wind farms participated in the auction (28.7 MW of total capacity) and they were awarded one-year contracts.

DESNZ announced on 29 May 2025 that it is abandoning its previous plans to establish new emissions limits for new build and refurbished capacity market units. DESNZ has stated that the government's new target to deliver clean power by 2030 should mean that the running hours of unabated gas steeply decline as new renewable capacity is deployed to meet the 2030 target.

Advanced Procurement Mechanism: on 20 March 2025, OFGEM published its decision to start the implementation of the advanced procurement mechanism (APM) in the RIIO-ET price control that regulates the transmission networks. The APM will make GBP 4,000 million available to the three transmission owners (TOs) so that they can procure transmission equipment (within certain defined limits) without the need for prior approval from OFGEM.

Government Spending Review 2025: on 11 June 2025, the government presented the second stage of its spending review (SR), which covers the period until 2029/30. The significant public energy infrastructure investment commitments include GBP 14,200 million over the SR period for the new Sizewell C nuclear project, including GBP 2,700 million for 2025/26 previously announced in the 2024 autumn budget. A final investment decision on Sizewell C is expected to be taken in summer 2025. A further GBP 2,500 million has been allocated to the small modular reactor (SMR) programme over the SR period. The government also allocated GBP 9,400 million in capital spend over the SR period to support the deployment of carbon capture, usage and storage (CCUS) projects. Alongside these announcements, the government reiterated its commitment to a total of GBP 13,200 million for the Warm Home Discount Scheme, which supports the domestic deployment of energy efficiency and low carbon technologies, as well as heat networks, over the SR period. However, this figure includes GBP 5,000 million of new funding for financial transactions by way of loans, etc. The government published its 10-year infrastructure strategy on 19 June 2025, in which it reiterated these commitments, and an industrial strategy on 23 June 2025.

Review of Electricity Market Arrangements (REMA): The Government published a “Summer Update” on the REMA programme on 10 July 2025, announcing that it will retain a single national wholesale market in Great Britain and does not intend to introduce zonal pricing. It will now implement a package of reforms to the national pricing model and plans to publish an *Implementation Plan for the New National Pricing Model* later this year, setting out next steps and key issues.

Long Duration Electricity Storage Cap and Floor: following the publication of a technical decision document on the design of the cap and floor scheme for long duration electricity storage in March 2025, the first application window opened on 8 April 2025. On 28 May 2025, OFGEM consulted on its proposed approach to assessing which projects should receive cap and floor support, and on 19 June it consulted on its proposed financial framework for project applications within the window.

Hydrogen Production Business Model scheme: On 7 April 2025, DESNZ published the outcome of the Second Hydrogen Allocation Round (HAR2) shortlisting process, in which it selected 27 projects to proceed to the ‘due diligence’ phase, including ScottishPower’s Irvine and Whitelee Phase 2 projects. Although the budget level for HAR2 has yet to be published, the results are expected to be announced at the start of 2026.

RIIO-3 price controls: OFGEM’s RIIO-3 price controls for the electricity and gas transmission and gas distribution networks will run for five years, from April 2026 to March 2031. Licensees submitted their final business plans on 11 December 2024, and OFGEM published its draft determinations (DDs) on 1 July 2025. In the case of electricity transmission networks, the DD allows a total upfront baseline expenditure of GBP 8,900 million (GBP 1,600 million for Scottish Power Transmission (SPT)) in RIIO-ET3, and it establishes an implicit permitted real WACC of 4.61% for SPT. OFGEM is expected to publish its final determination in December 2025. OFGEM’s price controls for electricity distribution networks (RIIO-ED3) will run for five years, from April 2028 to March 2033. OFGEM published its framework decision for RIIO-ED3 in April 2025 and it is expected to publish a sector-specific methodology consultation (SSMC) in the third quarter of 2025.

Grid Connections Reform: The government is working with OFGEM and the National Energy System Operator (NESO) to reduce grid connection timescales in order to support progress towards decarbonising the electricity sector. NESO's connection reform proposals (TMO4+) are intended to achieve a streamlined pipeline of projects that are verifiably ready to connect and aligned to the government's Clean Power 2030 Plan and to subsequent strategic energy planning. OFGEM approved the TMO4+ package of reform proposals on 15 April 2025, including modifications to industry codes and to transmission, distribution and NESO licences. Legislative powers to facilitate these reforms are included in the government's Planning and Infrastructure Bill that is currently progressing through Parliament. The reforms will be applied to existing connection applications from July 2025 onwards, with the first window for new applications expected at the end of 2025.

Community benefits of low-carbon energy infrastructure: On 21 May 2025, DESNZ published a consultative working paper on community benefits and shared ownership of low carbon generation infrastructure. The paper seeks views on the design of a potential United Kingdom-wide mandatory community benefits scheme for technologies included within its scope of application, including key renewable and other low carbon technologies. If implemented, the scheme would come into force at the end of 2027 at the earliest.

Retail Tariff Cap: OFGEM's default tariff cap was introduced in 2019 to protect domestic customers on default tariffs. Following a review of the methodologies for setting the operating cost and debt-related cost allowances, OFGEM published its decision on 23 May 2025, which reduces the overall operating cost and debt allowance by GBP 8 per dual fuel customer (weighted average across the different payment methods) with effect as from 1 July 2025. OFGEM expects to conduct an assessment at the end of 2025/26 to determine whether a further true-up adjustment is required in respect of debt-related costs incurred between April 2022 and June 2025. This will take into account any interactions with a proposed debt relief scheme (DRS), which would require suppliers to write off certain historic debts for qualifying low-income customers.

Warm Home Discount scheme: DESNZ confirmed on 19 June 2025 that it will proceed with its plans to expand eligibility for the Warm Home Discount support scheme, which offers an annual GBP 150 discount on electricity bills for low-income and vulnerable customers. For winter 2025/26, the scheme will be expanded to cover an additional 2.7 million households, which will raise the total to around 6.1 million households and increase the total cost of the scheme from around GBP 600 million to around GBP 1,000 million. The scheme will continue to be funded from consumer bills. In the longer term, the government plans to consult on its approach to this kind of support at the end of this year.

United States

Trump Administration

Executive orders

President Trump began his second term by issuing a record number of executive orders. On his first day in office, he issued an executive order on onshore and offshore wind. The order instructs the Department of the Interior to conduct a comprehensive review of the need to terminate or amend any existing offshore wind leases, identifying any legal grounds for such elimination. The order also directs federal agencies not to issue new approvals, rights of way, permits, leases or loans for onshore or offshore wind projects, pending the completion of a comprehensive assessment and review of federal wind energy leasing and permitting practices.

Tariffs

The Trump Administration is pursuing an aggressive trade policy that prioritises the United States. Tariffs have been announced on almost every country, with further ones on certain products, such as steel and aluminium. The tariff rates remain variable.

On 2 April, the President issued an executive order to implement new reciprocal tariffs with a 10% universal tariff for most countries, excluding Mexico and Canada, as well as higher reciprocal rates for certain countries, such as those imposed on China. There are some product exclusions to the tariffs, including the Section 232 tariffs on steel and aluminium; otherwise, these tariffs are additional to the existing ones. The President has suspended the higher reciprocal rates until 1 August. Trade negotiations are ongoing with major trading partners.

The tariffs on Chinese products have fluctuated. There is currently a 20% fentanyl tariff and a baseline tariff, currently set at 10% until 10 August. On 20 May, the Department of Commerce announced preliminary countervailing duties (CVDs) on imports of Chinese graphite, a key input for battery anode production, of up to 721%.

On 10 February, President Trump announced new Section 232 tariffs on steel and aluminium and their derivative products. These Section 232 tariffs are currently set at 50% and came into effect on 4 June.

President Trump has targeted imports from Canada and Mexico for the application of additional tariffs. Although the tariffs came into effect on 4 March, on 7 March the Administration clarified that no additional tariffs will be applied on products from Canada and Mexico that qualify for United States-Mexico-Canada Trade Agreement (USMCA) preference. The President may still seek in the future to enact the proposed 25% tariffs, with a lower 10% tariff for Canadian energy for products that currently qualify for USMCA preference.

These tariffs have faced legal challenges and their status remains uncertain.

New York:

During 2024 and into 2025, NYSEG and RG&E continue to operate under the joint proposal (JP) settlement approved by the New York Public Service Commission (NYPSC) on 12 October 2023. The JP established a three-year rate plan, starting on 1 May 2023 and continuing until 30 April 2026. The permitted rate of return on common equity (ROE) for NYSEG and RG&E is 9.20%. The common equity ratio for each of them is 48%. The JP also includes earnings sharing bands for earnings in excess of 50 basis points of the 9.20% ROE, using a 50% equity ratio.

On 30 June 2025, in accordance with the requirements of the NYPSC, NYSEG and RG&E filed a request to establish revised rates for the companies' electricity and gas services. The rate requests support investments required to meet future energy demand, including increasing energy demand throughout the State of New York, along with plans to modernise obsolete existing infrastructure and systems in order to improve reliability and customer service for millions of upstate New York energy consumers.

On 19 May 2025, the NYPSC authorised the publication of the final New York management audit report. With the publication of the report, the NYPSC also ordered NYSEG and RG&E to file implementation plans in response to the one hundred twenty-eight (128) recommendations included in the final report. On 18 June 2025, NYSEG and RG&E filed their implementation plans with the NYPSC. The NYPSC will publish the implementation plans for public comment.

On 13 February 2025, the NYPSC initiated a focused operations audit to examine management incentive compensation programs at electric, gas and water utilities. On 15 May 2025, the NYPSC selected Overland Consulting as the independent auditor and ordered NYSEG and RG&E, along with other New York utilities, to execute a contract with Overland. Overland has issued an initial set of data requests. NYSEG and RG&E are in the process of responding to those requests.

In November 2024, NYSEG and RG&E filed an urgent upgrade projects petition as part of the New York Proactive Planning Order. The filing consisted of a total of 10 projects, estimated at USD 554 million. The filing was made in response to a broader NYPSC order on establishing a long-term proactive planning framework. On 12 June 2025, the NYPSC issued an order approving two of the ten projects, for a total of approximately USD 70 million, to accelerate the near-term advancement of transportation and building electrification in New York, with construction starting before the second half of 2026.

Maine:

On 11 June 2025, the Maine Public Utilities Commission issued a written order approving an uncontested stipulation of Central Maine Power's annual compliance filing. The impact of this stipulation will be reflected in rates as from 1 July 2025 and includes the recovery of USD 242 million until 30 June 2026 and a further USD 66 million from 1 July 2026 until 30 June 2027. The majority of these costs are attributed to 2023 and 2024 storm cost deferrals, which will be fully amortised by 30 June 2027.

Connecticut:

There is an ongoing appeal of a 2023 rate case decision, in which the Connecticut Public Utilities Regulatory Authority (PURA) authorised an 8.63% return on equity (ROE) for United Illuminating (UI), an Avangrid subsidiary, that included a 47-basis-point penalty for management and operational performance issues. Even without the penalty, the implied base ROE of 9.10% was among the lowest approved for an energy utility in recent years.

The trend of restrictive decisions continued with the gas rate case decisions issued by the PURA in November 2024 for Avangrid utilities Connecticut Natural Gas (CNG) and Southern Connecticut Gas (SCG). In those cases, the PURA ordered significant rate cuts and authorised an ROE of 9.15% for both companies, a common equity ratio of 53%, and total revenue requirements of USD 418 million for CNG and USD 425 million for SCG. For both companies, the ROE included a 5-basis-point reduction that, according to the PURA, was intended to incentivise the utilities to manage and reduce the underutilisation of their mains and service lines. Appeals of the PURA's 2024 gas rate case decisions are pending before the Connecticut Superior Court. A court decision was issued on 13 March 2025. UI subsequently filed an appeal with the Appellate Court on 28 March, with the appeal brief to be filed on August 15.

Brazil

Regulatory Rate of Return on Capital: The regulated rates of return on capital for the distribution, transmission and generation segments, which are applied in tariff processes instituted by technical areas from 1 March 2025 to 28 February 2026, were updated on 30 April. The real rate after taxes was adjusted from 8.06% to 8.03% for distribution and from 7.91% to 7.89% for transmission and generation. The real rate before taxes was 12.17% for distribution and 11.94% for transmission and generation.

Tariff adjustments at Neoenergia Coelba and Neoenergia Cosern: In April 2024, the Board of Directors of ANEEL published the periodic tariff adjustments for 2024 for Neoenergia Cosern, Neoenergia Coelba and Neoenergia Pernambuco, which came into effect on 22 April (for Coelba and Cosern) and on 29 April (for Pernambuco). The average effect was 2.05%, with average effects of 1.88% for low voltage and 2.53% for high voltage. In terms of B1 residential consumers, there was a tariff reduction of 1.78% for Neoenergia Coelba consumers. In terms of Neoenergia Cosern consumers, the average effect was -0.32%, with average effects of -0.33% for low voltage and -0.30% for high voltage. For their part, B1 residential consumers had a tariff reduction of -0.49%.

Neoenergia Pernambuco tariff review: Published in April, REH 3.451/2025 standardised the periodic tariff review (RTP) 2025 for Neoenergia Pernambuco, which came into effect on 29 April 2025. The average effect for the consumer was 0.61%, with average effects of 3% for low voltage and -7.10% for high voltage. For their part, B1 residential consumers were subject to an adjustment of 2.85%.

Extension of licences: On 3 June 2025, ANEEL published Resolution no. 1.582/2025, in which it recommended to the Ministry of Mines and Energy (MME) the extension of distribution license agreement no. 26/2020-ANEEL, pursuant to the administrative request filed by Neoenergia Pernambuco. ANEEL concluded that the eligibility requirements for the extension in relation to the economic and financial management criteria and the supply continuity criteria had been satisfied.

Regulation on offshore generation: Following various parliamentary debates, bill no. 576/2021 was approved by the Federal Senate on 12 December 2024 and received the assent of the President of the Republic on 10 January 2025 as Act no. 15097/2025. The Act eliminated the market reserve for the O&G sector, but it maintained governmental holdings (R$): (i) allowance per firm; (ii) annual area occupation rate; and (iii) monthly payment for energy produced.

Matters outside the scope of the Act, which included: (i) an increase in the period for the introduction of distributed generation microplants; (ii) the contracting of coal-fired, gas and mini hydroelectric power plants in reserve auctions and wind auctions in the south; (iii) the construction of ethanol-based liquid hydrogen plants in the NE; and (iv) the extension of PROINFA agreements, were vetoed by the government when the Act was published. However, on 17 June 2025 the Congress repealed some of the vetoes, reintroducing the following provisions to the Act:

- Mini hydroelectric (PCH): contracting of 4.9 GW
- PROINFA: 20-year extension
- Hydrogen: contracting of 250 MW of ethanol-based hydrogen energy
- Wind energy in the south: contracting of 300 MW until the second half of 2025

The analysis of the following other vetoes was postponed: (i) mandatory contracting of thermal power plants; (ii) extension of period to start injection of energy for GD I [Distributed Generation I]; and (iii) extension of coal-fired power plant contracts. There is still no date scheduled for this further vote.

<u>Provisional Measure no. 1,300:</u> Provisional measure no. 1,300 was published on 21 May 2025, with various changes in the Brazilian electricity sector focusing on promoting fair tariffs, increasing freedom of choice for consumers and a more equitable redistribution of charges.

One of the main changes is the liberalisation of the market as from 1 August 2026 for industrial and commercial consumers, and as from 1 December 2027 for other consumers.

The social electricity tariff has been simplified, such that there will be a 100% discount for consumption up to 80 kWh/month. In order to promote a transition between the social tariff and the normal tariff, families that are beneficiaries of social programme will be exempt from energy development fund (CDE) payment for consumption up to 120 kWh/month.

The conditions for receipt of the discount on tariffs for use of transmission and distribution systems have also been changed for consumers of incentivised renewable sources. The discount will only be maintained for contracts signed and registered until 31 December 2025.

The tariff and accounting separation between the distribution and retail supply of energy has also been established, guidelines have been provided for last-resort distribution activity, the rules for self-production of energy have been tightened and changes have been encouraged to CDE distribution among voltage ranges, among others.

The period for submitting amendments has now concluded with 600 proposals, which will have to be analysed during the effective period of the provisional measure, which extends to September 2025 (60 days in effect + automatic 60-day extension). If the provisional measure has not been approved by the end of this period, it will become void.

<u>Regulation of maximum effort of transmission operators:</u> On 5 June 2025, ANEEL published Resolution no. 1,125, which establishes the methodology for analysing the maximum effort of transmission service concessionaires in the collection of the rates corresponding to the termination charges for transmission system use contracts (CUSTs) entered into without the guarantees established by Order no. 3245/2023 and terminated until the publication of Order no. 1687/2024. For Neoenergia, these rates amount to approximately BRL 15 million.

The regulation defined the following criteria for granting transmission operators tariff coverage for the aforementioned uncollected income: (a) timely inclusion of debts by creditors in the ANEEL public debt registry (CADIN); (b) out-of-court pursuit of the debt; and (c) filing of a judicial action seeking to recover the credit by the national system operator (ONS).

The transmission operators are responsible for requesting tariff coverage until 1 March of each year relating to the tariff cycle, subject to the prior adoption of all the collection measures provided for in the Resolution. All costs and earnings will be divided proportionally among the transmission creditors, precisely in line with their respective credits.

European Union

As announced at the start of the current legislature in 2024, the initial actions of the new Commission notably include the Clean Industrial Deal (CID), which was introduced in February 2025 at the same time as the Affordable Energy Action Plan.

The CID describes specific measures to turn decarbonisation into a driver of competitiveness and growth for European industries. Measures include lowering energy prices, boosting demand for clean products, financing the clean transition, fostering circularity and access to strategic materials, and stimulating innovation and a skilled workforce.

In terms of actions to lower energy prices, the Commission will propose measures to:

- speed up the roll-out of clean energy via PPA, promoting the electrification of industry, and developing network infrastructures to facilitate connection to clean energy, electrification of demand and data centres;
- complete the internal energy market with physical interconnections;
- use energy more efficiently and cut dependence on imported fossil fuels.

These initiatives will be specified over the next two years in different proposals, some of which will be legislative, and which will be processed during the remainder of the legislature.

The Communication from the Commission C(2025) 7600, of 25 June 2025, on the Framework for State Aid Measures to support the Clean Energy Deal (CISAF) has been published on a preliminary basis. The aim of the CISAF is to provide certainty and accelerate the approval of aid for certain investments that contribute to the aims of the CID. For this purpose, the CISAF defines each of the following new potential forms of aid in detail:

- Schemes to accelerate the rollout of renewable energy
- Schemes to accelerate the rollout of low-carbon fuels
- Non-fossil flexibility support schemes
- Capacity mechanisms
- Temporary electricity price relief for energy-intensive users
- Aid for decarbonisation of industry
- Aid to ensure sufficient manufacturing capacity in clean technologies
- Schemes to support specific Innovation Fund projects
- Aid to reduce risks of private investments into renewable project portfolios, low-carbon fuels, non-fossil flexibility, decarbonisation of industry and production of clean energy

If a State gives notice of any of these schemes, accurately providing all their details, it has the security that approval will be quickly granted. The CISAF will be in effect until the end of 2030, meaning that after that date it will not be possible to grant further aid under this framework, although multiyear schemes approved under the CISAF may continue to receive previously awarded aid beyond that date.

Moreover, the European Commission is developing a range of proposals to simplify certain administrative processes involved in recent European regulation in order to lighten the bureaucratic burden on companies. To date, Directive (EU) 2025/794 of 14 April 2025, amending certain corporate sustainability reporting and due diligence requirements, has been published.

In the area of clean mobility, Regulation (EU) 2025/1214 of 17 June 2025, amending Regulation (EU) 2019/631 to include an additional flexibility as regards manufacturers' compliance, CO2 emission performance standards and new light commercial vehicles for the calendar years 2025 to 2027, has been published.

Finally, the Commission has published part of the secondary legislation for the implementation of the Net-Zero Industry Act (NZIA).

- ***Commission Implementing Regulation (EU) 2025/1176 of 23 May 2025*** specifying the pre-qualification and award criteria for auctions for the deployment of energy from renewable sources;
- ***Commission Implementing Regulation (EU) 2025/1176 of 23 May 2025*** establishing the list of net-zero technology final products and their main specific components for the purposes of assessing the contribution to resilience;
- ***Commission Implementing Decision (EU) 2025/1100 of 23 May 2025*** adopting guidelines for the implementation of certain selection criteria for net-zero strategic projects.

Consolidated management report for the six-month period ended 30 June 2025

1. Significant events in the first half of 2025

1.1 Currency performance

During the first half of 2025, the average exchange rates of IBERDROLA's main reference currencies, the US dollar and the Brazilian real, depreciated by 0.5% and 13% respectively, while the pound sterling appreciated against the euro by 1.8%. The impact of the exchange rate on the income statement for the period was EUR 151 million negative in EBITDA and EUR 113 million positive in net profit.

1.2 Demand

With regard to the evolution of demand in the period in the Company's main areas of activity:

– In Spain, the Energy Balance of the mainland system in the first half of 2025 saw an increase in combined cycle (+48.2%), solar photovoltaic (+9.4%), nuclear (+1.2%) and hydroelectric (+0.5%) production compared with the first half of 2024, with a decline in wind (-9.8%), coal (-7.7%), and cogeneration (-3.8%) output.

  In the first half of 2025, mainland electricity demand was up 2.7% on the previous year. In labour and temperature-adjusted terms, this translates into a 1.3% increase.

  Likewise, the first half of 2025 ended with a hydro producer index of 1.3 and hydro reserves at 14.7 TWh (78.7%), compared with 1.3 and 13.4 TWh (72.4%) respectively at 30 June 2024.

– In the United Kingdom, electricity demand increased by 0.5% and conventional gas demand was up 0.4% in the first half of 2025 compared with the same period of 2024.

– Demand for electricity in Avangrid's area of operation on the East Coast of the United States remained broadly stable (+0.03%) in the period when compared with the same period of 2024, while gas demand rose 9.9% in the period compared with 2024.

– Demand in Neoenergia's areas of operation in Brazil dipped by 0.4% compared with the first half of 2024.

1.3 Progress made towards key projects in the first half of the year

The takeover of Electricity North West Limited went ahead in March 2025, after the UK Competition and Markets Authority (CMA) had completed its review of the operation.

In April 2025, Iberdrola completed the sale of a 49% stake in the Windanker offshore wind farm in Germany to Japanese utility Kansai after obtaining the necessary regulatory clearance. The wind farm, with an installed capacity of 315 MW, is currently under construction and is expected to come online in the last quarter of 2026.

In June, the sale of the Baixo Iguaçu hydroelectric plant to French company EDF and French investment fund STOA was completed. Neoenergia previously controlled 70% of the plant, which is located in Paraná and has an installed capacity of 350 MW.

1.4 Key operating figures

- ### Installed capacity

At the end of the first half of 2025, the IBERDROLA Group had 55,175 MW of installed capacity, a net 488 MW more than at year-end 2024. At 30 June 2025, IBERDROLA's emission-free capacity reached 84.1% of total capacity (46,416 MW on a consolidated basis), compared to 84.0% at the end of 2024.

Installed capacity by technology and geographic region is as follows:

Sin dato	30.06.2025			31.12.2024			
By technology	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Chg. Consolidated MW**
Renewables	**43,239**	**1,826**	**45,065**	**42,751**	**1,728**	**44,479**	**488**
Onshore wind	20,211	450	20,661	20,298	450	20,748	(87)
Offshore wind	2,230	241	2,471	2,230	143	2,373	0
Hydroelectric	11,977	1,123	13,100	11,977	1,123	13,100	0
Mini hydroelectric	234	0	234	234	0	234	0
Solar and other [1] [2]	8,260	12	8,272	7,784	12	7,796	476
Batteries	327	0	327	228	0	228	99
Thermal	**11,936**	**255**	**12,191**	**11,936**	**255**	**12,191**	**0**
Nuclear	3,177	0	3,177	3,177	0	3,177	0
Gas combined cycles	7,654	204	7,858	7,654	204	7,858	0
Cogeneration	1,105	51	1,156	1,105	51	1,156	0
Total power (MW)	**55,175**	**2,081**	**57,256**	**54,687**	**1,983**	**56,670**	**488**

Sin dato	30.06.2025			31.12.2024			
By countries	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Chg. Consolidated MW**
Spain	31,697	250	31,947	31,523	250	31,773	174
United Kingdom	3,102	15	3,117	2,981	15	2,996	121
United States [2]	9,872	693	10,565	9,948	595	10,543	(76)
Mexico	2,600	0	2,600	2,600	0	2,600	0
Brazil	3,289	1,123	4,412	3,289	1,123	4,412	0
IEI	4,615	0	4,615	4,346	0	4,346	269
Total power (MW)	**55,175**	**2,081**	**57,256**	**54,687**	**1,983**	**56,670**	**488**

(*) Includes the proportional part of MW.

(1) Solar/photovoltaic capacity is reported in MWdc.

(2) In the United States, there are 13 MW of installed fuel cell capacity included in solar and other technologies.

Changes in installed capacity are as follows:

– In Spain the net change was 174 MW:

  - new capacity at the solar photovoltaic plant in Ciudad Rodrigo, with 205 MW installed in the first half of the year;

  - new wind power capacity of 17 MW at the Finca San Juan wind farm and decommissioning of 97 MW of wind power to re-power the Molar del Molinar (49 MW) and Isabela (48 MW) wind farms; and

  - installation of 49 MW of batteries as part of the hybridisation process of Campo Arañuelo I (10 MW), Campo Arañuelo II (14 MW) and Revilla-Vallejera (25 MW).

– In the United States, 80 MW at Leaning Juniper II was decommissioned for repowering, and 5 MW of the new wind farm was installed.

– In the United Kingdom, 74 MW of wind power was installed at Hagshaw Hill I and 3 MW was decommissioned at Coldham (2 MW) and Barnesmore (1 MW). In batteries, 50 MW of installed capacity was installed at Harestanes.

– Iberdrola Energía Internacional increased its installed capacity by 269 MW.

  - In Italy, installed capacity at solar photovoltaic plants increased by 27 MW at the Limes 10 and Limes 15 plants combined, and by 228 MW at the Fénix plant.

  - In Australia, 16 MW was installed at the Broadsound Solar PV plant and 2 MW of wind power was decommissioned at the Alinta/Walkaway wind farm.

– In Brazil, although not presented in the table above, the divestment of Geração Céu Azul S.A., which held a 70% stake in the consortium owning the 245 MW Baixo Iguaçu hydroelectric plant, went ahead on 30 June.

- **Production**

In the first half of 2025, the IBERDROLA Group’s total production was down 8% to 62,870 GWh (68,365 GWh in the first half of 2024).

Production by technology and geographic region is as follows:

By technology	30.06.2025			30.06.2024			Chg. (%) – consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Renewables	**44,294**	**3,329**	**47,623**	**42,694**	**2,528**	**45,222**	**3.7**
Onshore wind	21,795	499	22,294	22,404	436	22,840	(2.7)
Offshore wind	3,466	35	3,501	2,776	38	2,814	24.9
Hydroelectric	14,349	2,791	17,140	14,325	2,041	16,366	0.2
Mini hydroelectric	256	0	256	273	0	273	(6.2)
Solar and other	4,428	4	4,432	2,916	13	2,929	51.9
Thermal	**18,576**	**117**	**18,693**	**25,671**	**107**	**25,778**	**(27.6)**
Nuclear	10,663	0	10,663	10,089	0	10,089	5.7
Gas combined cycles	5,579	7	5,586	12,370	1	12,371	(54.9)
Cogeneration	2,334	110	2,444	3,212	106	3,318	(27.3)
Total production (GWh)	**62,870**	**3,446**	**66,316**	**68,365**	**2,635**	**71,000**	**(8.0)**

By countries	30.06.2025			30.06.2024			Chg. (%) – consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms EBITDA	Managed by investees (*)	Total	
Spain	32,972	270	33,242	30,865	237	31,102	6.8
United Kingdom	3,379	7	3,386	3,765	8	3,773	(10.3)
United States [(2)]	12,474	378	12,852	12,885	349	13,234	(3.2)
Mexico	5,332	0	5,332	12,637	0	12,637	(57.8)
Brazil	4,328	2,791	7,119	4,386	2,041	6,427	(1.3)
IEI	4,385	0	4,385	3,827	0	3,827	14.6
Total production (GWh)	**62,870**	**3,446**	**66,316**	**68,365**	**2,635**	**71,000**	**(8.0)**

[(*)] Includes the proportional part of MW.

[(2)] In the United States, there is 30 MW of fuel cell production included in solar and other technologies.

- **Retail supply**

– Spain

The IBERDROLA Group's electricity sales in Spain were up 0.7% in the first half of 2025, distributed as follows:

Spain	30.06.2025	30.06.2024	Change (%)
Free market	30,513	31,786	(4.0)
PVPC	3,373	3,302	2.2
Other markets	7,675	6,192	24.0
Electricity sales (GWh)	**41,561**	**41,280**	**0.7**

– United Kingdom

In the period ended 30 June 2025, 4,748 GWh of electricity (6,395 GWh in H1 2024) and 10,531 GWh of gas (10,702 GWh in H1 2024) were supplied to customers, down 25.8% and 1.6%, respectively, on the same period in 2024, owing to a drop in customers and the interruption of the I&C (Industrial & Commercial) business.

– Mexico

Electricity sales in the first half of 2025 fell to 8,855 GWh, down 37.8% year on year, since the figures for the first half of 2024 include the production of the assets that fall within the scope of the transaction to sell the plants to MIP, with the following breakdown:

Mexico	30.06.2025	30.06.2024	Change (%)
CFE	0	6,154	(100.0)
Private	8,855	8,083	9.6
Electricity sales (GWh)	**8,855**	**14,237**	**(37.8)**

– Brazil

Electricity sales in the first half of 2025 declined to 5,581 GWh, down 19.7% on the same period of 2024, with the following breakdown:

Brazil	30.06.2025	30.06.2024	Change (%)
PPA	2,741	4,278	(35.9)
Free market	2,840	2,673	6.2
Electricity sales (GWh)	**5,581**	**6,951**	**(19.7)**

- ## Networks

In the first half of 2025, the total electricity distributed by the Group amounted to 124,202 GWh, up 4.9% on the same period of 2024. Gas distribution increased by 9.9% to 38,369 GWh.

The breakdown by geographic region is as follows:

Sin dato	30.06.2025	30.06.2024	Change (%)
Spain	44,871	43,593	2.9
United Kingdom	20,190	15,479	30.4
United States	18,435	18,426	0.0
Brazil [2]	40,706	40,866	(0.4)
Total electrical distribution (GWh) [1]	**124,202**	**118,364**	**4.9**
United States	38,369	34,909	9.9
Total gas distribution (GWh)	**38,369**	**34,909**	**9.9**

(1) Reported in power station busbars.

(2) The units in Brazil are based on the energy injected into the grid, on which each licence receives its tariffs.

Electricity and gas supply points increased 8.5% against June 2024 to number over 37 million, thanks to organic growth across all geographies.

Sin dato	30.06.2025	30.06.2024	Change (%)
Spain	11.60	11.48	1.0
United Kingdom	6.10	3.56	71.3
United States	2.30	2.25	2.2
Brazil	16.80	16.50	1.8
Total electricity	**36.80**	**33.79**	**8.9**
United States	1.00	1.04	(3.8)
Total gas	**1.00**	**1.04**	**(3.8)**
Total supply points managed	**37.80**	**34.83**	**8.5**

1.5 Key figures of the consolidated income statement

Key figures for the first half of 2025 are as follows (in millions of euros):

	30.06.2025	30.06.2024	Change (%)
Gross income	12,693	12,489	1.6
Gross operating profit – EBITDA	8,287	9,614	(13.8)
Net operating profit – EBIT	5,467	6,859	(20.3)
Net profit for the period attributable to the parent	3,562	4,134	(13.8)

When comparing the two periods, it is important to consider the sale of assets in Mexico between subsidiaries of Iberdrola México and México Infrastructure Partners (MIP), which was completed on 26 February 2024 and resulted in an extraordinary contribution of EUR 1,166 million to Net profit and of EUR 1,717 million to EBITDA in the six months ended 30 June 2024.

1.5.1 Gross income

Gross income stood at EUR 12,693 million, up 1.6% on the same period in 2024 (EUR 12,489 million). The impact of changes in the average exchange rate reduced this item by EUR 206 million; without this effect, gross income would have been up 3.3%

	30.06.2025	30.06.2024	Change (%)
Spain	4,336	4,654	(6.8)
United Kingdom	2,586	2,505	3.2
United States	3,294	2,817	16.9
Brazil	1,552	1,695	(8.4)
Mexico	343	373	(8.0)
IEI	568	442	28.5
Other business, Corporation and adjustments	14	3	366.7
Total gross income	**12,693**	**12,489**	**1.6**

– In Spain, gross income was down 6.8%, equivalent to EUR 318 million, to reach EUR 4,336 million.

  - At the Networks business, the contribution made by the division decreased by EUR 76 million. The comparison is affected by the positive impact of the investment adjustment process that took place in the first quarter of 2024.

  - At the Customer business, its contribution to gross income declined by EUR 470 million, weighed down by a more competitive environment (with lower selling prices and fewer sales to end customers) and by the transfer of the customer business in Portugal to IEI in January 2025.

  - The Renewables and Sustainable Generation business increased its contribution by EUR 75 million compared to the first half of 2024. The improvement follows an increase in renewable photovoltaic and hydro production, despite a reduction in wind, nuclear and combined cycle thermal generation.

– The United Kingdom increased its contribution by 3.2%, or EUR 81 million, to EUR 2,586 million.

  - The Networks business increased its contribution by EUR 288 million, with a positive exchange rate effect of EUR 21 million, mainly due to the contribution made by Electricity North West, which was fully consolidated for accounting purposes in the first quarter of 2025, along with a higher contribution from transmission due to higher tariffs, and an increase in the distribution asset base.

  - The Customers business decreased its contribution by EUR 70 million, which includes a positive exchange rate effect of EUR 11 million. The main reason for the decline in margins and volume is a net loss of customer portfolio.

  - The contribution made by the Renewables and Sustainable Generation business was EUR 139 million lower, with the positive exchange rate effect amounting to EUR 13 million. The reduction is largely due to lower production of both onshore and offshore wind power, along with lower prices.

– The United States' contribution in the period increased by EUR 477 million (16.9%) to EUR 3,294 million.

  - The Networks business increased its contribution by EUR 464 million, including a EUR 10 million negative exchange rate effect. The improved contribution is a product of the recognition of assets guaranteed by the regulator in New York.

  - The Renewables and Sustainable Generation business contributed EUR 13 million more than in the first half of 2024, with a negative effect of EUR 3 million due to exchange rate fluctuations. The improvement is due to higher merchant prices in the period.

- Gross income in Brazil amounted to EUR 1,552 million, marking a reduction of EUR 143 million, or 8.4%.
    - The contribution made by the Networks business was down EUR 82 million, due to the exchange rate effect, which had a negative impact of EUR 212 million. Stripping out this impact, it would have improved by EUR 130 million, owing to annual readjustments and multi-year reviews of the distributors' tariffs.
    - Gross income from the Customers business contributed EUR 36 million less than in the previous year. The gross income reduction is due to the effect of the end of the power purchase agreement (PPA) for the Termopernambuco power plant.
    - The contribution made by the Renewables and Sustainable Generation business was down EUR 26 million, with EUR 17 million of this reduction being due to exchange rate effects. The rest of the decline was largely the result of lower prices.
- Gross income in Mexico amounted to EUR 343 million, down 8.0% on the same period of 2024, equivalent to EUR 30 million.
    - The Customer business reported a decline of EUR 20 million, with a negative exchange rate effect of EUR 1 million; the higher contribution of the retained assets to gross income failed to offset the loss of earnings from the assets sold in 2024.
    - Gross income at the Renewables business fell by EUR 8 million, largely due to the loss of earnings from the Santiago wind farm, which was sold in 2024.
- Iberdrola Energía Internacional contributed EUR 568 million to gross income, up 28.5% year on year, equivalent to EUR 126 million.
    - Gross income at the Customer business was up EUR 33 million year on year, largely due to the effect of integrating the commercial business in Portugal, which belonged to Spain in 2024.
    - Gross income at the Renewables business was up EUR 93 million on 2024 (EUR 98 million if we strip out the exchange rate effect), mainly due to the contributions made by the Saint Brieuc and Baltic Eagle offshore wind farms.

1.5.2 Gross operating profit – EBITDA

Gross operating profit (EBITDA) for the first half of 2025 was down EUR 1,327 million (-13.8%) to reach EUR 8,287 million (H1 2024: EUR 9,614 million). The exchange rate effect was negative at EUR 53 million.

Of this reduction, EUR 1,717 million was due to the sale of assets in Mexico in 2024.

Gross operating profit (EBITDA), by country, is as follows (in millions of euros):

	30.06.2025	30.06.2024	Change (%)
Spain	2,912	3,480	(16.3)
United Kingdom	1,728	1,753	(1.4)
United States	1,887	1,059	78.2
Brazil	1,137	1,249	(9.0)
Mexico	258	1,940	(86.7)
IEI	408	307	32.9
Other business, Corporation and adjustments	(43)	(174)	(75.3)
Total EBITDA	**8,287**	**9,614**	**(13.8)**

In addition to the performance in gross income explained above, net operating expenses were up EUR 1,412 million (+100.2)% to reach EUR 2,821 million, while the exchange rate effect was not significant (EUR 4 million). The main effect is the Mexican deal described above.

Net operating expenses, by country, are as follows (in millions of euros):

	30.06.2025	30.06.2024	Change (%)
Spain	602	647	(7.0)
United Kingdom	621	454	36.8
United States	916	1,296	(29.3)
Brazil	410	441	(7.0)
Mexico	82	(1,573)	(105.2)
IEI	136	128	6.3
Other business, Corporation and adjustments	54	16	237.5
Total net operating expenses	**2,821**	**1,409**	**100.2**

Taxes other than income tax were up EUR 119 million to reach EUR 1,585 million, compared with EUR 1,466 million in the same period of 2024.

When comparing both periods, it is important to consider several extraordinary events that were recognised in the same period of 2024, despite the disappearance of the temporary energy levy in the year.

Taxes other than income tax, by country, are as follows (in millions of euros):

	30.06.2025	30.06.2024	Change (%)
Spain	822	527	56.0
United Kingdom	237	298	(20.5)
United States	491	462	6.3
Brazil	5	5	0.0
Mexico	3	6	(50.0)
IEI	24	7	242.9
Other business, Corporation and adjustments	3	161	(98.1)
Total taxes other than income tax	**1,585**	**1,466**	**8.1**

1.5.3 Net operating profit – EBIT

Net operating income (EBIT) amounted to EUR 5,467 million, down 20.3% on the first half of 2024 (EUR 6,859 million) due to the extraordinary impact of the asset sale that took place in Mexico in 2024. The exchange rate effect under this heading is negative at EUR 43 million.

Net operating profit (EBIT), by country, is as follows (in millions of euros):

	30.06.2025	30.06.2024	Change (%)
Spain	2,036	2,589	(21.4)
United Kingdom	1,135	1,211	(6.3)
United States	1,138	309	268.3
Brazil	813	890	(8.7)
Mexico	202	1,883	(89.3)
IEI	211	174	21.3
Other business, Corporation and adjustments	(68)	(197)	(65.5)
Total EBIT	**5,467**	**6,859**	**(20.3)**

Amortisation, depreciation and provisions and impairment losses on trade receivables and contract assets increased by EUR 65 million. The exchange rate effect had a positive impact of EUR 10 million on these items:

- impairment losses on trade receivables and contract assets were down EUR 84 million to EUR 177 million; and
- amortisation, depreciation and provisions was up EUR 149 million to EUR 2,643 million, compared to EUR 2,494 million in 2024.

Amortisation, depreciation and provisions and valuation adjustments by country are as follows:

	30.06.2025	30.06.2024	Change (%)
Spain	876	891	(1.7)
United Kingdom	593	542	9.4
United States	749	750	(0.1)
Brazil	324	359	(9.7)
Mexico	56	57	(1.8)
IEI	197	133	48.1
Other business, Corporation and adjustments	25	23	8.7
Total amortisation, depreciation and provisions	**2,820**	**2,755**	**2.4**

1.5.4 Net finance income

Financial gains/(losses) showed an improvement of EUR 183 million by dropping to EUR 665 million (H1 2024: EUR 848 million), broken down as follows (in millions of euros):

	30.06.2025	30.06.2024	Change
Gains/(losses) on debt	(1,279)	(1,122)	(157)
Derivatives and other	614	274	340
Total	**(665)**	**(848)**	**183**

The change can be largely explained by:

- Debt increased by EUR 157 million, largely due to a higher average balance.
- Other items showed an improvement of EUR 340 million, comprising EUR 282 million due to the settlement of East Anglia Three derivatives, plus a further EUR 68 million owing to improved gains on other derivatives.

Adjusted average cost of net financial debt fell by 19 basis points to 4.70%, compared with 4.89% in the same period of the previous year. This lower cost is largely due to the change in the debt structure, with a higher weighting of the pound sterling and a lower weighting of the Brazilian real, due to its sharp depreciation.

The cost excluding Brazil was down 16 basis points to 3.52%, compared with 3.68% in the same period of the previous year, owing to the decline in short-term interest rates and changes in the debt structure, with a higher weighting of the pound sterling and a lower weighting of the US dollar, which has an above-average cost.

1.5.5 Results of equity-accounted investees

The results of equity-accounted investees showed a profit of EUR 48 million, compared with profits of EUR 10 million in the same period of 2024, due to the contribution of companies within the scope of the transaction with GIC (Brazil networks).

1.5.6 Profit before tax

Profit before tax amounted to EUR 4,850 million, compared with EUR 6,021 million in the first half of 2024.

1.5.7 Taxes

Income tax expense from continuing operations was down EUR 631 million to EUR 978 million, mainly due to the effect of higher earnings in 2024 due to the capital gain earned in Mexico, which resulted in additional taxes of EUR 552 million during that year.
The effective tax rate for the six months ended 30 June 2025 was 24.12%, compared with 26.13% for the six months ended 30 June 2024.

1.5.8 Net profit for the period attributable to the parent

Net profit for the period attributable to the parent amounted to EUR 3,562 million, down 13.8% on the figure reported in the same half of 2024 (EUR 4,134 million).

Net profit/(loss) dropped to EUR 572 million, although if we strip out the effect of the capital gain in Mexico recognised in the first half of 2024 (EUR 1,165 million), it would have been EUR 593 million higher.

1.6 Key figures of the consolidated statement of financial position

The IBERDROLA Group's statement of financial position at 30 June 2025 showed total assets of EUR 157,570 million, confirming its strong financial position.

- **Investments in Property, plant and equipment**

Total net investments in Property, plant and equipment from January to June 2025, as disclosed in Note 7, amounted to EUR 4,418 million.

Investments in the period mainly took place at the Networks and Renewables businesses, in line with the Group's strategy. These two businesses accounted for approximately 96.3% of gross investment in the first half of 2025, broken down as follows (in millions of euros):

30.06.2025		% of total invested
Customers business	147	3.3
Renewable Energy and Sustainable Generation business	2,030	45.9
Networks business	2,221	50.3
Other business, Corporation and adjustments	20	0.5
Total	**4,418**	**100.0**

Investment by country, in millions of euros, was as follows:

30.06.2025		% of total invested
Spain	505	11.4
United Kingdom	1,673	37.9
United States	1,614	36.5
Mexico	55	1.2
Brazil	20	0.5
Iberdrola Energía Internacional	531	12.0
Other business, Corporation and adjustments	20	0.5
Total	**4,418**	**100.0**

- Spain (EUR 505 million), mainly in networks and photovoltaic, hydro, wind and battery storage projects;
- United Kingdom (EUR 1,673 million), mainly in networks, the East Anglia Three offshore wind complex and several PV and onshore wind power facilities;
- United States (EUR 1,614 million), primarily in networks, and PV and onshore wind power projects;
- IEI (EUR 531 million), in the construction of offshore wind projects in France (St Brieuc) and Germany (Windanker) and in photovoltaic and wind projects, mainly in Italy and Australia.

- **Capital**

Following completion of the capital increase on 5 February 2025 as part of the Iberdrola *Retribución Flexible* optional dividend programme, the Company’s share capital at 30 June 2025 amounted to 6,440,561,000 bearer shares, each with a par value of EUR 0.75 (Note 11).

In keeping with the announced commitment to keep the number of shares stable at 6,240 million, the shareholders acting at the General Shareholders’ Meeting approved a share capital reduction through the cancellation of 200,561,000 treasury shares, representing 0.75% of the Company’s share capital. The capital reduction took place on 1 July 2025 (Note 22).

- **Debt structure**

Adjusted net financial debt at 30 June 2025 was up EUR 994 million on 31 December 2024 and EUR 7,513 million higher when compared with the same period in the previous year, standing at EUR 52,666 million (EUR 51,672 million at 31 December 2024 and EUR 45,153 million at 30 June 2024).

Meanwhile, the adjusted net leverage ratio at 30 June 2025 was 1.35% higher than the figure at 31 December 2024 (46.79% vs. 45.44%) and 5.39% higher than the figure at 30 June 2024 (46.79% vs. 41.40%).

	30.06.2025	31.12.2024	30.06.2024
Parent	45,628	47,125	46,658
Non-controlling interests	13,794	13,926	17,140
Equity	**59,422**	**61,051**	**63,798**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed	468	995	83
Adjusted equity	**59,890**	**62,046**	**63,881**
Bank borrowings, bonds or other marketable securities (Note 15)	53,726	54,390	48,206
CSA derivatives security deposits	53	100	83
Derivative financial liabilities	741	707	913
Leases	2,656	2,799	2,666
Gross financial debt (A)	**57,176**	**57,996**	**51,868**
Non-current financial deposits	83	111	112
Derivative financial assets	762	1,026	1,027
CSA derivatives security deposits	136	95	90
Short-term financial investments (between 3 and 12 months)	16	15	11
Cash and cash equivalents (Note 10)	2,365	4,082	5,393
Total cash assets (B)	**3,362**	**5,329**	**6,633**
Net financial debt (A-B)	**53,814**	**52,667**	**45,235**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed (C)	468	995	82
Securitisation of regulatory assets (D) [1]	680	**0**	**0**
Adjusted net financial debt (A-B-C-D)	**52,666**	**51,672**	**45,153**
Adjusted net leverage	**46.79 %**	**45.44 %**	**41.40 %**

[1] Final sale recognised by the regulator and securitised via two 100% Iberdrola Group SPVs (see Note 15).

The derivative financial instruments shown in the table above do not include those related to the price of commodities and price indices.

The structure by currency of the debt classified under “Bank borrowings, bonds or other marketable securities” after hedging is shown in Note 15.

In accordance with the policy of minimising the Company’s financial risks, foreign currency risk has continued to be mitigated by financing the international businesses in their local currency (pound sterling, Brazilian real, US dollar, etc.) or functional currency (US dollar, in the case of Mexico). Interest rate risk is mitigated by the issuance of fixed rate debt and derivatives and by hedging future financing.

The breakdown of adjusted gross financial debt by source of financing is as follows:

	30.06.2025	31.12.2024
EUR-denominated bonds	22.17%	22.80%
USD-denominated bonds	15.75%	19.40%
GBP-denominated bonds	7.91%	3.80%
BRL-denominated bonds	7.87%	6.40%
Bonds – Other currencies	1.98%	1.90%
Commercial paper	10.00%	10.00%
Multilateral loans	9.20%	11.20%
Development bank loans	10.80%	9.70%
Structured financing	0.16%	0.10%
Leases	4.86%	5.00%
Bank loans, credit facilities and other	9.30%	9.70%
Total	**100.00%**	**100.00%**

Green and sustainable financing arranged during the six months ended 30 June 2025 amounted to EUR 3,683 million (see Note 15). If we include transactions signed after 30 June 2025, which came to EUR 2,500 million and GBP 3,621 million (EUR 4,243 million; see Note 22), it brings the total to EUR 10,426 million. The breakdown by product is as follows:

	Note	Green financing	Sustainable financing	Total
Bank borrowings, bonds or other marketable securities				
Long-term and medium-term bonds	15	1,476		1,476
Bank loans	15	931	265	1,196
Multilateral loans	15	308		308
Development bank and ECA loans	15	703		703
Project Finance	22	4,243		4,243
Credit facilities	22		2,500	2,500
Total		**7,661**	**2,765**	**10,426**

The portfolio of green and sustainable financing transactions amounted to EUR 57,022 million at 30 June 2025, including sustainable credit facilities and the sustainable ECP programme, as well as the Green Tax Equity Investment financing deal and the project finance of Vineyard Wind 1, which is accounted for using the equity method. Considering the financing transactions signed after 30 June 2025 (see Note 22), this figure climbs to EUR 63,765 million. The IBERDROLA Group is the world's leading private-sector corporate group when it comes to green bonds issued.

The IBERDROLA Group exhibits a comfortable debt maturity profile. Adjusted gross financial debt has an average maturity of over six years.

- **Liquidity**

The IBERDROLA Group had a strong liquidity position of EUR 18,999 million at 30 June 2025 (Note 15). Counting the financing operations signed after 30 June, this figure rises to EUR 19,299 million (Note 22).

This liquidity mainly arises from syndicated credit facilities arranged with relationship banks, loans provided by multilateral lenders, development banks and export credit agencies, in addition to cash and cash equivalents and temporary financial investments (maturing at 3 to 12 months). These liquidity transactions were arranged with counterparties that have high credit ratings.

This liquidity position covers 19 months of financing needs in the base case and 15 months under the risk scenario.

1.7 Financial solvency

- **Credit ratings of IBERDROLA's senior debt**

Agency	Long-term [1]	Outlook
Moody's	Baa1 (15/06/2012)	Stable (14/03/2018)
Fitch	BBB+ (02/08/2012)	Stable (25/03/2014)
Standard & Poor's	BBB+ (22/04/2016)	Stable (22/04/2016)

[1] The above ratings may be reviewed, suspended or withdrawn by the rating agency at any time.

- **Financial solvency ratios**

The calculation of the financial solvency ratios is shown below [*]:

		30.06.2025	30.06.2024
Adjusted FFO / Adjusted net financial debt	%	24.2	25
Adjusted RCF / Adjusted net financial debt	%	20.8	20.8
Adjusted net financial debt / Adjusted EBITDA	Times	3.32	3.06

[*] Ratio calculations based on the last four quarters.

The IBERDROLA Group relies on the following main measures to assess cash generation for the period:

- Funds from Operations (FFO).
- Retained Cash Flow (RCF). FFO – Own dividend payments and to non-controlling interests – net flows from perpetual subordinated bonds.

These measures are calculated as follows:

	30.06.2025	30.06.2024
Net profit for the period attributable to the parent	5,040	6,416
Net profit for the year from discontinued operations	18	22
Impairment losses, trade and other receivables	387	586
Amortisation, depreciation and provisions	6,797	4,963
Result of equity-accounted investees	(1)	(247)
Discounting to present value of provisions	177	188
Non-controlling interests	369	619
Dividends received	69	76
Amounts allocated to the income statement – capital grants	(118)	(85)
Tax deductibility of goodwill	0	71
Other [1]	(232)	(153)
Funds from operations (FFO)	**12,506**	**12,456**
Asset rotation	(5)	(1,166)
Contribution by new additions, expressed pro-forma, up to 1 year [2]	230	0
Adjusted funds from operations (FFO)	**12,731**	**11,290**

	30.06.2025	30.06.2024
Adjusted funds from operations (FFO)	12,731	11,290
Dividends paid	(1,802)	(1,909)
Adjusted retained cash flow (RCF)	**10,929**	**9,381**

	30.06.2025	30.06.2024
EBITDA	15,521	16,470
Asset rotation	(26)	(1,717)
Contribution by new additions, expressed pro-forma, up to 1 year [2]	252	0
Exit plan	111	0
Adjusted EBITDA	**15,858**	**14,753**

[1] Other at 30.06.2025: Tax deductible items (EUR -330 million) and capital gains/losses on group investments (EUR +98 million). Other at 30.06.2024: Tax deductible items (EUR +16 million) and *Bono social* ruling (EUR -169 million).

[2] Estimated additional contribution to FFO and EBITDA by ENW to complete a 12-month period.

2. Main risks and uncertainties in the first half of 2025

The IBERDROLA Group's activities were structurally exposed to various risks in the first half of 2025, which are essentially the same as those described in section 4 of the Management Report attached to the Iberdrola Group's consolidated Annual Financial Report for 2024.

Compared to year-end 2024, there were no significant changes in the Group's overall risk profile. The main concern remains the tariff measures announced by the US administration, with bilateral negotiations ongoing.

Mass blackout

The mass blackout event that affected the mainland electricity system on 28 April 2025 (the "Blackout Event") has been closely analysed by the Group's internal and external experts, who have concluded that no IBERDROLA Group company was to blame, and nor did any Group company contribute in any way to its occurrence. Quite the opposite, for the Group's companies in Spain promptly placed their generation and distribution assets at the disposal of the System Operator, which was instrumental in helping to restore the supply of electricity.

Accordingly, the risk to the Group from the Blackout Event has been assessed as remote.

With regard to possible claims lodged by customers against the Group's electricity retail supply, distribution and generation companies in Spain as a result of the Blackout Event, and aside from the fact that these companies were not responsible in any way for having caused the event, such claims would be covered by the civil liability insurance policies taken out by these companies. To date, no civil law claims seeking damages have been made against any Group companies in relation to the Blackout Event.

Note 4 describes the sources of uncertainty in relation to the estimates made.

The Group has implemented a comprehensive risk control and management system, designed in line with international best practices, to identify, measure and monitor all risks. Detailed information thereon can be found in section 8.1 of the 2024 Annual Corporate Governance Report of Iberdrola, S.A.

3. Stock market figures – the Iberdrola share

Stock market data:

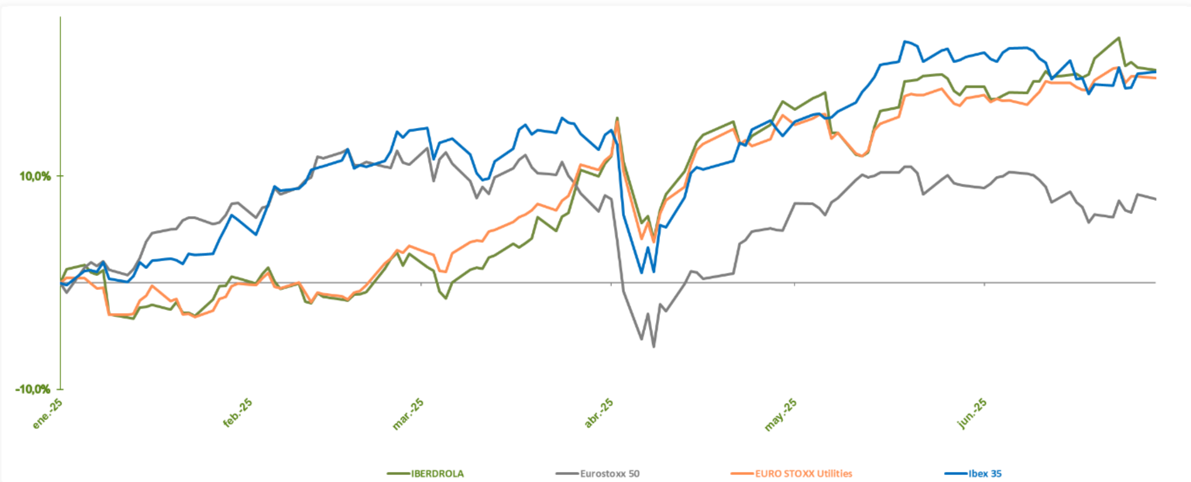
		30.06.2025	30.06.2024
Stock market capitalisation	Millions of euros	104,917	77,818
Price / Book value (Stock market capitalisation / Equity of the Parent at the end of the period)	Factor	2.3	1.7
Number of shares outstanding	no.	6,440,561,000	6,423,299,000
Share price at period end	Euros	16,290	12.115
Average share price for the year	Euros	14,715	11.483
Average daily volume	no.	11,066,299	12,041,559
High at 30/05/2025 and 31/05/2024, respectively	no.	47,306,599	51,401,917
Low at 14/01/2025 and 27/05/2024, respectively	no.	3,749,794	4,429,664
Dividends paid (euros) (1):	Euros/share	0.645	0.558
- Gross interim dividend (31/01/2025 and 31/01/2024)	Euros/share	0.231	0.202
- Final, gross (28/07/2025 (provisional) and 29/07/2024)	Euros/share	0.409	0.351
- Engagement dividend (02/06/2025 and 21/05/2024)	Euros/share	0.005	0.005
Dividend yield (2)	%	3.96%	4.61%

(1) Amount paid on account of the dividend under the Iberdrola *Retribución Flexible* system.

(2) Interim Dividend, final dividend and engagement dividend / period-end share price.

The IBERDROLA share:

Stock market performance of IBERDROLA versus the indexes:



4. Alternative Performance Measures

In addition to the financial information prepared in accordance with IFRS standards, this financial information includes certain Alternative Performance Measures (“APMs”) for the purposes of Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 and as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415en). APMs are measures of financial performance based on the financial information of Iberdrola, S.A. and the companies of its group but which are not defined or detailed in the applicable financial reporting framework. These APMs are used to give a better understanding of Iberdrola, S.A.’s financial performance, but should be viewed as additional information only and in no case do they replace the financial information prepared in accordance with IFRS. Furthermore, the way in which Iberdrola, S.A. defines and calculates these APMs may differ from how other entities apply similar measures and, therefore, they may not be directly comparable.

For more information on these topics, including their definition or the correlation between the corresponding performance indicators and the consolidated financial information reported in accordance with IFRS, please refer to the information available on the corporate website in relation to Alternative Performance Measures via the following links:

- Definitions of Alternative Performance Measures

http://www.iberdrola.com/documents/20125/42337/alternative-performance-measures-definitions.pdf

www.iberdrola.com/documents/20125/42337/alternative-performance-measures-definitions.pdf

- Alternative Performance Measures for the quarter

https://www.iberdrola.com/documents/20125/5291344/alternative-performance-measures-251H.pdf

FINANCIAL REPORT FOR THE FIRST HALF OF 2025
STATEMENT OF RESPONSIBILITY

The members of the Board of Directors of "Iberdrola, S.A." state that, to the best of their knowledge, the interim condensed separate financial statements of "Iberdrola, S.A.", as well as the interim condensed consolidated financial statements of "Iberdrola, S.A." and its subsidiaries for the first half of fiscal year 2025, issued by the Board of Directors at its meeting of 22 July 2025, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial condition and results of operations of "Iberdrola, S.A." as well as of the subsidiaries included within its scope of consolidation, taken as a whole, and that the interim management report contains a fair assessment of the required information.

In Madrid, on 22 July 2025

Mr José Ignacio Sánchez Galán *Chairman*	Mr Pedro Azagra Blázquez *Chief Executive Officer*

Mr Juan Manuel González Serna *First vice chair*	Mr Anthony Luzzatto Gardner *Second vice chair*	Mr Ángel Jesús Acebes Paniagua *Lead independent director*
Mr Íñigo Víctor de Oriol Ibarra *Director*	Mr Manuel Moreu Munaiz *Director*	Mr Xabier Sagredo Ormaza *Director*
Ms Sara de la Rica Goiricelaya *Director*	Ms Nicola Mary Brewer *Director*	Ms Regina Helena Jorge Nunes *Director*
Ms María Ángeles Alcalá Díaz *Director*	Ms Isabel García Tejerina *Director*	Ms Ana Colonques García-Planas *Director*