Annual financial information

Iberdrola, S.A. and subsidiaries

Financial Year 2025

Auditor's Report on Iberdrola, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Iberdrola, S.A. and subsidiaries for the year ended 31 December 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

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of Iberdrola, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Iberdrola, S.A. (the "Parent") and subsidiaries (together the “Group”), which comprise the consolidated statement of financial position at 31 December 2025, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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On the Spanish Official Register of Auditors (“ROAC”) with No. S0702, and the Spanish Institute of Registered Auditors’ list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

<table>
<tr><th colspan="2">Impairment of non-current non-financial assets
See Notes 3.i, 9, 11, 14 and 42 to the consolidated annual accounts</th></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>IFRS-EU require the entity to assess at each reporting date whether there are any indications that its assets or cash-generating units (CGUs) may be impaired and, if so, to estimate the recoverable amount thereof.

Indications of impairment were identified in 2025 in projects related to renewable energy affecting the onshore CGU and several offshore CGUs, all located in the United States, due to the reasons set forth in note 14 to the consolidated annual accounts. In this regard, an impairment analysis was performed on the non-current assets of these CGUs, which revealed that the recoverable amounts of the offshore renewable energy CGUs under development at the date of the analysis, estimated by determining the fair value less costs to sell, were lower than their carrying amounts, and therefore a valuation adjustment of Euros 371 million has been recognised in 2025.

IFRS-EU require that goodwill and intangible assets with indefinite useful lives or those not yet in use be tested for impairment annually, irrespective of whether there is any indication that the assets or CGUs may be impaired. As a result of the acquisitions made in recent years, the consolidated annual accounts include goodwill and intangible assets with indefinite useful lives of Euros 8,389 million and Euros 8,264 million, respectively, allocated to the corresponding CGUs.

The recoverable amount of the CGUs subject to impairment testing, defined as the higher of fair value less costs of disposal and value in use, is calculated using methodologies based on discounted cash flows, the estimation of which requires the use of a high degree of judgement and the use of assumptions and estimates. Due to the high level of judgement required, the uncertainty associated with these estimates and the significance of the amount of non-current assets, this has been considered a key audit matter.</td>
<td>Our audit procedures included the following:
▪ Evaluating the design and implementation of the key controls related to the impairment testing process and, in particular, to the process of identifying indications of impairment.
▪ Assessing the design and implementation of the key controls related to the process of determining recoverable amount.
▪ Assessing the reasonableness of the methodology used to calculate the recoverable amount and the main assumptions considered, with the involvement of our valuation specialists.
▪ Comparing the information considered in the model with the sector, economic and financial information available through external sources.
▪ In the case of determining value in use, additionally:
- Analysing the consistency of the estimated growth in future cash flows with the business plans approved by the governing bodies, including their consistency with the Group's strategy to address climate change and the Paris Agreement.
- Performing a comparative analysis of the cash flow forecasts estimated in the prior year with the actual cash flows obtained (retrospective analysis).
▪ Evaluating the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable.
▪ Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.</td></tr>
</table>

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<table>
<tr><th colspan="2">Revenue recognition: Unbilled energy supplied See Notes 3.s and 5 to the consolidated annual accounts</th></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's businesses that carry out energy supply activities must make estimates of unbilled energy supplies to end customers in the period between the last meter reading and the end of the fiscal year. Estimated unbilled energy supplied at 31 December 2025 amounts to Euros 2,416 million.

Unbilled energy supplied is estimated based on internal and external information that is compared with the readings contained in the management systems used by the businesses. Revenue is calculated by multiplying estimated unbilled energy consumption, a process which involves high levels of uncertainty, by the tariff agreed with each customer.

Determining revenue from unbilled energy supplied requires the use of estimates by Group management with the application of criteria, judgements and assumptions in its calculations, so this has been considered a key audit matter.</td><td>Our audit procedures included the following:
▪ Analysing the design, implementation and operating effectiveness of the key controls related to the process of estimating unbilled revenue.
▪ Evaluating the reasonableness of the calculation model used.
▪ Comparing the estimates made at the close of the previous period and actual invoicing data (retrospective analysis).
▪ Assessing the reasonableness of the volume of unbilled energy through an analysis of historical information and other available internal and external data.
▪ Evaluating a selected sample of the tariffs applied by comparing them with the data contained in the customer contract databases.
▪ Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the applicable financial reporting framework.</td></tr>
</table>

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Business combinations: Acquisition of control of North West Electricity Networks (Jersey) Limited (ENW Holding). See notes 3.x, 7 and 9 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
In 2024, the Company entered into certain agreements to acquire 88% of ENW Holding, which indirectly holds 100% of the share capital of Electricity North West Limited (ENW), a British electricity distribution company operating in the United Kingdom. However, this acquisition was recognised and valued in 2024 using the equity method as it was subject to approval by the UK Competition and Markets Authority (CMA), which prevented the Company from exercising control over it. In March 2025, following approval of the transaction by the CMA, the taking of control was completed and the business combination was recognised. As a result of the aforementioned transaction and in accordance with the applicable financial reporting framework, in 2025 the Company recognised goodwill amounting to Euros 586 million and an intangible asset with an indefinite useful life relating to the perpetual concession for the distribution of electricity in certain areas of the United Kingdom, which amounted to Euros 2,405 million at 31 December 2025. We consider this transaction to be a key audit matter due to its significance, the judgement required to determine the date control was assumed, and the identification and determination of the fair value of the assets and liabilities acquired.	Our audit procedures included the following: ▪ Evaluating and discussing with Group management the process followed to identify and recognise the assets acquired and liabilities assumed and determine the acquisition date (assumption of control). ▪ Obtaining the valuation report prepared by the independent expert engaged by the Group and evaluating the methodology and key assumptions used to determine the fair value of the investee, as well as the fair values of the assets acquired and liabilities assumed and their identification, involving our valuation specialists for this purpose and comparing the Group's explanations with market data and our experience in similar transactions. ▪ Furthermore, we assessed whether the disclosures in the annual accounts on the transaction and the aforementioned process meet the requirements of the applicable financial reporting framework.

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Other Information: Consolidated Directors' Report

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

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

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2025, and that the content and presentation of the report are in accordance with applicable legislation.

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

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

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

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

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

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and execute the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units of the Group as the basis to form an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and review of the work performed for the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Iberdrola, S.A. and its subsidiaries for 2025 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent, which will form part of the annual financial report.

The Directors of Iberdrola, S.A. are responsible for the presentation of the 2025 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 27 February 2026.

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

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 17 May 2024 for a period of two years, beginning after the year ended 31 December 2023.

Previously, we had been appointed for a period of two years, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2017.

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

(Signed on original in Spanish)

David España Martin

On the Spanish Official Register of Auditors ("ROAC") with No. 22,690

27th February 2026

This report corresponds to seal no. n° 03/26/00177 issued by the Spanish Institute of Registered Auditors (ICJCE)

Consolidated financial statements and consolidated management report for the year ended 31 December 2025

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Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of financial position at 31 December 2025

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

Assets	Note	31.12.2025	31.12.2024 (*)
Intangible assets	**9**	**22,240**	**20,255**
Goodwill		8,389	8,618
Other intangible assets		13,851	11,637
Investment property	**10**	**440**	**420**
Property, plant and equipment	**11**	**93,842**	**94,461**
Property, plant and equipment in use		80,445	79,355
Property, plant and equipment under construction		13,397	15,106
Right-of-use asset	**12**	**2,420**	**2,630**
Non-current investments		**10,197**	**13,032**
Equity-accounted investees	15.a	1,497	4,315
Non-current equity investments		43	40
Other non-current financial assets	15.b	7,269	7,499
Derivative financial instruments	30	1,388	1,178
Non-current trade and other receivables	**16**	**4,759**	**3,876**
Current tax assets	**35**	**395**	**832**
Deferred tax assets	**35**	**1,688**	**1,952**
Total non-current assets		**135,981**	**137,458**
Assets held for sale	**18**	**3,541**	**404**
Nuclear fuel	**19**	**434**	**318**
Inventories	**20**	**2,364**	**2,987**
Current trade and other receivables		**12,095**	**10,777**
Current tax assets	36	1,027	692
Other tax receivables	36	784	923
Current trade and other receivables	16	10,284	9,162
Current investments		**2,677**	**2,267**
Other current financial assets	15.b	2,433	1,265
Derivative financial instruments	30	244	1,002
Cash and cash equivalents	**21**	**3,670**	**4,082**
Total current assets		**24,781**	**20,835**
Total assets		**160,762**	**158,293**

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

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of financial position at 31 December 2025.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of financial position at 31 December 2025

Equity and liabilities	Note	31.12.2025	31.12.2024 (*)
Parent		**50,068**	**47,125**
Subscribed capital		5,011	4,773
Valuation adjustments		219	374
Other reserves		46,803	39,603
Treasury shares		(2,550)	(2,318)
Translation differences		(5,700)	(919)
Net profit/(loss) for the year		6,285	5,612
Non-controlling interests		**13,351**	**13,926**
Total equity	**22**	**63,419**	**61,051**
Capital grants	**25**	**1,191**	**1,305**
Facilities transferred or financed by third parties	**26**	**6,861**	**6,683**
Non-current provisions		**4,279**	**4,624**
Provision for pensions and similar obligations	27	1,022	1,302
Other provisions	28	3,257	3,322
Non-current financial liabilities		**48,024**	**46,094**
Bank borrowings, bonds or other marketable securities	29	42,159	40,585
Equity instruments having the substance of a financial liability	24	553	485
Derivative financial instruments	30	1,624	1,124
Leases	32	2,416	2,619
Other non-current financial liabilities	33	1,272	1,281
Other non-current liabilities	**34**	**235**	**434**
Current tax liabilities		**415**	**418**
Deferred tax liabilities	**35**	**7,995**	**7,545**
Total non-current liabilities		**69,000**	**67,103**
Liabilities linked to assets held for sale	**18**	**942**	**197**
Current provisions		**753**	**795**
Provision for pensions and similar obligations	27	16	22
Other provisions	28	737	773
Current financial liabilities		**23,694**	**25,528**
Bank borrowings, bonds or other marketable securities	29	11,931	13,805
Equity instruments having the substance of a financial liability	24	139	103
Derivative financial instruments	30	374	867
Leases	32	178	180
Trade payables		6,463	6,183
Other current financial liabilities	33	4,609	4,390
Other current liabilities		**2,954**	**3,619**
Current tax liabilities	36	289	1,137
Other tax payables	36	1,475	1,454
Other current liabilities	34	1,190	1,028
Total current liabilities		**28,343**	**30,139**
Total equity and liabilities		**160,762**	**158,293**

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

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of financial position at 31 December 2025.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated income statement for the year ended 31 December 2025

Set out below is the income statement at 31 December 2025 and 2024, in millions of euros:

	Note	2025	Restated (Note 2.c) 2024 (*)
Revenue	38	44,076	42,988
Supplies	39	(20,028)	(19,777)
Gross income		**24,048**	**23,211**
Personnel expenses	40	(4,053)	(3,866)
Capitalised personnel expenses	40	1,173	938
External services		(3,810)	(4,032)
Other operating income	7	1,363	950
Net operating expenses		(5,327)	(6,010)
Taxes	41	(2,765)	(2,559)
Gross operating profit - EBITDA		**15,956**	**14,642**
Impairment losses, trade and other receivables	16	(398)	(468)
Amortisation, depreciation and provisions	42	(5,803)	(6,535)
Operating profit - EBIT		**9,755**	**7,639**
Result of equity-accounted investees	15.a	96	(37)
Finance income	43	2,229	1,634
Finance expense	44	(3,983)	(3,424)
Net finance income/(expense)		(1,754)	(1,790)
Profit before tax		**8,097**	**5,812**
Income tax	35	(1,671)	(1,343)
Net profit for the year from continuing operations		**6,426**	**4,469**
Net profit/(loss) for the year from discontinued operations (net of taxes)	18	**364**	**1,479**
Non-controlling interests	22	(505)	(336)
Net profit for the period attributable to the parent		6,285	5,612
Basic earnings per share in euros for continuing operations	**53**	**0.845**	**0.59**
Diluted earnings per share in euros for continuing operations	**53**	**0.843**	**0.589**
Basic and diluted earnings per share in euros for discontinued operations	**53**	**0.054**	**0.223**

(*) The consolidated income statement at 31 December 2024 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated income statement for the year ended 31 December 2025.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of comprehensive income for the year ended 31 December 2025

Set out below is the consolidated statement of comprehensive income at 31 December 2025 and 2024, in millions of euros:

		2025			Restated (Note 2.c) 2024 (*)		
	Note	Parent	Non-controlling interests	Total	Parent	Non-controlling interests	Total
Net profit/(loss) for the year		**6,285**	**505**	**6,790**	**5,612**	**336**	**5,948**
Other comprehensive income/(loss) to be reclassified to the consolidated income statement in subsequent years							
In valuation adjustments		**(140)**	**16**	**(124)**	**346**	**28**	**374**
Change in value of cash flow hedges	22	(198)	19	(179)	456	38	494
Change in hedging cost		(2)	0	(2)	0	0	0
Tax effect	35	60	(3)	57	(110)	(10)	(120)
In translation differences		**(3,840)**	**(47)**	**(3,887)**	**948**	**(257)**	**691**
Total		**(3,980)**	**(31)**	**(4,011)**	**1,294**	**(229)**	**1,065**
Other comprehensive income not to be reclassified to the consolidated income statements in subsequent years							
In other reserves		**(10)**	**(1)**	**(11)**	**(14)**	**21**	**7**
Actuarial gains and losses on pension schemes	27	(22)	(2)	(24)	(15)	30	15
Tax effect	35	12	1	13	1	(9)	**(8)**
Total		(10)	(1)	(11)	**(14)**	**21**	**7**
Other comprehensive income from equity-accounted investees (net of taxes)							
In valuation adjustments		**0**	0	0	1	0	1
Total	**15.a**	**0**	0	**0**	1	0	1
Total net profit recognised directly in equity		**(3,990)**	**(32)**	**(4,022)**	**1,281**	**(208)**	**1,073**
Total comprehensive income for the year		**2,295**	**473**	**2,768**	**6,893**	**128**	**7,021**

(*) The consolidated statement of comprehensive income for 2024 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2025.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of changes in equity for the year ended 31 December 2025

Set out below is the consolidated statement of changes in equity at 31 December 2025 and 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 year	**0**	**0**	**0**	**0**	**0**	**(10)**	**(140)**	**(3,840)**	**6,285**	**473**	**2,768**
Transactions with shareholders or owners											
Share capital increase (Note 22)	388	0	0	4,628	0	(37)	0	0	0	0	4,979
Capital reduction (Note 22)	(150)	2,690	0	0	150	(2,690)	0	0	0	0	0
Distribution of 2024 profit	0	0	0	0	0	4,337	0	0	(5,612)	(328)	(1,603)
Business combinations (Notes 7 and 22)	0	0	0	0	0	0	0	0	0	369	369
Transactions with non-controlling interests (Notes 7 and 22)	0	0	0	0	0	957	(15)	(941)	0	(1,293)	(1,292)
Transactions with treasury shares (Note 22)	0	(2,922)	0	0	0	48	0	0	0	0	(2,874)
Other changes in equity											
Equity instruments-based payments (Note 23)	0	0	0	0	0	(43)	0	0	0	(2)	(45)
Issuance of subordinated perpetual bonds (Note 22)	0	0	0	0	0	0	0	0	0	1,000	1,000
Cancellation of subordinated perpetual bonds (Note 22)	0	0	0	0	0	0	0	0	0	(800)	(800)
Interest accrued on perpetual subordinated bonds (Note 22)	0	0	0	0	0	(231)	0	0	0	0	(231)
Other changes	0	0	0	0	0	91	0	0	0	6	97
Balance at 31.12.2025	**5,011**	**(2,550)**	**969**	**18,405**	**1,932**	**25,497**	**219**	**(5,700)**	**6,285**	**13,351**	**63,419**

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

					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**	**(14)**	**347**	**948**	**5,612**	**128**	**7,021**
Transactions with shareholders or owners											
Share capital increase (Note 22)	147	0	0	(147)	0	0	0	0	0	0	**0**
Capital reduction (Note 22)	(137)	2,072	0	0	137	(2,072)	0	0	0	0	**0**
Distribution of 2023 profit	0	0	0	0	0	3,637	0	0	(4,803)	(459)	**(1,625)**
Business combinations (Notes 7 and 22)	0	0	0	0	0	0	0	0	0	0	**0**
Transactions with non-controlling interests (Notes 7 and 22)	0	0	0	0	0	565	25	824	0	(3,716)	**(2,302)**
Transactions with treasury shares (Note 22)	0	(2,925)	0	0	0	10	0	0	0	0	**(2,915)**
Other changes in equity											
Equity instruments-based payments (Note 23)	0	0	0	0	0	**(29)**	**0**	**0**	**0**	**(4)**	**(33)**
Issuance of subordinated perpetual bonds (Note 22)	0	0	0	0	0	0	0	0	0	1,500	**1,500**
Cancellation of subordinated perpetual bonds (Note 22)	0	0	0	0	0	0	0	0	0	(700)	**(700)**
Interest accrued on perpetual subordinated bonds (Note 22)	0	0	0	0	0	(221)	0	0	0	0	**(221)**
Other changes	0	0	0	0	0	38	0	0	0	(4)	**34**
Balance at 31.12.2024	**4,773**	**(2,318)**	**969**	**13,777**	**1,782**	**23,075**	**374**	**(919)**	**5,612**	**13,926**	**61,051**

(*) The consolidated statement of changes in equity for 2024 is presented for comparison purposes only.

Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2025.

Translation of Annual accounts originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 55). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated statement of cash flows for the year ended 31 December 2025

Set out below is the consolidated statement of cash flows at 31 December 2025 and 2024, in millions of euros:

	Note	2025	Restated (Note 2.c) 2024 (*)
Profit before tax from continuing activities		8,097	5,812
Profit before tax from discontinued operations	2.c	395	2,281
Adjustments for			
Amortisation, provisions, valuation adjustments of financial assets and personnel expenses for pensions	40, 42	6,493	7,412
Net profit/loss from investments in associates and joint ventures	15.a	(96)	37
Grants applied	25	(378)	(337)
Finance income and finance costs	43, 44	1,873	1,589
Profit/(loss) from the disposal of non-current assets	7	(261)	(1,717)
Changes in working capital			
Change in trade receivables and other		(2,454)	(1,760)
Change in inventories		(644)	(620)
Change in trade payables and other liabilities		58	1,262
Provisions paid		(386)	(430)
Income tax paid		(1,125)	(1,665)
Dividends received		63	61
Net cash flows from operating activities		**11,635**	**11,925**
Acquisition of subsidiaries		(70)	0
Proceeds from disposal of subsidiaries	7	1,289	5,680
Change in cash due to modification of the consolidation scope	7	293	(243)
Acquisition of intangible assets	9	(711)	(710)
Acquisition of associates	15.a	(214)	(3,123)
Acquisition of investment property	10	(9)	(8)
Acquisition of property, plant and equipment	11	(7,607)	(7,665)
Capitalised interest paid	43	(474)	(544)
Capitalised personnel expenses paid	40	(1,179)	(947)
Capital grants		35	87
Proceeds/(payments) for securities portfolio		(3)	(10)
Proceeds/(payments) for other investments		(2,569)	(1,667)
Proceeds/(payments) for current financial assets		246	460
Interest received		219	334
Income taxes	36	(445)	(275)
Proceeds from disposal of non-financial assets		22	234
Net cash flows used in investing activities		**(11,177)**	**(8,397)**
Capital increase	22	4,979	0
Dividends paid		(1,275)	(1,166)
Dividends paid to non-controlling interests		(328)	(459)
Perpetual subordinated bonds	22		
Instruments issued		1,000	1,500
Redemption		(800)	(700)
Interest paid		(240)	(207)
Bank borrowings, bonds or other marketable securities	31		
Issues and disposals		14,741	17,541

	Note	2025	Restated (Note 2.c) 2024 (*)
Redemption		(12,481)	(12,418)
Interest paid excluding capitalised interest		(1,897)	(1,614)
Financial liabilities from leases	32		
Payment of principal		(178)	(182)
Interest paid excluding capitalised interest		(101)	(96)
Equity instruments having the substance of a financial liability	24		
Instruments issued		328	19
Payments		(196)	(186)
Acquisition of treasury shares	22	(3,017)	(2,076)
Proceeds from disposal of treasury shares	22	128	79
Payments for transactions with non-controlling interests	22	(1,903)	(2,517)
Proceeds for transactions with non-controlling interests	22	611	215
Net cash flows used in financing activities		**(629)**	**(2,267)**
Effect of exchange rate fluctuations on cash and cash equivalents		**(95)**	**(198)**
Net increase/(decrease) in cash and cash equivalents		**(266)**	**1,063**
(-) Change in cash and cash equivalents from assets and liabilities held for sale	**18**	**(146)**	**0**
Cash and cash equivalents at beginning of year		**4,082**	**3,019**
Cash and cash equivalents at end of year		**3,670**	**4,082**

(*) The consolidated statement of cash flows for 2024 is presented for comparison purposes only.
Notes 1 to 55 to the accompanying consolidated financial statements and the Appendices are an integral part of the consolidated statement of cash flows for the year ended 31 December 2025.

Notes to the consolidated financial statements for the year ended 31 December 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 the legislation applicable at any given time and, in particular, to the prevailing laws in the electricity industry. The IBERDROLA Group carries out its activities mainly in five countries in the Atlantic region: Spain, the United Kingdom (UK), the United States of America (USA), Mexico (Note 18) and Brazil.

2. Basis of presentation of the consolidated financial statements

2.a) Accounting legislation applied

The IBERDROLA Group's 2025 consolidated financial statements were authorised for issue by the directors on 24 February 2026, in accordance with International financial reporting standards (hereinafter, IFRS), as adopted by the European Union, pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council, and the electronic reporting format requirements set out in Commission Delegated Regulation (EU) 2018/815. The directors of IBERDROLA expect these consolidated financial statements to be approved by the shareholders at the General Meeting without modification.

The IBERDROLA Group's 2024 consolidated financial statements were approved by shareholders at the General Meeting held on 30 May 2025.

At 31 December 2025, the consolidated financial statements presented negative working capital of EUR 3,562 million. The directors state that this shortfall will be covered by generating funds from the businesses of the IBERDROLA Group. As indicated in Note 4, the IBERDROLA Group has undrawn borrowings amounting to EUR 16,364 million.

These consolidated financial statements have been prepared on a historical cost basis, except for equity instruments and derivative financial instruments, which have been measured at fair value. The carrying amounts of assets and liabilities that are hedged at fair value are adjusted to reflect variations in their fair value arising from the hedged risk.

The accounting policies used to draw up these consolidated financial statements are consistent with those applied in the annual period ended 31 December 2024, except for the early application, effective as from 1 January 2025, of the amendments to IFRS 7 and IFRS 9: “Contracts Referencing Nature-dependent Electricity”.

Those amendments prospectively eliminate the recognition, in the consolidated income statement, of hedge ineffectiveness relating 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 power.

As at the date of initial application, the IBERDROLA Group discontinued the original hedging relationship, in which the hedging instrument was a virtual or financial electricity forward contract (which does not involve the physical delivery of power and is settled in cash for the difference between the contract price and the market price of electricity). As that relationship gave rise to hedge ineffectiveness in respect of the volume of power the production of which was not considered highly probable, the Group has designated a new hedging relationship that does not generate ineffectiveness, as the forecast transaction designated as the hedged item is considered highly probable (Notes 3.k and 30).

The amendments to IAS 21: Lack of Exchangeability, as approved by the European Union for their application in Europe, entered into force on 1 January 2025, but have had no impact on these consolidated annual financial statements.

2.b) Standards issued pending application

At the date of these consolidated financial statements, the following standards, amendments and interpretations had been issued, effective for annual periods beginning on or after 1 January 2026:

Standard		Mandatory application	
		IASB	European Union
Amendments to IFRS 9 and IFRS 7	Modifications to the classification and measurement of financial instruments	1/1/2026	1/1/2026
Amendments to various standards	Annual Improvements to IFRSs – Volume 11	1/1/2026	1/1/2026
IFRS 18	Presentation of financial statements and disclosures	1/1/2027	1/1/2027
Amendments to IAS 21:	The Effects of Changes in Foreign Exchange Rates	1/1/2027	(*)

(*) Pending EU approval.

Upon the entry into force of IFRS 18, the IBERDROLA Group will adapt the structure of the consolidated income statement to the predefined disaggregation categories (operating, investing and financing) and the subtotals established by the new standard (“operating profit” and “profit before financing and income taxes”); the amount of the IBERDROLA Group’s net profit will not be affected by the new requirements. The financial statements will also include a specific note addressing the reporting requirements related to *Management-defined Performance Measures* (MPMs). Likewise, the criteria for aggregating and disaggregating the information to be disclosed will be followed, both in the primary financial statements and in the notes.

The IBERDROLA Group believes that the application of the other amendments would not have resulted in significant changes to these consolidated financial statements.

The IBERDROLA Group has not applied in advance of the authorisation for issue of these consolidated financial statements any published standard, interpretation or amendment that has not yet come into force, except for the aforementioned amendments to IFRS 7 and IFRS 9: “Renewable energy contracts" (Note 2.a).

2.c) Comparison of information

As indicated in Note 7, 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 must be taken into account when comparing the figures for 2025 with those for the comparative period.

Moreover, the comparative information for 2024 has been amended with respect to that published in the annual financial statements for 2024 in respect of the following item:

Discontinued operations

In July 2025, the IBERDROLA Group entered into an agreement with COX ABG Group, S.A. to acquire the subsidiary company Iberdrola México, which holds the IBERDROLA Group’s various businesses in Mexico (Note 18). The profit after tax from that discontinued activity is included under the heading “Net profit for the year from discontinued operations (net of tax)” in the consolidated income statement for 2025 and 2024, in accordance with applicable accounting principles. The results and cash flows for 2025 and 2024 relating to those activities are disclosed in Note 18 to these financial statements. The comparative information for the prior period has been restated accordingly.

3. Accounting policies

3.a) Goodwill

Goodwill acquired on or after 1 January 2004 is measured at acquisition cost and that acquired earlier is measured at the carrying amount at 31 December 2003 in accordance with Spanish accounting standards in effect on that date, as provided in IFRS 1 — “First-time Adoption of International Financial Reporting Standards”.

3.b) Other intangible assets

Concessions, patents, licenses, trademarks and others

The electricity distribution and transmission concessions held in UK by SCOTTISH POWER and those linked to the activities of AVANGRID, are not subject to any legal or other nature limits. Accordingly, as they are intangible assets with an indefinite useful life they are not amortised by the IBERDROLA Group, although they are assessed for indications of impairment each year, as described in Note 3.i.

Intangible assets under IFRIC 12

IFRIC 12 affects only the electricity distribution activities carried out by the IBERDROLA Group in Brazil (Note 13). Remuneration for network construction and upgrade work carried out by the IBERDROLA Group in this country consisted, on the one hand, of an unconditional right to receive cash and, on the other hand, of the right to charge certain amounts to consumers. As a result, by applying IFRIC 12, two different assets were recognised for the two types of consideration received:

- A financial asset, which is recognised under “Other non-current financial assets” in the consolidated statement of financial position (Note 15.b).
- An intangible asset, amortisable in the concession period, which is recognised under “Other intangible assets” in the consolidated statement of financial position (Note 9).

Since the IBERDROLA Group performs more than one service (i.e. operation services and construction or upgrade services), the consideration received under the agreement for provision of services is recognised separately in the consolidated income statement, in accordance with IFRS 15 “Revenues from Contracts with Customers”.

Computer software

Computer software is amortised on a straight-line basis over a period of between three and five years from the entry into service of each software asset.

Customer acquisition costs

The IBERDROLA Group recognises incremental costs from customer contracts related mainly to commissions for the implementation of purchase agreements as intangible assets which are amortised on a systematic basis according to the average expected life of contracts with customers that are associated with such costs.

3.c) Investment property

Investment property is recognised at acquisition cost net of accumulated depreciation. It is depreciated on a straight-line basis, minus material residual value, over each asset’s estimated useful life, which ranges between 37.5 and 75 years based on the features of each asset concerned.

3.d) Property, plant and equipment

Items of property, plant and equipment are measured at acquisition or production cost less accumulated depreciation and value adjustments. The acquisition cost includes, where applicable, the following items:

1. Prior to the transition to IFRS (1 January 2004), the IBERDROLA Group updated certain Spanish assets under the “Property, plant and equipment” heading of the consolidated statement of financial position as permitted by prevailing legislation, including Royal Decree-Law 7/1996, and considered the amount of these revaluations as part of the cost of the assets, in accordance with IFRS 1.
2. Finance expense related to external funding accrued exclusively during the construction period (Note 43).
3. Personnel expenses related directly or indirectly to construction in progress (Note 40).

4. If the IBERDROLA Group is required to decommission its facilities or renovate the place where they are located, the current value of said costs is included in the carrying amount of assets for their present value, with a credit to the sub-heading “Provisions — Other provisions” of the consolidated statement of financial position (Note 3.q).

The IBERDROLA Group transfers property, plant and equipment in progress to property, plant and equipment in use at the end of the related trial period.

3.e) Depreciation of property, plant and equipment in use

Every year, the IBERDROLA Group reviews the useful life of its assets based on internal and external information sources.

The cost of property, plant and equipment in use is depreciated on a straight-line basis, less any material residual value, at annual rates based on the years of estimated useful life, which for most assets are as follows:

	Average years of estimated useful life
Combined cycle power plants	40
Nuclear power plants	44-47
Onshore wind farms	
Less than 1 MW	30
More than 1 MW:	
Structural components	40
Non-structural components	25
Offshore wind farms	25-30
Photovoltaic power plants	30
Gas storage facilities	27-35
Transmission facilities	40
Distribution facilities	40-60
Conventional meters and measuring devices	10-40
Electronic or smart meters	10-15
Buildings	40-50
Dispatching centres and other facilities	4-50

The important components of property, plant and equipment that maintain different useful lives are considered separately.

3.f) Lease contracts

The IBERDROLA Group has classified the right-of-use assets and the lease liabilities under the headings “Right-of-use assets”, “Non-current financial liabilities — Leases”, and “Current financial liabilities — Leases” respectively, in the consolidated statement of financial position.

Contingent rents subject to the occurrence of a specific event and the variable fees dependent on revenues or the use of the underlying asset are recorded at the time when they are incurred under the “External services” heading of the consolidated income statement, rather than forming part of the lease liability.

The IBERDROLA Group has opted not to apply the exemption when recognising current leases (those with lease terms of 12 months or less). Contracts may include lease elements as well as non-lease elements. The IBERDROLA Group chooses not to separate such elements for accounting purposes and to recognise them as a single lease element.

3.g) Nuclear fuel

Nuclear fuel costs include the financial expenses accrued during construction (Note 43).

The nuclear fuel consumed is recognised under the "Supplies" heading of the consolidated income statement from when the fuel loaded into the reactor starts to be used, based on the cost of the fuel and the degree of burning in each reporting period.

3.h) Inventories

Energy resources

Energy resources are measured at acquisition cost, calculated using the average weighted price method, or net realisable value, if the latter is lower. No adjustments to the value of energy sources that are part of the production process are made if it is expected that the finished products into which they will be incorporated will be sold at above cost.

Real estate inventories

Real estate inventories are measured at cost of acquisition or production, which includes both the acquisition cost of the land and plot and the costs of urban planning and construction of the real estate developments incurred until the year end. These costs include project-related expenses, licenses, permits and certificates evidencing construction work filed at the pertinent registries.

The acquisition cost also includes finance expenses to the extent that such expenses relate to the period of town planning permits, urbanisation or construction up until the time at which the land or plot is ready for operation (Note 43).

The IBERDROLA Group periodically compares the cost of acquisition of real estate inventories with their net realisable value, recognising the necessary impairment losses with a charge to the consolidated income statement when the latter is lower. If the circumstance leading to the impairment loss no longer exists, it is reversed, and the corresponding income is recognised, with the limit being the lower of cost and the new net realisable value of the inventories. This comparison is based on the value estimates made by external experts qualified for this purpose (mainly Knight Frank España, S.A.) in accordance with the Valuation Standards published by the Royal Institution of Chartered Surveyors (RICS) of Great Britain, in their January 2014 edition and confirmed in the 2024 edition.

For land, construction in progress and unsold units, net realisable value is the estimated selling price of an asset in the ordinary course of business, less the estimated costs to finish the production and the necessary costs to carry on with the sale of the element.

For other land and plots, value is determined using the residual method, where the costs of the proposed development are deducted from the gross value of the development, adding the profit margin which the developer would need taking into account the risk of the development. The key variables of the residual method are:

- Expected income: consists of the estimated price at which each of the development units may be sold, in accordance with a sales rate in accordance with estimates from independent experts.
- The cost of the development, including all disbursements to be made by the developer of the work depending on the type (e.g. government-sponsored or private single-family dwellings) and quality of the construction. In addition to the cost of the works, it includes the cost of projects and licenses (10%-12% of the physical construction project), legal fees (1%-1.5% of the material implementation project), marketing and promotional expenses (2%-4% of income) and unforeseen contingencies (3%).
- Development time: time required for the different planning, management and urban discipline stages, as well as expected construction and promotional periods.
- The developer profit considered for each asset, depending on the zoning status of the land, size and complexity of the development, ranging from 6% to 36% of total costs.

For land with licences, construction in progress and unsold units, the main difference with regard to unlicensed land is the developer's profit, which in this case is lower given the stage of completion of the work and the decrease in risk as the completion of construction nears.

At year-end 2025, 92.8% of the value of the real estate inventories has an independent expert valuation updated to December. For the remaining cases (assets valued at less than EUR 1,000,000, land declassified for urban development, works under construction, and remains of developments), compliance with the 2024 valuation assumptions was verified in 2025 and, if applicable, the market value was considered unchanged.

Emission allowances and renewable certificates

Inventories of emission allowances and renewable energy certificates are measured at acquisition cost, calculated using the average weighted price method, or production cost if generated through the energy produced by own facilities that make use of renewable resources. Subsequently, they are measured at either cost or net realisable value, whichever is lower. No valuation adjustments are made to emission allowances or renewable energy certificates to be delivered to governmental agencies in compliance with environmental obligations.

Emission allowances and energy renewable certificates acquired for the purpose of benefiting through fluctuations in their market price are measured at fair value with a credit or debit to the consolidated income statements.

Certain Group companies are required to deliver to governmental agencies emission allowances – in accordance with CO_2 emissions throughout the year in Europe – and *renewable obligation certificates* (ROCs) in accordance with the MWh of electricity supplied to customers in the United Kingdom under the *Renewables Obligation* mechanism. This obligation is recorded by recognising a provision under “Supplies” in the consolidated income statement and its amount is calculated (i) as the carrying amount for allowances and certificates held at the end of the reporting period and (ii) the closing listed price for allowances and certificates not held at the end of the period and that must be acquired in order to comply with the aforementioned obligations.

Emission allowances and renewable energy certificates are derecognised from the consolidated statement of financial position when they are sold to third parties, have been delivered or expire. When the emission allowances are delivered, they are derecognised with a charge to the provision made when the CO_2 emissions with no impact on the consolidated income statement were generated.

Income and expense from trading of inventories are recognised in the consolidated income statement under “Revenue” and “Supplies”, respectively, with the resulting change in the inventories.

3.i) Impairment of non-financial assets

At least at the close of each financial year, the IBERDROLA Group reviews the value of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss.

In the case of goodwill and other intangible assets which have not come into use or which have an indefinite useful life, the IBERDROLA Group performs the recoverability analysis systematically every year, except when there are indications of impairment at another time, in which case the recoverability analysis is performed at the same time.

For the purposes of this recoverability analysis, goodwill is allocated to the cash generating units or groups that benefit from the synergies arising from the business combination (Note 9).

Assumptions used in the value in use calculation include discount rates, growth rates and expected changes in selling prices and direct costs. Discount rates reflect the value of money over time and the risks associated with each cash-generating unit. Growth rates and variations in prices and direct costs are based on contractual commitments already in place, publicly available information, as well as industry forecasts and the IBERDROLA Group's experience (Note 14).

For the sake of simplicity, an amount substantially similar to the lease liabilities is deducted from both the carrying amount and the recoverable amount of the CGUs. International standards also happen to require consistency of cash flows and discount rates. However, as the application of IFRS 16 — Leases has had only a minor impact on the composition of assets and liabilities and cash flows related to CGUs.

If the recoverable amount of an asset is less than its carrying amount, the difference is registered as a charge to the “Amortisation, depreciation and provisions“ heading of the consolidated income statement. Impairment losses recognised for an asset are reversed with a credit under the “Amortisation, depreciation and provisions” heading of the consolidated income statement when there is a change in the estimates concerning the recoverable amount of the asset, increasing the carrying amount of the asset, but so the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

The IBERDROLA Group distinguishes between impairment allowances and write-offs depending on whether the impairment is reversible or not reversible. A write-off involves a decrease in the carrying amount of assets, either because the impairments are considered definitive and non-reversible, or because it is stipulated that this is the case under the accounting standards, such as the case of goodwill, or when considering that the value of the asset is not going to be recovered for its use or disposal.

3.j) Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The result of measuring investments in associates using the equity method is recognised under the “Other reserves” and “Result of equity-accounted investees - net of taxes” headings of the consolidated statement of financial position and income statement, respectively.

The IBERDROLA Group regularly observes for signs of impairment at its associates and joint ventures by comparing the total carrying amount of the associate or joint venture, (including goodwill), to its recoverable amount. If the carrying amount exceeds the recoverable amount, the IBERDROLA Group recognises the related impairment with a debit to the consolidated income statement within the “Results of equity-accounted investees — net of taxes” heading.

3.k) Financial instruments

Classification and measurement of financial assets

The IBERDROLA Group measures its current and non-current financial assets in accordance with the criteria described below:

1. Assets at amortised cost

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

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

These assets are initially recognised at fair value plus transactions costs and are subsequently measured at amortised cost. Interest accrued is recognised in the consolidated income statement using the effective interest rate method. However, financial assets maturing in less than a year that do not have a contractual interest rate are measured both initially and subsequently at their nominal amount when the impact of not discounting cash flows is immaterial.

2. Financial assets at fair value through profit or loss

   The IBERDROLA Group includes in this category derivative financial instruments that do not satisfy the conditions necessary for hedge accounting based on the requirements established for this purpose in IAS 9: "Financial Instruments" (Note 30).

   Assets at fair value through profit or loss are initially recognised at fair value. The transaction costs directly attributable to purchase or issuing are recognised as an expense in the consolidated income statement insofar as they are incurred. The changes that occur in their fair value are allocated to the consolidated income statement for the period in the "Finance expense" and "Finance income" of the consolidated income statement, as may be applicable.

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

Impairment of financial assets at amortised cost and contract assets

The IBERDROLA Group recognises valuation changes resulting from credit losses expected from financial assets and contract assets at amortised cost.

The IBERDROLA Group will apply the general model for calculation of expected loss on financial assets other than contract assets and trade receivables without a significant financial component, for which the simplified model will be applied.

Under the general model, credit losses expected in the next 12 months are considered unless the credit risk of financial instruments has significantly increased from the initial recording. In that case, the expected credit losses over the life of the asset will be considered. The IBERDROLA Group recognises that the credit risk of a financial instrument has not significantly increased since its initial recognition if it is determined that at the reporting date it has a low credit risk.

Under the simplified approach, they qualify as expected credit losses over the life of the asset. The IBERDROLA Group has adopted the practical expedient whereby it calculates the expected credit loss on trade receivables by using a matrix of provisions based on its experience of historical credit losses adjusted for available forward-looking information.

Allocations and reversals of valuation adjustments due to impairment of trade receivables and contract assets are recognised under the "Valuation adjustments, trade and other receivables" heading of the consolidated income statement. Valuation changes and reversals of financial assets due to impairment of the other financial assets at amortised cost are recognised under the "Finance expense" heading of the consolidated income statement (Note 44).

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows in relation thereto have extinguished or have been transferred or when the risks and profits are considered to have been substantially assigned arising from their ownership.

The derecognition of a financial asset implies the recognising in the consolidated Income statement the difference between its carrying amount and the sum of the consideration received less directly attributable transaction costs, including assets obtained or assets assumed and any deferred loss or gain in other comprehensive income.

Classification and measurement of financial liabilities

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

Derecognition of financial liabilities

Financial liabilities are derecognised when they are extinguished, i.e., when the obligation under the liability is discharged or cancelled or expires. Moreover, when a debt instrument between IBERDROLA and the counterparty is replaced by another, on substantially different terms, the original financial liability is derecognised and the new financial liability is recognised.

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

The difference between the carrying amount of the financial liability or of the part of it that has been deregistered and the paid consideration, including the attributable transaction costs, and in which any transferred asset different from the assumed cash or liability is also included, is recognised in the consolidated income statement of the year in which it takes place.

When there is an exchange of debt instruments that do not have substantially different conditions, changed flows are deducted at the original interest rate, and every difference with the previous carrying amount is recognised in the consolidated income statement. In addition, costs or commissions adjust the carrying amount of financial liabilities and are amortised using the amortised cost method during the rest of the life of the changed liability.

Contracts to buy or sell non-financial items

The IBERDROLA Group performs a detailed analysis of all its contracts to buy or sell non-financial items to ensure they are classified correctly for accounting purposes.

As a general rule, those contracts that are settled for the net amount in cash or in another financial asset are classified as derivative financial instruments and are recognised and measured as described in this note, except for contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the IBERDROLA Group´s purchase, sale, or usage requirements.

Contracts for the sale and purchase of non-financial items to which IFRS 9: “Financial instruments” does not apply qualify as own-use contracts and are recognised as the IBERDROLA Group receives or delivers the rights or obligations originating thereunder.

The Iberdrola Group enters into *power purchase agreements* (PPAs) for the sale of energy and renewable energy certificates to certain customers. PPAs that involve the physical delivery of energy are usually classified as own-use contracts and fall outside the scope of IFRS 9. Meanwhile, virtual or financial PPAs that do not involve the physical delivery of energy and are settled for the cash difference between the contract price and the market price are classified as derivatives that fall within the scope of IFRS 9. For such financial contracts, the IBERDROLA Group applies cash flow hedge accounting and recognises, in the consolidated income statement for 2024, any inefficiencies relating to the volume of energy whose production is not deemed to be highly probable. Following the entry into force of the amendments to IFRS 7 and IFRS 9: “Contracts Referencing Nature-dependent Electricity”, those hedging relationships no longer generate volume-related ineffectiveness (Note 2.a).

<u>Derivative financial instruments and hedge accounting</u>

Financial derivatives are initially recognised at acquisition cost in the consolidated statement of financial position and the required value adjustments are subsequently made to reflect their fair value at all times. Gains and losses arising from these changes are recognised in the consolidated income statement, under “Revenue” in the case of derivative financial instruments in commodities, or “Finance expense” and “Finance expense” for all other derivative financial instruments, unless the derivative has been designated as a cash flow hedge or a hedge of a net investment in foreign countries.

At the start of the hedge, the hedging relationships are designed and formally documented, together with the risk management objective and strategy. It is also assessed at the beginning of the hedging relationship and on an ongoing basis, whether the relationship meets the effectiveness requirements prospectively.

The accounting treatment for hedging transactions is as follows:

1. <u>Fair value hedges</u>:

   Changes in the fair value of derivative financial instruments designated as hedges and changes in the fair value of the hedged item arising from the hedged risk are recognised with a charge or credit to the same heading in the consolidated income statement.

2. <u>Cash flow hedges:</u>

   The IBERDROLA Group recognises, under “Valuation adjustments” in the consolidated statement of financial position, gains or losses arising from the fair value measurement of the hedging instrument corresponding to the portion identified as an effective hedge. The hedging portion considered ineffective is recognised under the “Finance income” and “Finance expense” headings of the consolidated income statement.

Accumulated losses or gains in “Valuation adjustments” are taken to the heading of the consolidated income statement affected by the hedged item to the extent that it has an impact on the consolidated income statement. If a hedge of a future transaction results in a non-financial asset or liability, this balance is taken into account when determining the initial value of the asset or liability generating the hedging transaction.

3. Hedging of net investment abroad:

   The IBERDROLA Group recognises the profit or loss arising from the measurement at fair value of the hedge instrument that corresponds to the part identified as an effective hedge under “Translation differences” in the consolidated statement of financial position. The hedging portion considered ineffective is recognised under the “Finance income” and “Finance expense” headings of the consolidated income statement.

Discontinuation of hedge accounting

The IBERDROLA Group prospectively discontinues the fair value hedge accounting in the cases in which the hedging instrument matures, is sold, let go of or exercised, the goal of the risk management has changed, there is no financial relation between the hedge element and the hedged item, the credit risk effect prevails over value changes, the hedge instrument matures or is liquidated or the underlying hedge ceases to exist.

When hedge accounting is discontinued, the cumulative amount at that date is recognised under the “Valuation adjustments” and “Translation differences” headings in cash flow hedges and net investment hedges, respectively, is retained under those headings until the hedged transaction occurs, at which time the gain or loss on the transaction will be adjusted. If a hedged transaction is no longer expected to occur, the gain or loss recognised under the aforementioned headings is transferred to the consolidated income statements.

Embedded derivatives

Derivatives embedded in financial liabilities and transactions whose host contract falls outside the scope of IFRS 9: “Financial Instruments” are recognised separately when the IBERDROLA Group considers that their risks and characteristics are not closely related to the host contract in which they are embedded, providing the entire contract is not measured at fair value recording the changes in that value through the consolidated income statement.

With respect to financial liabilities whose cost is related to the achievement of sustainable objectives (Note 6), the IBERDROLA Group deems implied derivatives to be closely related to the principal contract since the underlying variables are not financial in nature, but rather specific to the company as conditions and objectives that are specially designed for IBERDROLA and related to its business.

<u>Fair value of derivative financial instruments</u>

The fair value of derivative financial instruments is calculated as follows (Note 17):

- The fair value of derivatives quoted on an organised market corresponds to their quoted price at year end.
- To measure derivatives not traded on an organised market, the IBERDROLA Group uses assumptions based on market conditions at year end. In particular,
  - the fair value of interest rate swaps is calculated as the value discounted at market interest rates of the interest rate swap contract spread;
  - currency futures are measured by discounting the future cash flows calculated using the forward exchange rates at year end; and
  - the fair value of contracts to trade non-financial items falling under the scope of IFRS 9 is calculated on the basis of the best estimate of future price curves for the underlying non-financial items at the year end of the consolidated financial statements, 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.

3.l) Treasury shares

At year end, the IBERDROLA Group's treasury shares are included under the "Treasury shares" heading of the consolidated statement of financial position and are measured at acquisition cost.

The gains and losses obtained on disposal of treasury shares are recognised under the "Other reserves" heading of the consolidated statement of financial position.

3.m) Capital grants

This heading includes any non-repayable government grants for financing property, plant and equipment, including the grants received from the US Government in the form of *Investment Tax Credits* as a result of setting up wind power facilities.

All capital grants are taken to “Other operating income” in the consolidated income statement as the subsidised facilities are depreciated.

3.n) Facilities transferred or financed by third parties

According to the regulation applicable to electricity distribution in the countries in which IBERDROLA operates, the Group occasionally receives cash payments from third parties to build electricity grid connection facilities or direct assignment of such facilities. Both the cash received and the fair value of the facilities received are credited to the “Facilities assigned or financed by third parties” heading of the consolidated statement of financial position.

These amounts are subsequently recognised under the “Other operating income” heading of the consolidated income statement as the facilities are depreciated.

3.o) Post-employment and other employee benefits

Contributions to defined contribution post-employment benefit plans are registered as an expense under “Personnel expenses” in the consolidated income statement on an accrual basis.

In the case of the defined benefit plans, the IBERDROLA Group recognises the expenditure relating to these obligations on an accrual basis over the working life of the employees by commissioning the appropriate independent actuarial studies using the projected unit credit method to measure the obligation accrued at the year end. The provision recognised for this item represents the present value of the defined benefit obligation reduced by the fair value of the plan assets.

New measurements of net liabilities corresponding to defined provision commitments including positive or negative actuarial differences, the performance of the plan assets, excluding amounts included in the net interest on assets or liabilities and any changes impacting the limit of assets, are recognised under the “Other reserves” heading of the consolidated statement of financial position.

If the fair value of the assets exceeds the present value of the obligation, the net asset is recognised in the consolidated statement of financial position with the limit on the present value of future economic benefits to be received in the form of refunds from the plan or reductions in future contributions to the plan.

The IBERDROLA Group determines the net financial expense (income) related to its pension commitments by applying the discount rate used in its measurement of their value at the beginning of the period once considering the changes in the net pension commitments made during the period in terms of contributions and repayments made. The net interest and the amount corresponding to other expenses related with the commitments undertaken are recorded in the consolidated income statement.

The IBERDROLA Group determines the discount rate with reference to the market yields at the end of the reporting period, corresponding to the bonds or business obligations of high credit quality (the IBERDROLA Group considers a *rating* equivalent to AA/Aa). In countries which do not have such a deep market for such bonds and obligations, the discount rate is determined with reference to Government bonds.

For the Eurozone, United Kingdom and the United States of America, there is a deep bond market with a sufficient period of maturity to cover all payments expected. For Eurozone countries, the depth of the bond or debenture market is evaluated at the level of the monetary union and not for the particular country. In the case of Brazil and Mexico, the discount rate has been determined taking into account the sovereign credit rating as there is no deep market for corporate bonds which meet the credit rating criteria indicated above.

The IBERDROLA Group applies a weighted average discount rate that reflects the estimated timing and amount of the defined benefit payments, and also the currency in which the benefits are to be paid.

The calculation methodology is mainly based on the following principles:

- The universe and spectrum of the outstanding bonds that meet the criteria of an *AA/ Aa rating* is generated. The source of the information used is *Bloomberg*. The IBERDROLA Group has adopted the notional issuances that are higher than EUR 50 million or its equivalent in local currency as the selection criteria.

- Once the bonds' database is obtained, the result is screened and the bonds that show any deficiencies are eliminated.

- The sample is grouped based on the bonds' duration and the return on each duration and outstanding nominal amount of the issuance is shown.

- The benefit payment is calculated using a mathematical formula, i.e., the discrete minimum approximation of the quadratic function, resulting in a market return curve based on the duration. The market curve result will provide the discount factors for each future maturity date of the bonds.

For markets where the term of the corporate bonds or government bonds to have been issued does not match the term of the obligations, such maturities will be estimated by combining the sovereign benchmark rates together with the *spreads* of AA-rated corporate credit at liquid maturities. If there is no reference whatsoever to the term, the yield of the maximum existing term will be considered along with the slope derived from shorter maturities.

The discount rate reflects the time value of money and estimated schedule for the benefit payments. However, it does not reflect the actuarial, investment or credit risk or the risk of deviation in compliance with the actuarial assumptions.

3.p) Termination benefits

IBERDROLA recognises termination benefits when the Group can no longer remove the offer or when the expenses of restructuring are recognised from which the payment of severance payments arises, in the case that said recognition is made previously.

The payments related with restructuring processes are recognised when the IBERDROLA Group has an implicit obligation, i.e., at the time that there is a detailed formal plan to perform the restructuring (identifying, at least, the company activities involved, or part of them, the main locations affected, the location, function and approximate number of employees that will be paid for the termination of their contracts, the disbursements that will be made, and the dates on which the plan will be implemented) and a valid expectation has been expected amongst the affected personnel that the restructuring will be carried out, either because the plan has begun to be executed or because its main characteristics have been announced.

The IBERDROLA Group recognises the full amount of the expenditure relating to these plans when the obligation is incurred by performing the appropriate actuarial studies to calculate the present value of the actuarial obligation at year end. The resulting actuarial gains and losses in termination benefits are recognised in the consolidated income statement.

3.q) Production facility closure costs

The IBERDROLA Group must meet the corresponding decommissioning costs for its production plants, including those arising from necessary tasks to prepare the land where they are located. Additionally, in accordance with the current legislation, the Group must perform certain tasks prior to the decommissioning of its nuclear plants, all of which are in Spain. Empresa Nacional de Residuos Radioactivos, S.A. will be responsible for such work. (ENRESA).

The estimated present value of these costs is capitalised with a credit to “Provisions — Other provisions” at the beginning of the useful life of the asset (Note 28).

The IBERDROLA Group applies a risk-free rate to financially update the provision because the estimated future cash flows to satisfy the obligation reflect the specific risks of the corresponding liability. The risk-free rate used corresponds to the yield at the end of the year which is being reported, government bonds with enough depth and solvency, in the same currency and similar due date to the obligation.

Any change in the provision as a result of its discounting is recognised under the “Finance expense” heading of the consolidated income statement.

3.r) Other provisions

The IBERDROLA Group recognises provisions to cover present obligations, whether these are legal or implied, which arise as a result of past events, provided that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation (Note 28).

A provision is recognised when the liability or obligation arises, with a charge to the heading in the income statement in accordance with the nature of the obligation, for the present value of the provision when the effect of discounting the value of the obligation to present value is material. The change in the provision due to its discounting each year is recognised under the “Finance expense” heading of the consolidated income statement.

These provisions include those recorded to cover environmental damage, which were determined on the basis of a case-by-case analysis of the situation of the polluted assets and the cost of decontaminating them.

3.s) Recognition of revenue

Revenue from ordinary activities is recognised in such a manner that it represents the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Given the nature of the Group's electricity and gas marketing activities, the recognition of revenue is subject to a certain degree of estimation, which corresponds to the units supplied to customers between the date of the last meter reading and the end of the period (Note 5).

Income estimates are calculated on the basis of information on outstanding metering periods, historical trends, weighted average tariffs applicable to each of the customers, the volume of energy purchased by the group's retail supply companies to meet demand and other data. The Company can use its experience it has developed over the years, plus it has sufficiently developed information systems to ensure the accuracy of the estimates recorded in the net sales accounts and compliance with the requirements of accounting regulations.

In the case of contracts with customers with several performance obligations, income is assigned to each performance obligation based on its individual sale price at the beginning of the contract. The individual sale price is estimated based on the observable price of sale of goods of services transactions when they are sold separately under similar circumstances to similar customers. If there are no observable prices in the market, the price is estimated using the most adequate method based on the information available.

Revenue from ordinary activities beyond the scope of IFRS 15 “Revenue from Contracts with Customers” related to lease contracts (Note 3.f) and financial hedging derivatives (Note 3.k) is recognised in accordance with applicable accounting rules.

3.t) Adjustments for market price deviations

Under the provisions of the regulatory framework applicable to the renewable energy generation facilities owned by the Group in Spain, such facilities receive certain incentives (specific remuneration scheme) according to the methodology set out in Royal Decree 413/2014, of 6 June, which governs electricity production activity from renewable energy sources, cogeneration and waste (the “Royal Decree”). The Royal Decree provides that certain remuneration parameters will be updated by means of an order for each regulatory semi-period. In this respect, Order TED/53/2026 of 27 January sets out the remuneration parameters for the estimation of those incentives for the 2026–2028 regulatory period.

The Royal Decree sets out the procedure to be followed in the event that the real market prices corresponding to the different semi-periods of the regulatory useful life of the asset are lower (positive adjustments) or higher (negative adjustments) than the prices estimated by the regulator at the beginning of the regulatory semi-period that were used to determine the incentives to be received for the investments within the scope of the regulation.

The accounting treatment of deviations in the market price applied by the Group, as adapted to the “Criteria for accounting for the ‘value of adjustments for deviations in the market price’, in accordance with Section 22 of Royal Decree 413/2014”, as published by the CNMV on 21 October 2021, and pursuant also to the 2021 financial statements oversight report, is as follows:

- In general, each positive and negative market deviation is recognised in the statement of financial position.
- The amount of the liabilities will be limited to the amount of the deviations from the price that would have allowed the minimum return guaranteed under the Royal Decree to be obtained.
- However, where an analysis of the qualitative and quantitative aspects corresponding to each of the facilities owned by the Group reveals that leaving the remuneration regime would not have significantly more adverse economic consequences than remaining there, then the general approach described above is not followed.

In this regard, in relation to the Group’s facilities that do not receive remuneration for operating, as at 31 December 2025, a receivable was recognised for all facilities with a positive Net Asset Value (NAV) in accordance with Order TED/53/2026, in respect of the positive price deviations established by the aforementioned Royal Decree arising since 2014.

When the asset reaches the end of its regulatory life, positive adjustments net of negative adjustments arising in the last regulatory half-period are recognised, based on their balance, in asset or liability accounts with a balancing entry in net revenue.

3.u) Transactions in foreign currency

Transactions carried out in currencies other than the functional currency of the group companies are recorded at the exchange rates prevailing at the transaction date.

The monetary assets and liabilities denominated in foreign currency have been converted to euros applying the existing rate at the close of the financial year, while the non-monetary ones measured at historical cost are converted applying the exchange rates applied on the date on which the transaction took place.

During the year, the differences arising between the exchange rates at which the transactions were recorded and those in force at the date on which the related proceeds are received or payments are made, are recorded, being charged to the “Finance expense” heading or credited to the “Finance income” heading, as appropriate, of the consolidated income statement.

Those foreign currency transactions in which the IBERDROLA Group has decided to mitigate currency risk through the use of financial derivatives or other hedging instruments are recorded as described in Note 3.k.

3.v) Income tax

IBERDROLA files consolidated tax returns in two tax consolidation groups in Spain, one in the common territory and the other in the province of Biscay, with certain Group companies. Foreign companies are taxed according to the current legislation of their respective jurisdiction.

The expense or income for Corporate income tax includes both the current and deferred tax. The tax on the current or deferred earnings is recognised in the consolidated income statement, unless arising from a transaction or economic event that has been recognised in the same year or in a different one, against net equity or from a business combination.

Current income tax assets or liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax regulations and rates that are enacted or substantively enacted at the close date.

Prepaid and deferred taxes are accounted based on the differences between the carrying amount of the assets and liabilities and the tax base, using the tax rates objectively expected to be in force when the assets and liabilities are realised.

Tax deductions to avoid double taxation and other tax credits, as well as tax relief earned as a result of economic events occurring in the year, are deducted from Income tax expense, unless there are doubts as to whether they can be realised.

Taxable income, tax loss carryforwards or deductions applied are calculated taking into account any uncertainties regarding the treatment of transactions for tax purposes. In those cases, in which the tax asset or liability exceeds the amount in the self-assessments, this is presented as current or not current on the consolidated statement of financial position taking into account the expected recovery or settlement date, considering, where applicable, the amount of the corresponding past-due interest on the liability as they accrue in the income statement. The IBERDROLA Group records the changes in facts and circumstances regarding tax uncertainties as a change in the estimate.

3.w) Share-based employee compensation

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

Fair value is determined in reference to the market value of shares at the award date deducting estimated dividends to which employees are not entitled, during the vesting period. Market conditions and other factors that have no effect on vesting are taken into consideration on the date of the initial valuation and are not subject to subsequent adjustment. The rest of the conditions are considered adjusting the number of equity instruments included in the determination of the transaction amount, so that finally, the amount recognised for the services received, is based on the number of equity instruments that will prospectively be consolidated.

If remuneration based on equity instruments is paid in cash, the amount booked as “Personnel expenses” in the consolidated income statement is credited to “Non-current financial liabilities — Other non-current financial liabilities” or “Current financial liabilities — Other current financial liabilities” on the liabilities side of the consolidated statement of financial position, as appropriate. The fair value of the cash-settled compensation is remeasured at each reporting date.

Equity instruments retained to meet the employee's tax obligations do not alter the plan's classification as equity-settled.

3.x) Business combinations and transactions with non-controlling interests

In each business combination, non-controlling interests are initially recognised at fair value, or at an amount equivalent to their proportionate interest in the net identifiable assets of the acquired company on the takeover date. The value of non-controlling interests in equity and in the results of fully consolidated subsidiaries is presented under “Equity — Non-controlling interests” on the liabilities side of the consolidated statement of financial position and under “Non-controlling interests” in the consolidated income statement, respectively.

When there is a loss of control of a group company, its assets, liabilities and any non-controlling interests are derecognised. The resulting gains or losses are recognised under “Other operating income” in the income statement. Holdings maintained in the subsidiaries whose control has been lost will be measured by their fair value on the date when this loss of control occurred.

Generally speaking, the acquisition of an asset or group of assets where no products are generated is not deemed to meet the conditions for being classified as a business under the scope of IFRS 3 unless employees capable of carrying out a substantive process are incorporated. In transactions involving the acquisition and/or loss of control of an asset or group of assets that do not constitute a business in which a previous/remaining interest exists, or is otherwise retained, the IBERDROLA Group has elected to revalue such previous/remaining interest at fair value with a balancing entry in the consolidated income statement.

The income obtained in stock purchase transactions with minority shareholders in controlled companies and the sale of stock without loss of control will be recognised as charged or credited to reserves.

4. Policies on funding and financial risks

The IBERDROLA Group is exposed to various financial market risks inherent to the different countries, industries and markets in which it operates and to the businesses it carries out. Were they to materialise, these risks could prevent the Group from accomplishing its objectives and successfully pursuing its strategies. Section 4 of the consolidated Management report contains additional information on the Group’s risks.

In particular, the *Policies on funding and financial risks*, the *corporate Policies on market risk* and the *corporate Policies on credit risk* of the Iberdrola Group, all approved by the Board of Directors, identify the risk factors described below. The IBERDROLA Group has an organisation and systems in place to identify, measure, control, and manage its financial risks.

Interest rate risk

The IBERDROLA Group is exposed with regards to its financial liabilities to the risk of fluctuations in interest rates affecting cash flows and fair value.

To effectively manage and limit these risks, IBERDROLA annually sets a target debt structure between fixed and variable interest rates, based on its EBITDA structure. After defining the target structure, the company employs dynamic management to decide on actions throughout the year. This may involve taking on new financing at fixed or variable rates and/or using interest rate derivatives. These derivatives can help stabilise the interest rate of variable rate debt, limit its variability, or convert fixed rate debt to variable rate. Derivatives are also used to lock in the costs of future financing operations, as long as these operations are highly likely according to the existing budget or strategic plan.

Bank borrowings, bonds and other marketable securities arranged at floating interest rates and cash placements of the IBERDROLA Group are largely pegged to market rates (mainly euribor, SONIA, SOFR and the IPCA CDI for the debt of the Brazilian subsidiaries).

Currency risk

The Iberdrola Group is exposed to changes in exchange rates between the currencies in which its financing and business operations are conducted and the functional currency of the various Group companies. Said operating currencies are mainly the Euro, the US dollar, Pound sterling and the Brazilian Real.

IBERDROLA Group is also exposed to currency risks as a result of investments in foreign companies (mainly Scottish Power, Avangrid, Iberdrola México and Neoenergia) arising from fluctuations in cash exchange rate differences of operating non-euro currencies.

Currency exchange variations imply a risk affecting the valuation of net assets and the translation of profit, possibly impacting IBERDROLA Group's equity situation.

The IBERDROLA Group mitigates currency risks by ensuring that all its economic flows are carried out in the currency of each Group company, maintaining an adequate percentage of debt in foreign currency and/or through derivatives.

Commodity and electricity price risk

For the generation of electricity and the supply to customers, the activities carried out by the IBERDROLA Group require the purchase and sale of various commodities (natural gas and other fuels) and emission allowances, the prices of which are subject to volatility in the international (global and regional) markets in which those commodities are traded.

Market prices for electricity, as well as for fuel commodities (mainly gas) and emission allowances, are subject to uncertainty.

To reduce uncertainty, mainly linked to the expected margin on the Iberdrola Group's generation and commercial activities, the Group enters into financial derivatives to lock in the cost of its own generation and the purchase and sale of energy associated with forecast electricity and gas sales.

Risk posed by other indexing processes

Risks may also arise from other indexing processes (inflation, industrial metal prices, etc.), which are often included in contracts for the acquisition of equipment or construction materials for projects or new facilities, and where fluctuations in the reference or other index may affect the total cost of supply.

In a bid to mitigate this effect, the IBERDROLA Group may make use of market risk hedging mechanisms and/or arrange financial derivatives.

Derivatives for risk management purposes

Generally, the derivatives contracted are intended solely for hedging and not for speculative purposes.

In relation to the derivatives taken out to mitigate the above interest rate, exchange rate, commodity price and other indexation risks, in accordance with the risk guidelines and limits defined by the IBERDROLA Group, the critical terms of the hedging instruments are established to be equivalent to those of the hedged item, including, among others:

- The notional value of the hedging instrument is equal to or less than that of the hedged item.
- The underlying currency of the hedging instrument is the same as that of the hedged item.
- The term of the hedging instrument is equal to or less than that of the hedged item.
- The reference interest rate of the hedging instrument is, where applicable, the same as that of the hedged transaction.
- The interest frequency of the hedging instrument is the same as that of the hedged item.

The derivatives arranged to hedge interest rate, exchange rate, commodity price and other indexation risks are described in Note 30.

Liquidity risk

Exposure to adverse situations in the debt or capital markets or the IBERDROLA Group´s economic and financial situation can hinder or prevent the IBERDROLA Group from obtaining the financing required to properly carry out its business activities.

The IBERDROLA Group's liquidity policy is designed to ensure that it can meet its payment obligations without having to rely on financing under unfavourable terms. To achieve this, various management strategies are employed, including maintaining a strong cash position and ensuring access to adequate committed credit facilities in terms of amount, duration, and flexibility. The company also diversifies its financing sources by accessing different markets and geographical regions, and it spreads out the maturities of its issued debt.

Looking ahead to 2026, the IBERDROLA Group expects to cover its planned ordinary investments and dividend payments with cash on hand and with the cash flow generated from its operations and access to the interbank financial markets, capital markets and supranational lenders (such as the EIB, Development Banks and Export Credit Agencies – ECAs), even though the Group has sufficient credit facilities and loans in place with which to cover these investments.

At 31 December 2025 and 2024, the IBERDROLA Group had undrawn loans and credit facilities totalling EUR 16,364 and 15,206 million, respectively. In addition, as at 31 December 2025, there were current financial investments which, due to their contractual terms, the Iberdrola Group included in its liquidity position at that date. The following table provides a breakdown by maturity of the liquidity position at 31 December 2025 and 2024, expressed in millions of euros, based on the balance of the "Cash and cash equivalents" heading of the consolidated statement of financial position and current financial assets (up to 12 months):

	2025	2024
Available maturity		
2025	0	261
2026	490	3,597
2027	125	8
2028 and beyond	15,749	11,340
Total	**16,364**	**15,206**
Short-term financial investments (up to 12 months) (Note 15.b)	1,140	15
Cash and cash equivalents (Note 21)	3,670	4,082
Liquidity position	**21,174**	**19,303**

Credit risk

The Iberdrola Group is exposed to credit risk arising from the potential failure of its counterparties (customers, financial institutions, partners, insurers, etc.) to honour their contractual obligations, including settlement risk and replacement cost risk.

Risk is properly managed and limited, depending on the type of transaction and the creditworthiness of counterparties. *Ex-ante* credit analyses of counterparties are performed, and exposures and compliance with limits are monitored.

Below is a breakdown by country of balances at 31 December 2025 and 2024 of financial assets and contract assets (in millions of euros):

	Other non-current financial assets (Note 15.b)		Other current financial assets (Note 15.b)		Non-current trade and other receivables (Note 16)		Current trade and other receivables (Note 16)	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Spain	80	162	62	60	626	498	4,360	3,502
United Kingdom	244	246	83	312	4	3	1,332	1,317
United States	1,356	1,292	830	602	88	92	1,538	1,579
Mexico	0	89	0	2	0	24	0	641
Brazil	5,430	5,601	261	132	4,027	3,248	1,898	1,700
Iberdrola Energía Internacional (IEI)	44	83	53	4	1	3	602	392
Corporation and adjustments	115	26	1,144	153	13	8	554	31
Total	**7,269**	**7,499**	**2,433**	**1,265**	**4,759**	**3,876**	**10,284**	**9,162**

Balances of "Other current and non-current financial assets" and "Non-current trade and other receivables" correspond mainly to concession agreements signed with Brazilian public administrations (Note 13) and receivables related to regulated activities in Spain and United States.

With regard to credit risk on trade receivables from electricity and gas retail supply activity in the liberalised market, the historical cost of defaults has remained below 1% of the total turnover generated by this activity across all countries in which it is carried out.

With regard to the "Cash and cash equivalents" heading of the consolidated statement of financial position, the average credit *rating* of the counterparties is BBB+, according to the scale used by *Standard and Poor's*.

Sensitivity analysis

The following sensitivity analyses show, for each type of risk (without reflecting the interdependence among risk variables), how income for the year and equity might be affected by reasonably possible changes in each risk variable at 31 December 2025 and 2024.

- Interest rates:

To calculate the sensitivity of consolidated profit or loss to changes in interest rates, an increase or decrease of 50 basis points (equally in all currencies) is applied to the average balance of net floating interest rate debt, after taking into account hedges with derivatives. To calculate the sensitivity of equity, an increase or decrease of 50 basis points (equally across all currencies) is applied to the fair value of the outstanding cash flow hedges at year-end, the change in fair value of which is recognised in equity.

The sensitivity of consolidated profit or loss and equity to interest rate fluctuations is as follows (in millions of euros):

	Increase/decrease in interest rate (basis points)	Impact on profit before tax Income/ (Expense)	Direct impact on equity before tax	Impact on equity before tax
2025	Increase 50 bp	(87)	236	149
	Decrease 50 bp	87	(236)	(149)
2024	Increase 50 bp	(76)	259	183
	Decrease 50 bp	76	(259)	(183)

- Exchange rates:

To calculate the sensitivity of consolidated profit to variations in exchange rates, a depreciation or appreciation of 5% is applied mainly on the profit of foreign subsidiary companies whose operating currency is different to the Euro (net of economic hedges arranged), given that the risk originated from other transactions in foreign currency, either due to financing or business operations, is covered by exchange rate hedges. The sensitivity of equity to exchange rates is calculated by applying an appreciation or depreciation of 5% on net translation differences and on cash flow derivative hedges whose variation in fair value is recognised in equity.

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

	Change in the dollar/euro exchange rate	Impact on profit before tax Income/ (Expense)	Direct impact on equity before tax	Impact on equity before tax
2025	Depreciation of 5%	(7)	(959)	(966)
	Appreciation of 5%	2	1,060	1,062
2024	Depreciation of 5%	(16)	(1,100)	(1,116)
	Appreciation of 5%	7	1,216	1,223

	Change in the pound sterling/ euro exchange rate	Impact on profit before tax Income/ (Expense)	Direct impact on equity before tax	Impact on equity before tax
2025	Depreciation of 5%	(17)	(702)	(719)
	Appreciation of 5%	7	776	783
2024	Depreciation of 5%	(20)	(698)	(718)
	Appreciation of 5%	4	772	776

	Change in the Brazilian real/euro exchange rate	Impact on profit before tax Income/ (Expense)	Direct impact on equity before tax	Impact on equity before tax
2025	Depreciation of 5%	(6)	(270)	(276)
	Appreciation of 5%	2	299	301
2024	Depreciation of 5%	(6)	(261)	(267)
	Appreciation of 5%	4	288	292

- Commodities:

The sensitivity of consolidated profit and equity to changes in the market prices of the main commodities is as follows (in millions of euros):

2025	Variation in price	Impact on profit/(loss) before tax	Direct impact on equity before tax	Impact on equity before tax
Gas	+5%	(1)	26	25
	-5%	1	(26)	(25)
Electricity	+5%	7	(87)	(80)
	-5%	(7)	87	80

2024	Variation in price	Impact on profit/(loss) before tax	Direct impact on equity before tax	Impact on equity before tax
Gas	+5%	(2)	29	27
	-5%	2	(29)	(27)
Electricity	+5%	5	(75)	(70)
	-5%	(5)	75	70

5. Use of accounting estimates

The most significant estimates made by the IBERDROLA Group in these consolidated financial statements are as follows:

- Climate change:

  The IBERDROLA Group’s strategy takes into account the Paris Agreement objectives of limiting the global temperature increase to 2ºC and of achieving climate neutrality by 2050.

  The objectives of the Paris Agreement (Note 6) have been taken into account in drawing up the consolidated financial statements for 2025 and 2024. The effect of the commitments assumed by the Group has been considered when preparing the statements and estimating the useful lives of assets and the costs of closing and decommissioning electrical power plants and when analysing the impairment of non-financial assets.

- Unbilled power supplied:

  The revenue figure for each year includes an estimate of the power supplied to customers of liberalised markets but not yet billed because it had not been measured at year-end for reasons relating to the regular meter-reading period (Note 3.s). Fully depreciated property, plant and equipment still in use at 31 December 2025 and 2024 amounted to EUR 2,416 and 2,508 million, respectively. This amount is included under “Current trade and other receivables” in the consolidated statements of financial position at 31 December 2025 and 2024 (Note 16).

- Settlements relating to regulated activities in Spain:

  Revenue for each year includes an estimate of the income pending collection derived from the application of the methodology set out in the remuneration model in force for the distribution activity, which establishes that facilities commissioned in year “n” begin to be remunerated from year “n+2” (Note 38).

- Provisions for contingencies and expenses:

  As indicated in Note 3.r, the IBERDROLA Group recognises provisions to cover present obligations arising from past events. For this purpose, it must assess the outcome of certain legal or other procedures that are ongoing at the date of authorisation for issue of these consolidated financial statements based on the best information available.

- Useful lives:

  The IBERDROLA Group's property, plant and equipment is used over very prolonged periods of time. The Group estimates the useful lives for accounting purposes (Note 3.e) based on each asset's technical characteristics, the period over which it is expected to generate economic benefits and applicable legislation in each case.

- Costs incurred in closing down and decommissioning electrical power facilities:

  The IBERDROLA Group periodically revises the estimates made concerning the costs to be incurred in the dismantling of its facilities.

- Provision for pensions and similar commitments and restructuring plans:

  At each year end, the IBERDROLA Group estimates the current actuarial provision required to cover obligations relating to restructuring plans, pensions and other similar obligations to its employees. This process involves an independent valuation of the obligations and assets.

  In calculating these values, the IBERDROLA Group relies on advice from independent actuaries and expert financial appraisers (Notes 3.o, 3.p and 27).

  When valuing obligations, the independent expert proceeds as follows:

  - Estimation of accrued liability, total cost for the year and payments in future years.
  - Analysis of actuarial gains and losses, of the resulting surplus or deficit and sensitivity to relevant assumptions.

  When valuing assets, the independent expert proceeds as follows:

  - Identification of the managing entities, depositories of the pension funds and Managed Accounts and the degree of aptitude of each manager and Managed Account
  - *Operational Due Diligence* of the managing entities: financial strength, solvency, organisational structure, resources, processes run by the Risk Control and Compliance functions, best execution policy, order placement, quality and reputation, etc.
  - Quantitative and qualitative analysis of each of the Managed Accounts in which the financial investments are materialised and classification, in terms of liquidity, of each asset and/or investment vehicle, on the following basis:

Level	Description	Practical assessment criteria
1	Quoted prices for similar instruments	- Cash -Equity & Preferred stocks - Listed Derivatives - U.S. government and U.S. agencies – The fair values of US Treasury bonds based on quoted market prices in active markets. The US Treasury bond market is considered to be an actively traded market, given the high level of daily trading volume.
2	Directly observable market inputs other than level 1 inputs	- U.S. government and U.S. agencies – The fair values of US agency bonds are determined using the spread over the risk-free yield curve. The risk-free yield curve returns and spreads on these securities are observable market data. - Non-U.S. government and supranational bonds – These securities are usually appraised by independent pricing services. The pricing service may use current market transactions for securities of similar quality, maturity and coupon. If such transactions are unavailable, the pricing service typically uses analytical models that may combine spreads, interest rate data and market/sector news. The significant data used to price non-US government and supranational bonds are observable market data. - Asset-backed securities – These securities comprise CMBS and CLOs originated by a variety of financial institutions that at the time of acquisition are rated BBB-/Baa3 or higher. These securities are priced by independent pricing services and brokers. The pricing provider applies dealer quotes and other available commercial information, prepayment speeds, yield curves and credit spreads to the valuation. The significant data used to price CMBSs and CLOs are observable market data. - Government and Corporate Bonds – Bonds issued by corporate issuers that at the time of acquisition are rated BBB-/Baa3 or higher. These securities are usually priced by independent pricing services. The significant data used to price corporate bonds are observable market data. - Municipal bonds – Bonds issued by US state and municipal institutions or agencies. The fair values of municipal bonds are usually appraised by independent pricing services. Pricing services typically use spreads obtained from brokers, trading prices and the new issuance market. The significant data used to price municipal bonds are observable market data.- Longevity swap, based on an independent report.
3	Inputs not based on observable market data.	- Closed-ended Funds - Real Estate

- Fair value of real estate investments and inventories:

  The IBERDROLA Group engages external experts to appraise its real estate investment property and investments each year (Notes 3.h and 10).

- Impairment of assets:

  As described in Notes 3.i and 14, the IBERDROLA Group, in accordance with applicable accounting regulations, tests the cash-generating units that require testing for impairment each year. Specific tests are also conducted if indications of impairment are detected. These impairment tests require estimating the future cash flows of the businesses and the most appropriate discount rate in each case. The IBERDROLA Group believes its estimates in this respect are appropriate and consistent with the current economic climate and the commitments assumed under the Paris Agreement (Note 6) and reflect its investment plans and the best available estimate of its future expense and income. It is also confident that its discount rates adequately reflect the risks to which each cash-generating unit is exposed.

- Determining the term of a lease:

  In the event that a significant event or a significant change in circumstances occurs that may affect the term, the IBERDROLA Group reviews the valuations made in the determination of the lease term. Renewal or termination options are only included in the determination of the lease term if it is reasonably certain that the contract will be extended or will not be cancelled. In the event that a significant event or a significant change in circumstances occurs that may affect the term, the IBERDROLA Group reviews the valuations made in the determination of the lease term.

6. Climate change and the Paris Agreement

In line with its commitment to the Paris Agreement and the energy transition, the IBERDROLA Climate Action Plan sets out an ambitious roadmap for achieving:

- Carbon neutrality for Scope 1 CO_2 equivalent emissions by 2030.
- Reduce emissions intensity from electricity generation to below 10 g CO_2/kWh by 2030.
- Achieve *net zero* emissions by 2040.

To achieve this aspirational goal, levers and associated actions are also being defined which, in turn, will contribute to the decarbonisation of the economy as a whole, as well as the values, tools and indicators for the achievement thereof.

One of the levers for achieving this aspirational commitment to reduce emissions is that IBERDROLA will continue to promote and lead a business model and investment plan that is fully integrated into an electrified and decarbonised future. The company is moving forward with its investment plan to cement its business model, based on more renewable energies, more grids and networks, increased storage and a wider range of smart solutions for customers.

6.a) Energy scenario

In preparing the consolidated financial statements for financial year 2025, the directors have taken into account the strategic plan presented to the markets on 24 September 2025, which provides the framework of the IBERDROLA Group's strategy and business model and is fully aligned with the Paris Agreement and the 2030 Agenda in the fight against climate change.

The projections of the Iberdrola Group are consistent with the Paris objectives and are based mainly on the public scenario of the International Energy Agency (*Announced Pledges Scenario,* IEA-APS), together with other assumptions specific to the geographical areas in which the Group operates. The scenarios employed in our climate transition risk assessments (STEPS, APS, and NZE) are consistent with the key climate assumptions reflected in the financial statements.

6.b) Strategic vision

IBERDROLA'S strategic vision for the coming years fits within the energy scenario described in the preceding section.

As part of the updated 2025–2028 plan presented at *Capital Markets Day* on 24 September 2025, IBERDROLA announced investments totalling EUR 58,000 million over the period to support the electrification of the economy and address the evolving requirements of electricity grids. These investments represent an increase of 30% compared to the 2021-2024 period.

This Strategic Plan involves transforming the company into a more regulated entity with a focus on the United Kingdom and the United States, with two thirds of the planned investments going towards transmission and distribution networks, mainly in those countries.

Of the EUR 58,000 million investment, 85% is earmarked for A-rated countries with stable, predictable and attractive regulatory frameworks. This will drive growth with greater stability, predictability, profitability and security.

- By country, 65% of the investment will be concentrated in the United Kingdom and the United States. The United Kingdom becomes the main investment target, with EUR 20,000 million, followed by the United States, with EUR 16,000 million. These are followed by the Iberian Peninsula with EUR 9,000 million, Brazil with EUR 7,000 million and other EU countries and Australia with EUR 5,000 million. In addition, approximately EUR 1,000 million are envisaged for investments in innovation and digital transformation not allocated to specific countries.
- By business area, IBERDROLA plans to invest EUR 37,000 million in the Networks business: EUR 25,000 million will be devoted to distribution networks and EUR 12,000 million to the transmission network. Investments are targeted at markets with secure or advanced trading frameworks and an average return (ROE) of 9.5%.

This will bring the base of regulated assets to EUR 70,000 million in 2028: At the end of the period, EUR 50,000 million will be from the distribution network and EUR 20,000 million from the transmission network.

The company plans to allocate EUR 21,000 million to the renewables and customers businesses, 38% of which will go to offshore wind, 24% to onshore wind, 10% to storage and another 10% to solar. Of these projects, 75% are already under construction.

6.c) Preparation of the financial statements

In preparing these financial statements, the impact of climate change has been considered in a number of key estimates, including:

- estimated useful lives of assets, their residual values and decommissioning provisions; and
- impairment tests.

Useful lives:

As described in Note 3.e) “Depreciation of property, plant and equipment in use”, the IBERDROLA Group reviews the useful lives of its assets on an annual basis. The IBERDROLA Group did not alter the useful life of its assets in 2025. This decision is based on the fact that, as of the authorisation for issue date of these annual financial statements, a specific roadmap for achieving carbon neutrality for Scope 1 equivalent emissions by 2030 has not yet been established. Nevertheless, it seems reasonable that this objective will be met, considering the emissions reduction already achieved following the divestment in Mexico.

Moreover, the long-term ambition to achieve the *“net zero”* target before 2040 (Scopes 1, 2 and 3) depends as much on the actions taken by the Group as on the decisions of third parties. These measures could affect not only the Group’s thermal generation business, mainly cogeneration and combined cycle plants, but also its gas transmission, distribution and retail supply activities. In this respect, as at the date of authorisation for issue of these annual financial statements, the Company has not defined a specific combination of levers, nor has it taken any decision concerning the running of its businesses and activities.

Accordingly, and in line with this aspiration, during the 2025 financial year, the Group has reached a sale agreement for the subsidiary Iberdrola México, the company that owns the IBERDROLA Group's businesses in Mexico, comprising 1,166 MW of combined cycle plants and 202 MW of cogeneration capacity (Note 18).

The IBERDROLA Group has pledged not to build any new thermal power stations beyond those currently in existence. It anticipates that this form of generation will continue to operate only on a residual basis. This approach is primarily justified by the need to supply energy to populations without access and to ensure the effective integration of renewable energy sources.

It should also be borne in mind that some of the Group's businesses, such as gas transmission and distribution in the United States, as well as part of gas retail supply in Spain and the United Kingdom, for example, are regulated businesses. Any possible withdrawal from these activities would require regulatory authorisation.

In addition, the role of these assets in each country's energy transition is uncertain and depends on the future policies and measures adopted by governments or regulators. Should any decisions be taken by the regulator, such as shortening the useful life of these assets, the IBERDROLA Group considers that the economic effects would not have a material impact, as the regulation assures a positive return on investment and would compensate the Group through tariffs.

Consequently, in general, the IBERDROLA Group considers it unnecessary to accelerate the depreciation of emitting assets, either because they are required as back-up or because their useful life depends on actions by third parties beyond the IBERDROLA Group's control. Nor has it accelerated the timing of provisions for the closure or decommissioning of facilities as a result of climate change. However, it will continue to monitor the system's needs and the decisions of governments and regulators to determine whether it will need to accelerate the depreciation of these assets in the future.

Impairment test

The projections used in the impairment tests of non-financial assets (Note 14) are aligned with the energy scenario described in 6.a) and the strategic vision included in 6.b). The aforesaid projections match the best forward-looking statements available to the IBERDROLA Group and include the investment plans for each country prevailing at that time. These plans align with the IBERDROLA Group's strategy and have been formulated considering the scenarios outlined in section 6.a).

Climate risks

Section 4.5 Climate change, describes the climate risks, including physical and transition risks, considered by the Group for its various businesses.

6.d) Sustainable financing

Once again, the IBERDROLA Group has reaffirmed its leadership in sustainable finance, in line with its business model, which champions electrification as a competitive, local and self-sufficient energy vector. This leadership is reflected across the different geographies in which the Group operates and through the various instruments and markets in which it raises financing. The Group aims to achieve the three main objectives: (i) implementing the Group's ambitious strategic plan, for which financial solvency and robustness are key pillars; (ii) aligning and ensuring consistency of the financing model for a sustainable investment plan in accordance with the European Taxonomy; and (iii) offering lenders and investors, in each transaction, a robust assurance that their financing will contribute to generating a positive environmental impact in a responsible manner.

Sustainable financing arranged by the IBERDROLA Group in 2025 amounted to EUR 15,737 million. The breakdown by product is as follows:

	Note	Green financing	KPI-Linked financing	Total
Perpetual subordinated bonds	22	1,000	0	1,000
Bank borrowings, bonds or other marketable securities	29			
Long-term and medium term bonds		3,138	0	3,138
Multilateral loans		1,184	0	1,184
Development bank and ECA loans		688	0	688
Bank loans		1,129	276	1,405
Credit facilities		0	3,775	3,775
Equity instruments having the substance of a financial liability	24	405	0	405
Companies accounted for using the equity method (*)	15.a	4,142	0	4,142
Total		**11,686**	**4,051**	**15,737**

(*) Relates to the *project finance* of East Anglia Three Ltd for an amount of GBP 3,614 million (EUR 4,142 million).

Green financing arrangements

- ### Long-term and medium term bonds

In the capital markets, the IBERDROLA Group is the world's leading private issuer of green bonds for its own financing.

In 2025, the IBERDROLA Group increased its volume of green bonds issued for a combined amount of EUR 4,138 million. At the Corporation, EUR 1,000 million of subordinated perpetual bonds, EUR 400 million of an equity-linked bond referencing Iberdrola shares, and EUR 750 million of a public bond; at Avangrid, USD 850 million (EUR 722 million); and at Neoenergia, BRL 8,300 million (EUR 1,266 million).

- ### Bank loans

In the banking market, during 2025 Neoenergia entered into two green bank loans maturing in 2026 and 2028 for an amount of USD 92 million (EUR 76 million) to finance projects for the construction and automation of distribution and transmission networks.

At the Corporation, a syndicated bank tranche of EUR 900 million was arranged.

Meanwhile, Avangrid entered into a bank loan amounting to USD 69 million (EUR 59 million) as part of a *Sale and Lease Back* transaction worth a total of USD 180 million (EUR 153 million) for the Learning Jupiter wind farm.

- **Multilateral loans**

In 2025, the Corporation signed six green loans with the European Investment Bank for a total amount of EUR 858 million. Some of these loans were granted through funds from the Recovery and Resilience Facility to partially finance the 2024–2026 multi-year distribution network programme in Spain, the expansion of pumping capacity at Valdecañas, the reconstruction of infrastructure damaged by the October 2024 flash floods, and the Windanker *offshore* wind farm, the latter with cover from the Spanish export credit agency CESCE.

Rokas, a subsidiary of the Iberdrola Group in Greece, has signed two green loans with the European Investment Bank for a total amount of EUR 26 million, funded through direct EIB resources and the Recovery and Resilience Facility, to finance the Gatza wind farm.

Neoenergia has signed a loan with the European Investment Bank for 300 million euros, with cover from the Italian export credit agency SACE, to finance Coelba's 2025–2026 multi-year network programme.

- **Loans with development banks and export credit agencies (ECAs)**

The IBERDROLA group has continued to diversify its sources of financing, establishing new commercial relationships with export credit agencies (ECAs). These credit agencies have insurance policies that cover significant percentages of the financial risks assumed by banks, thus enabling IBERDROLA to diversify its sources of financing and reduce risk consumption by banks.

In May 2025, the Iberdrola Group signed a loan of GBP 600 million (EUR 688 million), the proceeds of which support seven priority projects to fortify the United Kingdom's transmission network.

- **Equity instruments having the substance of a financial liability**

In 2025, two tax credit monetisation transactions were executed at Avangrid under a Tax Equity Investor (TEI) structure, in respect of two portfolios of new onshore wind and photovoltaic renewable energy projects: The Solis II portfolio for an amount of USD 300 million (EUR 255 million) for the Camino Solar, True North and Power Creek projects, and the Aeolus IX portfolio for an amount of USD 177 million (EUR 150 million) for the Tower Solar, Juniper Canyon and Pontotoc projects.

<u>Financing linked to the achievement of sustainability goals</u>

The IBERDROLA Group has also entered into other financial arrangements categorised as sustainable where the cost or other structural characteristics are linked to compliance with a range of sustainable targets, one of which is always of an environmental nature.

- **Credit facilities linked to sustainable goals**

During 2025, a new sustainability-linked syndicated credit facility *(KPI-linked)* for an amount of EUR 2,500 million was arranged with Iberdrola Financiación and Avangrid as borrowers, maturing in 2030 and linked to two environmental indicators.

In 2025, Avangrid signed a sustainability-linked syndicated credit facility for an amount of USD 1,500 million (EUR 1,275 million), maturing in 2030, incorporating one environmental indicator and one social indicator, and cancelling the existing facility signed in 2018 for an amount of USD 3,575 million (EUR 3,038 million).

Likewise, during 2025 the maturity of the sustainability-linked syndicated credit facility of EUR 5,300 million signed in December 2023 was extended by an additional year, to 2030.

- **Bank loans linked to sustainable objectives**

In 2025, the Iberdrola Group entered into three bank loans with commercial banks for an amount of EUR 276 million, all incorporating environmental indicators.

At 31 December 2025, the total composition of the IBERDROLA Group's sustainable financial transactions portfolio is as follows (in millions of euros):

	Note	Green financing	KPI-Linked financing	Total
Perpetual subordinated bonds	22	6,250	0	6,250
Bank borrowings, bonds or other marketable securities	29			
Long-term and medium term bonds		17,560	0	17,560
Multilateral loans		6,557	0	6,557
Development bank and ECA loans		4,435	0	4,435
Bank loans		1,383	2,001	3,384
Credit facilities		0	14,406	14,406
Commercial paper programmes		0	6,000	6,000
Equity instruments having the substance of a financial liability	24	1,316	0	1,316
Companies accounted for using the equity method (*)	15.a	6,944	0	6,944
Total		**44,445**	**22,407**	**66,852**

(*) Relates to the Green *Tax Equity Investment* financing agreement and the *project finance* of Vineyard Wind 1, arranged for a total amount of USD 3,297 million (EUR 2,802 million), and to the *project finance* of East Anglia Three Ltd, arranged for an amount of GBP 3,614 million (EUR 4,142 million).

7. 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 approval by the UK Government 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) prohibiting any integration before regulatory clearance was obtained.

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 Group controls or exerts significant influence over ENW Holding. The directors concluded that the IBERDROLA Group did not control ENW Holding despite holding an 88% stake, as the IBERDORLA Group did not believe it had the current ability to steer ENW Holding's relevant activities, such as appointing senior management, setting budgets, or building, maintaining and funding the network, for as long as the IEO issued by the CMA remained in place.

At 31 December 2024, the stake in ENW was accounted for using the equity method (Note 15.a). Subsequently, on March 20, 2025, once the CMA had completed its review of the transaction, control of ENW was taken.

Fair value of the assets and liabilities acquired

The fair value of ENW's assets and liabilities (calculated by an independent expert) and their carrying amounts at the date control was obtained, expressed in millions of euros, are as follows:

	Carrying amount	Fair value
Intangible assets	271	2,544
Property, plant and equipment	4,772	3,505
Right-of-use asset	21	21
Non-current investments	145	191
Deferred tax assets	71	71
Current trade and other receivables	134	134
Cash and cash equivalents	293	293
Total	**5,707**	**6,759**

	Carrying amount	Fair value
Facilities transferred or financed by third parties	599	0
Non-current provisions	5	5
Non-current financial liabilities	2,941	2,884
Deferred tax liabilities	541	963
Current financial liabilities	241	260
Other current liabilities	154	154
Total	**4,481**	**4,266**

Goodwill

The breakdown of the goodwill as at 20 March 2025 arising from the business combination, expressed in millions of euros, is as follows:

	Total
Fair value of previous holding	2,710
Fair value of non-controlling interests	369
Fair value at the date control was obtained	**3,079**
Fair value of net acquired assets	2,493
Goodwill arising on the acquisition (Note 9)	**586**

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.

The acquisition of ENW contributed, from the date control was obtained, a total of EUR 612 million and EUR 128 million to the IBERDROLA Group's 2025 consolidated net revenue and net profit, respectively, from continuing operations. Had the acquisition taken place on 1 January 2025, the contribution to the IBERDROLA Group's consolidated net revenue for 2025 would have been EUR 732 million.

The accounting treatment of this business combination has been determined on a provisional basis. Any adjustments affecting the provisional valuations that may be required as a result of new information about circumstances and events existing at the acquisition date that becomes available within a period not exceeding 12 months from that date will be recognised retrospectively.

Sale of Group companies

2025

Sale of SP Smart Meters Assets Limited (SPSMAL)

In May 2025, the IBERDROLA Group entered into a sale and purchase agreement for the sale of 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 wholly owned on an indirect basis by Macquarie Group Limited.

Completion of the transaction was subject to approval by the UK competition authority (the *Competition and Markets Authority*), which was obtained in late May. The deal was finalised in September 2025.

On the completion date of the transaction, ScottishPower Energy Retail Limited (SPERL) entered 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.

The agreed consideration amounts to GBP 895.5 million and was paid in full by the purchaser on the transaction completion date.

This transaction resulted in a capital gain of EUR 379 million, which was recognised under "Other operating results" in the consolidated income statement for 2025, along with the derecognition of a goodwill balance totalling EUR 256 million from the consolidated statement of financial position at 31 December 2025 (Note 9).

<u>Sale of East Anglia Three Holdings Limited (EA3)</u>

In May 2025, the IBERDROLA Group and Abu Dhabi renewables group Masdar agreed to co-invest in the EA3 wind farm located off the coast of Suffolk, in the United Kingdom. The transaction was completed in July 2025, resulting in the effective loss of control over the interest and its classification as a joint venture accounted for using the equity method (Note 15.a).

This transaction resulted in a capital loss of EUR 126 million, which has been recognised under "Other operating income" in the consolidated income statement for 2025. In addition, the hedges that the IBERDROLA Group had put in place to cover the interest rate and inflation risk associated with the project were discontinued, yielding income of EUR 277 million, which has been recognised under "Finance income" in the consolidated income statement for 2025 (Note 30).

<u>Sale of Neoenergia Itabapoana Transmissão de Energia, S.A.</u>

In April 2025, the IBERDROLA Group (through Neoenergia) reached an agreement to sell 50% of its interest in Neoenergia Itabapoana Transmissão de Energia, S.A. to GIC in exchange for approximately BRL 115 million. Completion of the transaction resulted in the effective loss of control over the interest and its classification as a joint venture accounted for using the equity method (Note 15.a).

The transaction resulted in the recognition of losses of EUR 6 million and EUR 14 million, respectively, under the heading "Other operating income" in the consolidated income statement for 2025 and 2024.

At 31 December 2024, that stake was recognised under the headings "Assets held for sale" and "Liabilities held for sale" (Note 18).

<u>Sale of Baixo Iguaçu</u>

On 20 February 2025, Copel Geração e Transmissão S.A. irrevocably and unconditionally exercised its pre-emptive purchase right, on the exact terms set out in the Adhesion Agreement, to acquire the entire direct stake held by Neoenergia in Geração Céu Azul and, indirectly, its corresponding 70% stake in CEBI.

On 30 June 2025, Neoenergia and Copel Geração e Transmissão S.A. satisfied all the conditions precedent and completed the transaction by selling, through Neoenergia, of all the shares in Geração Céu Azul S.A. for a total consideration of BRL 1,050 million (of which BRL 16 million relates to an *earn-out*, updated by the IPCA).

This transaction resulted in a capital gain of EUR 7 million, which has been recognised under “Other operating income” in the consolidated income statement for 2025 (capital loss of EUR 45 million under “Other operating income” in the consolidated income statement for 2024).

At 31 December 2024, that stake was recognised under the headings “Assets held for sale” and “Liabilities held for sale” (Note 18).

Agreement to sell Maine Natural Gas

In April 2025, the IBERDROLA Group sold its 100% stake in the US company Maine Natural Gas (MNG) to Unitil, a publicly listed energy *holding* company operating out of Maine, New Hampshire and Massachusetts. This transaction resulted in a capital gain of EUR 5 million, which has been recognised under “Other operating income” in the consolidated income statement for 2025.

2024

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, namely 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 closed.

The total proceeds from the sale amounted to approximately USD 6,200 million, resulting in a gross capital gain of EUR 1,717 million, which was recognised in the 2024 consolidated income statement.

Divestment in Rumania

In April 2024, the IBERDROLA Group reached an agreement with Premier Renewable Invest Co S.R.L., a subsidiary of the Premier Energy Group, for the sale of 100% of Eólica Dobrogea One, S.A., which owns the Mihai Viteazu wind farm (80MW). The deal was completed on 30 July 2024. The total proceeds from the sale came to around EUR 92 million, resulting in a gross loss of EUR 9 million, which was recognised under “Other operating income” in the 2024 consolidated income statement.

Sale of Kitty Hawk

In July 2024, the IBERDROLA Group signed an alliance with Dominion Energy for the development of the Kitty Hawk offshore wind farm in the United States. The transaction includes the lease area of the Kitty Hawk North offshore wind farm and its associated assets.

The transaction was completed in October 2024. The total amount received from the sale was approximately EUR 146 million, leading to a gross capital gain of EUR 77 million, recorded under "Other operating income" in the 2024 consolidated income statement.

Transactions with non-controlling interests (Note 22)

2025

Acquisition of a 16.2% stake in Neoenergia S.A.

In November 2025, the IBERDROLA Group submitted a request to Brazil's stock market regulator (Comissão de Valores Mobiliários – CVM) for the filing of a public tender offer targeting all the shares of Neoenergia S.A. (Neoenergia) not controlled by the IBERDROLA Group or held by Neoenergia as treasury shares, representing roughly 16.2% of its share capital (the "Tender Offer"). The purpose is to reclassify Neoenergia's issuer category with the CVM from "A" to "B" and to delist Neoenergia's shares from trading on the Novo Mercado segment of B3 S.A. – Brasil, Bolsa, Balcão (B3).

The consideration for the Tender Offer will be paid entirely in cash and will be determined on the basis of:

– taking the amount of BRL 32.5 for each Neoenergia share (the price paid by Iberdrola Energía to Caixa de Previdência dos Funcionários do Banco do Brasil – Previ for the acquisition of its 30.29% stake in Neoenergia S.A., completed on 31 October 2025);

– adding interest on that amount calculated on the basis of movements in the daily weighted average SELIC rate (Brazil's benchmark interest rate) between 31 October 2025 and the settlement date of the tender offer; and

– reducing the amount by any dividends per share announced by Neoenergia since 31 October 2025.

The transaction has not yet been formalised, and has therefore had no effect on the consolidated financial statements for 2025.

Acquisition of a 30.29% stake in Neoenergia S.A.

In September 2025, the IBERDROLA Group entered into a sale and purchase agreement with Caixa de Previdência dos Funcionários do Banco do Brasil – Previ (Previ) for the acquisition of all the shares in Neoenergia S.A. held by Previ, representing around 30.29% of Neoenergia's share capital.

The transaction was completed in October 2025 for a consideration of BRL 11,950 million, at a price of BRL 32.5 per share.

With the transaction now complete, the IBERDROLA Group holds 83.8% of the share capital of Neoenergia S.A. and the shareholders' agreement entered into by Iberdrola Energía and Previ on 7 June 2017 has been terminated.

Since the IBERDROLA Group already controlled the company, the transaction was recognised as a transaction in non-controlling interests, thus generating a decrease of EUR 1,820 million in Non-controlling interests, a charge of EUR 15 million to "Valuation adjustments", a charge of EUR 941 million to "Translation differences" and a credit of EUR 866 million under "Other reserves" in the consolidated statement of financial position as of 31 December 2025.

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 signed 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.

The transaction was completed in April 2025, once the purchaser had secured the pertinent regulatory clearance. The price payable on completion of the transaction amounted 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.

Since the IBERDROLA Group already controlled the company, the transaction was recognised as a transaction in non-controlling interests, thus generating an increase of EUR 137 million in "Non-controlling interests" and a credit of EUR 37 million under "Other reserves" in the consolidated statement of financial position at 31 December 2025.

Co-investment framework agreement with NBIM Iberian Reinfra AS (Note 51)

In January 2024, a number of IBERDROLA Group companies entered into a co-investment framework agreement with NBIM Iberian Reinfra AS (NBIM Iberian), a company belonging to the group of which Norges Bank is the holding company. The agreement constituted a new arrangement as part of the ongoing collaboration between the parties for the joint development of renewable assets in the Iberian Peninsula undertaken pursuant to the co-investment framework agreement with NBIM Iberian announced by Iberdrola, S.A. on 17 January 2023.

The agreements envisage the acquisition by NBIM Iberian of a 49% stake in the share capital of several IBERDROLA Group companies operating onshore wind and solar photovoltaic projects in Spain and Portugal. At a later date, the IBERDROLA Group and NBIM Iberian will contribute their respective stakes in the companies owning the projects to a holding company owned by both companies in the same proportion of 51% and 49%, respectively, of their share capital. The IBERDROLA Group will retain control of the companies that own the projects and will manage the development of the non-operational projects until they enter commercial operation, and will continue to provide them with corporate, management, operation and maintenance services needed to run their operations.

Since the IBERDROLA Group already controlled the project portfolio that was contributed during the 2025 and 2024 financial years, the transaction is recognised as involving non-controlling interests. This resulted in a credit of EUR 200 million under "Non-controlling interests" and a credit of EUR 54 million under "Other reserves" in the consolidated statement of financial position as at 31 December 2025 (credit of EUR 18 million under "Non-controlling interests" and a credit of EUR 3 million under "Other reserves" in the consolidated statement of financial position as at 31 December 2024).

Windanker capital increases

In 2025, Windanker GmbH effected capital increases, which were subscribed by its two shareholders in proportion to their respective ownership interests. This process resulted in a credit of EUR 87 million to “Equity – Of non-controlling interests” in the consolidated statement of financial position as at 31 December 2025.

Baltic Eagle capital increases

In 2025, Baltic Eagle GmbH effected capital increases, which were subscribed by its two shareholders (Masdar Baltic Eagle Germany GmbH and Iberdrola Renovables Deutschland GmbH) in proportion to their respective ownership interests. This process resulted in a credit of EUR 77 million to “Equity – Of non-controlling interests” in the consolidated statement of financial position as at 31 December 2025. During 2024, the capital increases carried out resulted in a credit of EUR 194 million under “Equity – Non-controlling interests” in the 2024 consolidated statement of financial position.

2024

Resolution to acquire the common shares of Avangrid, Inc. not already owned by IBERDROLA

In March 2024, IBERDROLA submitted to the Board of Directors of Avangrid, Inc. (AVANGRID) a non-binding preliminary expression of interest whereby IBERDROLA proposed to acquire, through a merger or as otherwise agreed between the parties, all of the ordinary shares of AVANGRID not already owned by IBERDROLA.

In May 2024, IBERDROLA entered into a merger agreement with AVANGRID and IBERDROLA’s investee Arizona Merger Sub, Inc. (“Merger Sub”), whereby IBERDROLA would acquire all of the AVANGRID ordinary shares not already owned by IBERDROLA for USD 35.75 per share in cash. Following completion of the merger of Merger Sub into AVANGRID, IBERDROLA would hold 100% of AVANGRID’s share capital.

AVANGRID’s General Shareholders’ Meeting was held on 26 September 2024, at which the merger resolution was passed. The transaction had been previously approved by AVANGRID’s Board of Directors.

After receiving the necessary clearance, the merger between AVANGRID and Merger Sub was completed on 23 December 2024, whereupon IBERDROLA became the holder of 100% of AVANGRID’s share capital.

The total consideration Iberdrola paid to AVANGRID shareholders, excluding those of IBERDROLA, was USD 2,551 million.

As the IBERDROLA Group already controlled the company, this transaction was recorded as involving non-controlling interests. This resulted in a reduction of EUR 3,902 million under “Non-controlling interests” and credits of EUR 564 million, EUR 824 million, and EUR 25 million under “Other reserves”, “Translation differences”, and “Adjustments for change in value”, respectively, in the consolidated statement of financial position as at 31 December 2024. Transaction costs amounted to EUR 35 million.

Public tender offer (PTO) for Neoenergia Cosern shares

In September 2024, NEOENERGIA, a subsidiary of the IBERDROLA Group in Brazil, completed a public tender offer for Neoenergia Cosern on the São Paulo Stock Exchange, increasing its stake from 93.09% to 100% in the distributor operating in Rio Grande do Norte.

Since the IBERDROLA Group already controlled the company, this transaction was recorded as involving non-controlling interests. This resulted in a charge of EUR 26 million under "Non-controlling interests" and a charge of EUR 2 million under "Other reserves" in the consolidated statement of financial position as at 31 December 2024.

8. Segment information

The Iberdrola Group's organisation is based on a dual structure of geographic areas and businesses. This matrix structure with segments by geographical areas and by business areas is as follows:

Geographical areas:

- Spain
- United Kingdom
- United States
- Mexico (Note 18);
- Brazil; and
- Iberdrola Energía Internacional (IEI), with the main countries being Germany, France and Australia.

Business areas:

- 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.
- Networks business: comprises activities related to the transmission and distribution of energy, primarily involving gas and electricity, along with other regulated operations.
- 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, which is being discontinued as it mostly serves third-party customers.
- Other businesses: other non-energy businesses.

Meanwhile, the “Corporation and adjustments” column reflects the costs of the corporate structure and global functions, whether at global or local level, which provide services to the companies and businesses on the basis of intra-group service contracts entered into with Iberdrola, S.A. or with the corresponding country *subholding* company.

The transactions between the different segments are executed on an arm's-length basis.

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

2025	Spain	United Kingdom	United States	Mexico (Note 18)	Brazil	IEI	Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
Revenue	16,845	7,551	8,703	1,412	9,228	2,741	(933)	45,547	(1,471)	44,076
Profit/(Loss)										
Segment operating profit	4,141	2,373	1,329	449	1,693	344	(53)	10,276	(521)	9,755
Result of equity-accounted investees - net	4	27	38	0	37	(3)	(7)	96	0	96
Assets										
Segment assets	36,170	38,076	45,804	0	11,259	10,910	(1,542)	140,677	0	140,677
Equity-accounted investees	196	113	765	0	315	55	53	1,497	0	1,497
Liabilities										
Segment liabilities	11,762	9,227	13,782	0	3,992	2,200	(3,936)	37,027	0	37,027
Other information										
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	1,916	3,666	3,764	0	62	1,300	211	10,919	0	10,919
Impairment losses, trade and other receivables	(12)	147	167	(4)	89	5	2	394	4	398
Depreciation and amortisation	1,817	1,042	1,257	118	560	391	52	5,237	(115)	5,122
Charges for asset impairment	0	107	371	0	0	46	0	524	0	524
Reversal for asset impairment	0	0	0	0	0	0	0	0	0	0
Charges/(reversals) for other provisions	58	16	68	4	11	4	0	161	(4)	157
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	12	78	55	1	11	2	21	180	(1)	179

2024	Spain	United Kingdom	United States	Mexico (Note 18)	Brazil	IEI	Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
Revenue	16,982	7,718	7,752	1,721	9,139	1,875	(448)	44,739	(1,751)	42,988
Profit/(Loss)										
Segment operating profit	4,317	2,257	(579)	2,028	1,591	317	(202)	9,729	(2,090)	7,639
Result of equity-accounted investees - net	(2)	49	(22)	0	23	(42)	(43)	(37)	0	(37)
Assets										
Segment assets	34,603	33,527	48,930	3,899	9,884	9,996	(2,331)	138,508	0	138,508
Equity-accounted investees	175	2,739	1,036	2	285	36	42	4,315	0	4,315
Liabilities										
Segment liabilities	11,045	8,005	14,728	2,039	3,776	1,565	(3,881)	37,277	0	37,277
Other information										
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	2,019	2,713	3,698	117	52	1,253	131	9,983	0	9,983
Impairment losses, trade and other receivables	55	129	189	2	95	1	0	471	(3)	468
Depreciation and amortisation	1,802	894	1,276	115	572	300	52	5,011	(112)	4,899
Charges for asset impairment	72	31	1,340	0	0	88	0	1,531	0	1,531
Reversal for asset impairment	0	0	0	0	0	0	0	0	0	0
Charges/(reversals) for other provisions	20	21	54	2	7	1	0	105	(2)	103
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	134	21	85	2	12	0	39	293	(2)	291

Additionally, the breakdown of non-current assets by geographical area is as follows (in millions of euros):

	31.12.2025	31.12.2024
Non-current assets (*)		
Spain	27,783	27,488
United Kingdom	35,398	30,307
United States	40,979	43,750
Mexico (Note 18)	0	2,421
Brazil	4,358	4,146
IEI	9,671	8,930
Corporation and adjustments	753	724
Total	**118,942**	**117,766**

(*) Excluding non-current financial investments, deferred tax assets, current tax assets and non-current trade and other receivables.

2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
Revenue	20,921	10,315	22,127	(7,816)	45,547	(1,471)	44,076
Profit/(Loss)							
Segment operating profit	5,583	2,783	2,351	(441)	10,276	(521)	9,755
Result of equity-accounted investees - net of taxes	75	29	(2)	(6)	96	0	96
Assets							
Segment assets	77,317	49,531	7,097	6,732	140,677	0	140,677
Equity-accounted investees	386	931	128	52	1,497	0	1,497
Liabilities							
Segment liabilities	25,187	11,199	5,378	(4,737)	37,027	0	37,027
Other information							
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	5,542	4,526	632	219	10,919	0	10,919
Impairment losses, trade and other receivables (expense/income)	264	0	128	3	395	3	398
Depreciation and amortisation	2,397	2,204	448	188	5,237	(115)	5,122
Charges for asset impairment	0	524	0	0	524	0	524
Reversal for asset impairment	0	0	0	0	0	0	0
Charges/(reversals) for other provisions	79	43	38	1	161	(4)	157
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	68	2	15	95	180	(1)	179

2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
Revenue	18,884	10,055	23,547	(7,747)	44,739	(1,751)	42,988
Profit/(Loss)							
Segment operating profit	3,895	1,858	4,293	(317)	9,729	(2,090)	7,639
Result of equity-accounted investees - net of taxes	12	(48)	(4)	3	(37)	0	(37)
Assets							
Segment assets	69,386	54,474	8,898	5,750	138,508	0	138,508
Equity-accounted investees	2,987	1,115	116	97	4,315	0	4,315
Liabilities							
Segment liabilities	23,859	11,857	6,641	(5,080)	37,277	0	37,277
Other information							
Total cost incurred during the period in the acquisition of property, plant and equipment and intangible assets	4,792	4,265	690	236	9,983	0	9,983
Impairment losses, trade and other receivables (expense/income)	287	4	181	(1)	471	(3)	468
Depreciation and amortisation	2,181	2,157	516	157	5,011	(112)	4,899
Charges for asset impairment	(1)	1,532	0	0	1,531	0	1,531
Reversal for asset impairment	0	0	0	0	0	0	0
Charges/(reversals) for other provisions	61	25	19	0	105	(2)	103
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	113	22	45	113	293	(2)	291

Additionally, the breakdown of non-current assets by business activity is as follows (in millions of euros):

	31.12.2025	31.12.2024
Non-current assets (*)		
Networks	64,998	58,444
Renewable Energy and Sustainable Generation	42,991	46,808
Customers	1,395	2,887
Other business, Corporation and adjustments	9,558	9,627
Total	**118,942**	**117,766**

(*) Excluding non-current financial investments, deferred tax assets, current tax assets and non-current trade and other receivables.

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

	31.12.2025	31.12.2024
Segment assets	**140,677**	**138,508**
Non-current investments	10,197	13,032
Assets held for sale	3,541	404
Current investments	2,677	2,267
Cash and cash equivalents	3,670	4,082
Total assets	**160,762**	**158,293**

	31.12.2025	31.12.2024
Segment liabilities	**37,027**	**37,277**
Equity	63,419	61,051
Non-current financial liabilities	46,752	44,813
Bank borrowings, bonds or other marketable securities	42,159	40,585
Equity instruments having the substance of a financial liability	553	485
Derivative financial instruments	1,624	1,124
Leases	2,416	2,619
Current financial liabilities	12,622	14,955
Bank borrowings, bonds or other marketable securities	11,931	13,805
Equity instruments having the substance of a financial liability	139	103
Derivative financial instruments	374	867
Leases	178	180
Liabilities linked to assets held for sale	942	197
Total liabilities and equity	**160,762**	**158,293**

9. Intangible assets

Changes in 2025 and 2024 in intangible assets and the corresponding accumulated amortisation and impairment allowances are as follows:

	Balance at 01.01.2025	Translation differences	Modification of the consolidation scope (Note 7)	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs (Note 14)	Balance at 31.12.2025
Cost:										
Goodwill	8,618	(537)	330	0	0	0	(10)	(10)	(2)	8,389
Concessions, patents, licenses, trademarks and others	7,922	(698)	2,520	0	0	0	(1)	(204)	0	9,539
Intangible assets under IFRIC 12 (Notes 3.b and 13)	4,628	(108)	0	0	0	1,204	(65)	0	0	5,659
Computer software	3,489	(182)	48	437	35	2	(62)	(16)	0	3,751
Customer acquisition costs in the retail supply of energy	1,197	(11)	3	272	0	0	(459)	(7)	0	995
Other intangible assets	3,063	(276)	0	10	1	(10)	(7)	(11)	0	2,770
Total cost	**28,917**	**(1,812)**	**2,901**	**719**	**36**	**1,196**	**(604)**	**(248)**	**(2)**	**31,103**

	Balance at 01.01.2024	Translation differences	Modification of the consolidation scope (Note 7)	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Disposals/ Derecognitions	Write-downs (Note 14)	Balance at 31.12.2024
Cost:									
Goodwill	8,375	285	0	1	0	0	(15)	(28)	8,618
Concessions, patents, licenses, trademarks and others	7,819	106	0	0	0	0	(3)	0	7,922
Intangible assets under IFRIC 12 (Notes 3.b and 13)	5,461	(961)	0	0	0	202	(74)	0	4,628
Computer software	3,384	98	0	405	30	0	(428)	0	3,489
Customer acquisition costs in the retail supply of energy	970	8	0	298	0	0	(79)	0	1,197
Other intangible assets	3,094	149	0	14	1	(3)	(192)	0	3,063
Total cost	**29,103**	**(315)**	**0**	**718**	**31**	**199**	**(791)**	**(28)**	**28,917**

	Balance at 01.01.2025	Translation differences	Modification of the consolidation scope (Note 7)	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs (Note 14)	Balance at 31.12.2025
Accumulated depreciation and provisions:										
Concessions, patents, licenses, trademarks and others	1,192	(37)	0	94	0	(1)	(1)	(19)	0	1,228
Intangible assets under IFRIC 12 (Notes 3.b and 13)	3,099	(55)	0	393	0	0	(56)	0	0	3,381
Computer software	2,418	(128)	(1)	329	0	0	(47)	(12)	0	2,559
Customer acquisition costs in the retail supply of energy	764	(5)	0	232	0	0	(457)	(4)	0	530
Other intangible assets	1,181	(117)	0	104	0	0	(3)	(8)	0	1,157
Total accumulated depreciation	**8,654**	**(342)**	**(1)**	**1,152**	**0**	**(1)**	**(564)**	**(43)**	**0**	**8,855**
Impairment allowance (Notes 8 and 42)	**8**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**8**
Total accumulated depreciation and provisions	**8,662**	**(342)**	**(1)**	**1,152**	**0**	**(1)**	**(564)**	**(43)**	**0**	**8,863**
Total net cost	**20,255**	**(1,470)**	**2,902**	**(433)**	**36**	**1,197**	**(40)**	**(205)**	**(2)**	**22,240**

	Balance at 01.01.2024	Translation differences	Modification of the consolidation scope (Note 7)	Additions and charges/ (reversals)	Capitalised personnel expenses (Note 40)	Transfers	Disposals/ Derecognitions	Write-downs (Note 14)	Balance at 31.12.2024
Accumulated depreciation and provisions:									
Concessions, patents, licenses, trademarks and others	1,191	(99)	0	101	0	0	(1)	0	1,192
Intangible assets under IFRIC 12 (Notes 3.b and 13)	3,388	(621)	0	390	0	0	(58)	0	3,099
Computer software	2,501	72	0	266	0	0	(421)	0	2,418
Customer acquisition costs in the retail supply of energy	551	4	0	284	0	0	(75)	0	764
Other intangible assets	1,054	55	0	111	0	0	(39)	0	1,181
Total accumulated depreciation	**8,685**	**(589)**	**0**	**1,152**	**0**	**0**	**(594)**	**0**	**8,654**
Impairment allowance (Notes 8 and 42)	**163**	**3**	**0**	**0**	**0**	**0**	**(158)**	**0**	**8**
Total accumulated depreciation and provisions	**8,848**	**(586)**	**0**	**1,152**	**0**	**0**	**(752)**	**0**	**8,662**
Total net cost	**20,255**	**271**	**0**	**(434)**	**31**	**199**	**(39)**	**(28)**	**20,255**

The amounts incurred in research and development activities (expenses and investment) in 2025 and 2024 total EUR 425 million and EUR 403 million respectively.

The fully amortised intangible assets still in use at 31 December 2025 and 2024 amounted to EUR 1,668 and 2,040 million, respectively.

At 31 December 2025 and 2024, the IBERDROLA Group had commitments to acquire intangible assets totalling EUR 20 and 17 million, respectively.

In addition, at 31 December 2025 and 2024, there were no significant restrictions on the ownership of intangible assets, except for the regulated businesses, which may require authorisation from the corresponding regulator for certain transactions.

The allocation of goodwill to the various cash-generating units at 31 December 2025 and 2024 is as follows (in millions of euros):

	31.12.2025	31.12.2024
United Kingdom	6,056	6,054
United States	1,770	1,996
Brazil	397	412
France	61	62
Australia	38	40
Other	67	54
Total	**8,389**	**8,618**

The above aggregation by country (United Kingdom, United States, Brazil, France, Australia and others) corresponds to groups of cash-generating units including, where applicable, electricity and gas retail supply, regulated activities and renewables (Note 14).

The allocation of indefinite life and in-progress intangible assets at 31 December 2025 and 2024 to the different cash generating units is as follows (in millions of euros):

	2025			2024		
	Intangible assets with indefinite useful lives	Intangible assets in progress	Total	Intangible assets with indefinite useful lives	Intangible assets in progress	Total
Electricity distribution Scotland (SPD)	763	0	763	801	0	801
Electricity distribution England and Wales (SPM)	734	0	734	771	0	771
Electricity transmission in the United Kingdom (SPT)	290	0	290	304	0	304
North West Electricity Networks (ENW)	2,405	0	2,405	0	0	0
Electricity and gas distribution New York (NYSEG)	1,008	0	1,008	1,139	0	1,139
Electricity and gas distribution New York (RGE)	908	0	908	1,023	0	1,023
Transmission and distribution of electricity in Maine (CMP)	250	0	250	282	0	282
Transmission and distribution of electricity in Connecticut (UI)	1,049	0	1,049	1,183	0	1,183
Gas distribution in Connecticut (CNG)	265	0	265	298	0	298
Gas distribution in Connecticut (SCG)	519	0	519	586	0	586
Gas distribution in Massachusetts (BGC)	35	0	35	40	0	40
Other	38	0	38	13	0	13
Total	**8,264**	**0**	**8,264**	**6,440**	**0**	**6,440**

Indefinite useful life assets mostly correspond to the acquisition cost of licences to operate in different businesses which are the core business in the activities performed by the IBERDROLA Group.

10. Investment property

Changes in 2025 and 2024 in the IBERDROLA Group's investment property were as follows (in millions of euros):

	Balance at 01.01.2025	Additions and (charges)/ reversals	Transfers	Disposals/ Derecognitions	Balance at 31.12.2025
Investment property	514	9	23	(1)	545
Provisions for impairment	(15)	0	(1)	0	(16)
Accumulated amortisation	(79)	(9)	(1)	0	(89)
Total net cost	**420**	**0**	**21**	**(1)**	**440**

	Balance at 01.01.2024	Additions and (charges)/ reversals	Transfers	Disposals/ Derecognitions	Balance at 31.12.2024
Investment property	521	8	19	(34)	514
Provisions for impairment	(15)	0	0	0	(15)
Accumulated amortisation	(75)	(9)	(1)	6	(79)
Total net cost	**431**	**(1)**	**18**	**(28)**	**420**

The investment property owned by the IBERDROLA Group relates primarily to properties used for leasing. Income accrued in 2025 and 2024 from this activity amounted to EUR 29 and 27 million, respectively, and was recognised under the "Revenue" heading of the consolidated income statement. Operating expenses directly related to investment property in 2025 and 2024 were not significant.

The fair value of investment property in use at 31 December 2025 and 2024 amounted to EUR 499 and 469 million, respectively. This fair value (classified in Level 3) is determined via expert independent appraisals made annually in accordance with the Valuation Standards published by the *Royal Institution of Chartered Surveyors* (RICS) of Great Britain, in their January 2014 edition, as last updated in 2024. The valuations at 31 December 2025 and 2024 were carried out by *Knight Frank* España.

The assets have been valued individually and not as part of a property portfolio.

The methods applied for the calculation of fair value have been the discount of cash flows, the capitalisation of revenue and the comparison method, checked, as far as possible, against comparable (peer) transactions to reflect the reality of the market and the prices to which they are currently closing the asset operations of similar characteristics to the reference operations.

The discount of cash flows is based on a prediction of the probable net income that investment property will generate for a period of time and it considers its residual value at the end of the period. Cash flows are discounted at an internal rate of return that reflects the urban, construction and business risk of the asset.

The key variables and assumptions of the cash flow discount method are:

- Net income that the property will generate for a certain period of time, considering the initial contractual situation, development of renters and expected income, marketing costs, divestment expenses (variable percentage depending on the sale price), etc.

- Discount rate or objective internal return rate adjusted to reflect the risk that the investment entails depending on the localisation, occupation, renter quality, property age, etc.

- Disposal return, which consists of an estimate of the exit (sale) price of the property applying an estimated return for the close of the transaction at that date, considering the criteria of obsolescence, liquidity and market uncertainty.

For rental property that does not include such a broad number of variables and involves leased property for a period of time greater than 10 years and up and one renter, the capitalisation method for income is usually applied. This method consists of the perpetual capitalisation of the current contractual income via a capitalisation rate that inherently includes the risks and uncertainties that could arise in the market.

For the closure in 2025, an initial comparison has been made between the planned operation in the second year, as valued in 2024, and the actual operation in the 2025 financial year. In 19 cases, no differences were observed when comparing the operations, and therefore the 2024 value (discounted for investment additions minus depreciation) was assumed to be the market value in 2025. For all other cases, the independent expert has been commissioned to carry out an updated valuation and perform the corresponding impairment test.

The company has commissioned the independent expert to carry out sensitivity analyses on real estate investments for projects with a market value exceeding EUR 1 million, considering as a key variable the “discount rate or IRR” required for each project and keeping the other variables unchanged. For the 19 assets for which the independent expert has not updated the valuation to 2025, as the assumptions in the 2024 valuation for the second year have been met, the sensitivity analysis is based on proportional variations to the sensitivity analysis in December 2024.

The following tables show the impacts on realisable value of these sensitivity analyses in response to 1% and 2% increases and decreases in the discount rate or IRR for 2025 and 2024 (in millions of euros):

2025					
	Baseline scenario	Discount rate or IRR			
		1%	-1%	+2%	-2%
Change in the market value of investment property	396	(29)	34	(56)	69
Impact on accumulated impairment (before tax)		(14)	10	(31)	13

2024					
	Baseline scenario	Discount rate or IRR			
		1%	-1%	+2%	-2%
Change in the market value of investment property	370	(28)	32	(53)	65
Impact on accumulated impairment (before tax)		(15)	9	(30)	11

As at 31 December 2025 and 2024 the amount of fully depreciated investment property amounted to EUR 3 million and EUR 3 million, respectively. There are no restrictions on its realisation in any of the financial years. Furthermore, there are no contractual obligations for the acquisition, construction, development, repair or maintenance of investment property.

11. Property, plant and equipment

Changes in 2025 and 2024 in Property, plant and equipment and the relevant accumulated depreciation and provisions were as follows (in millions of euros):

Cost	Balance at 01.01.2025	Translation differences	Modification of the consolidation scope (Note 7)	Additions	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs	Balance at 31.12.2025
Land and buildings	3,069	(186)	307	36	105	(20)	(121)	0	3,190
Electric energy technical facilities:									
Hydroelectric power plants	8,584	(29)	4	(8)	78	(68)	(246)	0	8,315
Thermal power plants	469	1	0	3	0	(29)	2	0	446
Combined cycle power plants	5,174	(142)	0	11	70	(12)	(1,177)	0	3,924
Nuclear power plants	8,080	0	0	(9)	180	(81)	0	0	8,170
Wind farms and other renewables	37,679	(2,154)	0	369	1,732	(174)	(1,275)	(31)	36,146
Photovoltaic power plants	4,489	(213)	4	74	1,814	(23)	(474)	0	5,671
Facilities for:									
Gas storage	180	(16)	0	0	1	0	0	0	165
Electricity transmission	12,486	(1,109)	0	(1)	1,235	(12)	0	0	12,599
Electricity distribution	42,917	(2,051)	2,834	272	2,363	(186)	(149)	0	46,000
Gas distribution	4,549	(518)	0	0	216	(134)	0	0	4,113
Meters and metering devices	2,842	(171)	(688)	160	120	(129)	(53)	0	2,081
Dispatching centres and other facilities	3,332	(103)	57	26	254	(23)	(8)	0	3,535
Total technical facilities in operation	**130,781**	**(6,505)**	**2,211**	**897**	**8,063**	**(871)**	**(3,380)**	**(31)**	**131,165**
Other items in use	**3,227**	**(224)**	**49**	**269**	**26**	**(83)**	**(45)**	**0**	**3,219**
Technical installations under construction	**14,008**	**(891)**	**236**	**9,335**	**(7,979)**	**(1,840)**	**(80)**	**(161)**	**12,628**
Prepayments and other PP&E under construction (*)	**1,163**	**(100)**	**65**	**260**	**(198)**	**(30)**	**(39)**	**0**	**1,121**
Total cost	**152,248**	**(7,906)**	**2,868**	**10,797**	**17**	**(2,844)**	**(3,665)**	**(192)**	**151,323**

(*) The amount of advances on account granted as at 31 December 2025 amounted to EUR 120 million.

Cost	Balance at 01.01.2024	Translation differences	Modification of the consolidation scope (Note 7)	Additions	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs	Balance at 31.12.2024
Land and buildings	3,041	33	0	87	(82)	(10)	0	0	3,069
Electric energy technical facilities:									
Hydroelectric power plants	8,422	(100)	0	37	253	(28)	0	0	8,584
Thermal power plants	1,033	0	0	6	0	(570)	0	0	469
Combined cycle power plants	5,093	40	0	(1)	55	(13)	0	0	5,174
Nuclear power plants	8,019	0	0	(16)	130	(53)	0	0	8,080
Wind farms and other renewables	34,185	884	0	192	2,569	(151)	0	0	37,679
Photovoltaic power plants	2,803	79	0	97	1,520	(10)	0	0	4,489
Facilities for:									
Gas storage	170	9	0	0	2	(1)	0	0	180
Electricity transmission	11,096	620	0	(1)	778	(7)	0	0	12,486
Electricity distribution	39,514	1,142	0	269	2,151	(159)	0	0	42,917
Gas distribution	4,072	254	0	0	251	(28)	0	0	4,549
Meters and metering devices	2,569	102	0	203	52	(84)	0	0	2,842
Dispatching centres and other facilities	3,030	55	0	55	223	(31)	0	0	3,332
Total technical facilities in operation	**120,006**	**3,085**	**0**	**841**	**7,984**	**(1,135)**	**0**	**0**	**130,781**
Other items in use	**2,871**	**105**	**0**	**261**	**36**	**(46)**	**0**	**0**	**3,227**
Technical installations under construction	**13,347**	**425**	**0**	**8,280**	**(7,895)**	**(94)**	**0**	**(55)**	**14,008**
Prepayments and other PP&E under construction (*)	**1,061**	**39**	**0**	**439**	**(351)**	**(21)**	**0**	**(4)**	**1,163**
Total cost	**140,326**	**3,687**	**0**	**9,908**	**(308)**	**(1,306)**	**0**	**(59)**	**152,248**

(*) Prepayments at 31 December 2024 amounted to EUR 99 million.

Accumulated depreciation and provisions	Balance at 01.01.2025	Translation differences	Modification of the consolidation scope (Note 7)	Additions	Charges/ (reversals)	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs	Balance at 31.12.2025
Buildings	777	(47)	0	0	48	(12)	(5)	(16)	0	745
Technical facilities in operation:										
Hydroelectric power plants	4,412	(9)	3	0	124	(11)	(47)	(51)	0	4,421
Thermal power plants	466	0	0	0	2	0	(26)	0	0	442
Combined cycle power plants	2,415	(52)	0	0	152	(8)	(11)	(349)	0	2,147
Nuclear power plants	6,880	0	0	0	249	0	(80)	0	0	7,049
Wind farms and other renewables	15,237	(912)	0	0	1,256	3	(134)	(533)	(10)	14,907
Photovoltaic power plants	347	(18)	1	0	170	0	(1)	(99)	0	400
Facilities for:										
Gas storage	68	(6)	0	0	3	0	0	0	0	65
Electricity transmission	3,252	(279)	0	0	228	1	(11)	0	0	3,191
Electricity distribution	15,923	(578)	26	0	1,088	(1)	(134)	(39)	0	16,285
Gas distribution	1,337	(152)	0	0	68	0	(54)	0	0	1,199
Meters and metering devices	1,396	(68)	(241)	0	112	0	(109)	(25)	0	1,065
Dispatching centres and other facilities	1,735	(68)	0	0	172	0	(11)	21	0	1,849
Total technical facilities in operation	**53,468**	**(2,142)**	**(211)**	**0**	**3,624**	**(16)**	**(618)**	**(1,075)**	**(10)**	**53,020**
Other items in use	**1,819**	**(98)**	**1**	**0**	**217**	**(1)**	**(67)**	**(27)**	**0**	**1,844**
Total accumulated depreciation	**56,064**	**(2,287)**	**(210)**	**0**	**3,889**	**(29)**	**(690)**	**(1,118)**	**(10)**	**55,609**
Impairment allowance (Note 42)	1,723	(172)	(7)	0	340	0	7	(19)	0	1,872
Total accumulated depreciation and provisions	**57,787**	**(2,459)**	**(217)**	**0**	**4,229**	**(29)**	**(683)**	**(1,137)**	**(10)**	**57,481**
Total net cost	**94,461**	**(5,447)**	**3,085**	**10,797**	**(4,229)**	**46**	**(2,161)**	**(2,528)**	**(182)**	**93,842**

Accumulated depreciation and provisions	Balance at 01.01.2024	Translation differences	Modification of the consolidation scope (Note 7)	Additions	Charges/ (reversals)	Transfers	Disposals/ Derecognitions	Classification as held for sale (Note 18)	Write-downs	Balance at 31.12.2024
Buildings	728	9	0	0	51	(8)	(3)	0	0	777
Technical facilities in operation:										
Hydroelectric power plants	4,355	(29)	0	0	135	(34)	(15)	0	0	4,412
Thermal power plants	1,028	0	0	0	7	0	(569)	0	0	466
Combined cycle power plants	2,258	7	0	0	164	0	(14)	0	0	2,415
Nuclear power plants	6,694	0	0	0	239	0	(53)	0	0	6,880
Wind farms and other renewables	13,648	401	0	0	1,256	4	(72)	0	0	15,237
Photovoltaic power plants	234	8	0	0	106	0	(1)	0	0	347
Facilities for:										
Gas storage	61	3	0	0	4	0	0	0	0	68
Electricity transmission	2,878	160	0	0	216	3	(5)	0	0	3,252
Electricity distribution	14,731	354	0	0	940	(3)	(99)	0	0	15,923
Gas distribution	1,207	75	0	0	68	0	(13)	0	0	1,337
Meters and metering devices	1,283	43	0	0	136	0	(66)	0	0	1,396
Dispatching centres and other facilities	1,545	37	0	0	155	0	(2)	0	0	1,735
Total technical facilities in operation	**49,922**	**1,059**	**0**	**0**	**3,426**	**(30)**	**(909)**	**0**	**0**	**53,468**
Other items in use	**1,626**	**46**	**0**	**0**	**192**	**0**	**(45)**	**0**	**0**	**1,819**
Total accumulated depreciation	**52,276**	**1,114**	**0**	**0**	**3,669**	**(38)**	**(957)**	**0**	**0**	**56,064**
Impairment allowance (Note 42)	229	53	0	0	1,444	0	(3)	0	0	1,723
Total accumulated depreciation and provisions	**52,505**	**1,167**	**0**	**0**	**5,113**	**(38)**	**(960)**	**0**	**0**	**57,787**
Total net cost	**87,821**	**2,520**	**0**	**9,908**	**(5,113)**	**(270)**	**(346)**	**0**	**(59)**	**94,461**

The breakdown by geographic area and business of the main investments in property, plant and equipment made in 2025 and 2024, net of additions for the year under “Other provisions” (Note 28), “Capital grants” (Note 25) and “Facilities assigned or financed by third parties” (Note 26), is as follows (in millions of euros):

	31.12.2025	31.12.2024
Spain	1,471	1,532
United Kingdom	3,385	2,445
United States	3,623	3,520
Mexico (Note 18)	112	109
Brazil	42	24
IEI	1,264	1,193
Corporation and adjustments	68	70
Total	**9,965**	**8,893**

	31.12.2025	31.12.2024
Networks	5,259	4,518
Renewable Energy and Sustainable Generation	4,381	4,001
Customers	257	304
Other business, Corporation and adjustments	68	70
Total	**9,965**	**8,893**

Fully depreciated property, plant and equipment still in use at 31 December 2025 and 2024 amounted to EUR 2,496 and 2,639 million, respectively.

At 31 December 2025 and 2024, the IBERDROLA Group had commitments to acquire property, plant and equipment totalling EUR 7,041 and 10,538 million, respectively.

Further information on other litigated assets

- **Núñez de Balboa photovoltaic plant**

The Administrative Chamber of the High Court of Justice of Extremadura ruled to partially uphold the appeal lodged 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 issued by the Provincial Compulsory Expropriation Board 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. On 16 February 2024, the notice of appeal in cassation was filed.

By virtue of judgment dated 12 June 2025, the Supreme Court upheld the appeal in cassation lodged by PNDB, quashed the judgment handed down by the High Court of Justice of Extremadura, and recognised PNDB’s right to retain possession of the plots subject to expropriation. Such possession is to be governed by the terms of the lease agreement originally entered into with the owner. The judgment also set aside the return of possession of the land to Natura Manager and, consequently, the ensuing dismantling of the photovoltaic plant. With this Supreme Court judgment, which is final and non-appealable, the courts have effectively recognised the existence of the facility and its title of possession and permits.

12. Right-of-use assets

Changes in 2025 and 2024 in right-of-use assets resulting from contracts in which the IBERDROLA Group is the lessor were as follows (in millions of euros):

	Balance at 01.01.2025	Translation differences	Modification of the consolidation scope (Note 7)	Additions and (charges)/ reversals	Restatement/ modification of lease liabilities (Note 32)	Transfers	Derecognitions	Classification as held for sale (Note 18)	Balance at 31.12.2025
Cost:									
Land	2,573	(131)	16	69	44	1	(44)	(66)	2,462
Buildings	559	(31)	0	15	22	0	(12)	(20)	533
Equipment	242	(11)	0	10	8	1	(5)	(1)	244
Fleet	138	(5)	4	23	7	0	(15)	(5)	147
Other	100	(11)	0	0	0	0	0	1	90
Total cost	**3,612**	**(189)**	**20**	**117**	**81**	**2**	**(76)**	**(91)**	**3,476**
Accumulated depreciation and provisions:									
Land	(477)	25	0	(103)	0	(1)	4	16	(536)
Buildings	(233)	12	2	(51)	0	0	11	13	(246)
Equipment	(85)	4	0	(18)	0	0	4	1	(94)
Fleet	(102)	3	0	(22)	0	0	15	3	(103)
Other	(45)	5	0	(2)	0	0	0	0	(42)
Total accumulated depreciation	**(942)**	**49**	**2**	**(196)**	**0**	**(1)**	**34**	**33**	**(1,021)**
Provisions for impairment	(40)	4	0	0	0	0	(1)	2	(35)
Total accumulated depreciation and provisions	**(982)**	**53**	**2**	**(196)**	**0**	**(1)**	**33**	**35**	**(1,056)**
Total net cost	**2,630**	**(136)**	**22**	**(79)**	**81**	**1**	**(43)**	**(56)**	**2,420**

	Balance at 01.01.2024	Translation differences	Modification of the consolidation scope (Note 7)	Additions and (charges)/ reversals	Restatement/ modification of lease liabilities (Note 32)	Transfers	Derecognitions	Classification as held for sale (Note 18)	Balance at 31.12.2024
Cost:									
Land	2,278	66	0	131	108	19	(29)	0	2,573
Buildings	531	10	0	46	9	0	(37)	0	559
Equipment	241	(3)	0	28	2	(22)	(4)	0	242
Fleet	138	4	0	12	5	1	(22)	0	138
Other	110	6	0	0	0	0	(16)	0	100
Total cost	**3,298**	**83**	**0**	**217**	**124**	**(2)**	**(108)**	**0**	**3,612**
Accumulated depreciation and provisions:									
Land	(367)	(10)	0	(103)	0	(3)	6	0	(477)
Buildings	(221)	(2)	0	(47)	0	0	37	0	(233)
Equipment	(68)	1	0	(20)	0	0	2	0	(85)
Fleet	(98)	(3)	0	(23)	0	0	22	0	(102)
Other	(54)	(3)	0	(4)	0	0	16	0	(45)
Total accumulated depreciation	**(808)**	**(17)**	**0**	**(197)**	**0**	**(3)**	**83**	**0**	**(942)**
Provisions for impairment	(2)	(1)	0	(37)	0	0	0	0	(40)
Total accumulated depreciation and provisions	**(810)**	**(18)**	**0**	**(234)**	**0**	**(3)**	**83**	**0**	**(982)**
Total net cost	**2,488**	**65**	**0**	**(17)**	**124**	**(5)**	**(25)**	**0**	**2,630**

IBERDROLA Group is the holder of lease agreements enabling the assignment of use of the land used for the installation of wind farms, solar plants and other renewable facilities, as well as electricity distribution and transmission infrastructures. These are long-term agreements and/or include extension options which may adjust the lease term to the useful life of property, plant and equipment installed there. The payment of the rent includes fixed and variable amounts calculated based on parameters such as electricity generation or the sales of the facilities.

Moreover, the Group maintains long-term lease contracts with options to be extended on certain office buildings.

Many of the lease contracts for land and buildings are indexed to consumer price indices or similar indicators.

13. Concession agreements

A description of the electricity business concession agreements in Brazil is shown below (Note 3.b):

Distribution

Company	Location	Concession date	Expiry date	No. of municipalit	Tariff cycle	Last review
Companhia de Eletricidade do Estado da Bahia, S.A.	State of Bahia	08/08/1997	08/08/2027	415	5 years	2023
Companhia Energética do Rio Grande do Norte, S.A.	State of Rio Grande do Norte	31/12/1997	31/12/2027	167	5 years	2023
Elektro Redes, S.A.	State of São Paulo	27/08/1998	27/08/2028	223	4 years	2023
Elektro Redes, S.A.	State of Mato Grosso do Sul	27/08/1998	27/08/2028	5	4 years	2023
Neoenergia Distribuição Brasilia S.A.	Federal District	26/08/1999	07/07/2045	1	5 years	2021
Companhia Energética de Pernambuco, S.A. (1)	State of Pernambuco	30/03/2000	30/03/2030	184	4 years	2025
Companhia Energética de Pernambuco, S.A. (1)	District of Fernando de Noronha	30/03/2000	30/03/2030	1	4 years	2025
Companhia Energética de Pernambuco, S.A. (1)	State of Paraíba	30/03/2000	30/03/2030	1	4 years	2025

(1) The Brazilian government has created an early renewal programme for electricity distribution concession contracts maturing between 2025 and 2031. Distribution companies whose concessions have already been renewed are not included in this programme. Within this context, in September 2025 the early renewal of the concession of the distributor Neoenergia Pernambuco was signed, thus earning the right to provide the public electricity distribution service for a further 30 years, running from 30 March 2030 to 30 March 2060. The unconditional right to receive cash at the end of the concession has been reclassified from “Other non-current financial investments” (Note 15.b) to “Intangible assets” (Note 9), as it will be recovered over the new concession period. The other companies are awaiting completion of the official procedures so that they can also sign the contractual renewal addendum. This is expected to happen in the first quarter of 2026.

Transmission in operation

Company	Location	Concession date	Expiry date	Tariff cycle	Last review
Afluente Transmissão de Energia Elétrica, S.A.	State of Bahia	08/08/1997	08/08/2027	5 years	2025
S.E. Narandiba, S.A. (SE Narandiba)	State of Bahia	28/01/2009	28/01/2039	5 years	2024
S.E. Narandiba, S.A. (SE Extremoz)	State of Rio Grande do Norte	10/05/2012	10/05/2042	5 years	2022
S.E. Narandiba, S.A. (SE Brumado)	State of Bahia	27/08/2012	27/08/2042	5 years	2023
Potiguar Sul Transmissao de Energia, S.A.	States of Paraíba and Rio Grande do Norte	01/08/2013	01/08/2043	5 years	2024
Neoenergia Sobral Transmissão de Energia, S.A.	State of Ceará	31/07/2017	31/07/2047	5 years	2023
Neoenergia Atibaia Transmissão de Energia, S.A.	State of São Paulo	31/07/2017	31/07/2047	5 years	2023
Neoenergia Biguaçu Transmissão de Energia, S.A.	State of Santa Catarina	31/07/2017	31/07/2047	5 years	2023
Neoenergia Dourados Transmissão de Energia, S.A.	States of Mato Grosso do Sul and São Paulo	31/07/2017	31/07/2047	5 years	2023
Neoenergia Santa Luzia Transmissão de Energia, S.A.	States of Paraíba and Ceará	08/03/2018	08/03/2048	5 years	2023
Neoenergia Jalapão Transmissão de Energia, S.A.	States of Tocantins, Bahia and Piauí	08/03/2018	08/03/2048	5 years	2023
Neoenergia Itabapoana	State of Rio de Janeiro	22/03/2019	22/03/2049	5 years	2024
Neoenergia Rio Formoso Transmissão de Energia S.A.	State of Bahia	20/03/2020	20/03/2050	5 years	2025
Neoenergia Estreito Transmissão de Energia S.A.	State of Minas Gerais	31/03/2022	31/03/2052	5 years	
Neoenergia Paraíso Transmissão de energia S.A.	State of Mato Grosso do Sul	30/09/2022	30/09/2052	5 years	
Neoenergia Alto Paranaíba Transmissão de Energia S.A.	Estado de Minas Gerais e São Paulo	30/09/2022	30/09/2052	5 years	

Transmission under construction

Company	Location	Concession date	Expiry date
Neoenergia Guanabara Transmissão de Energia, S.A.	State of Rio de Janeiro	22/03/2019	22/03/2049
Neoenergia Lagoa dos Patos Transmissão de Energia, S.A.	Rio Grande do Sul and Santa Catarina	22/03/2019	22/03/2049
Neoenergia Vale do Itajaí Transmissão de Energia, S.A.	Paraná and Santa Catarina	22/03/2019	22/03/2049
Morro do Chapéu A Serviços de Transmissão de Energia Elétrica SPE S.A.	State of Bahia	31/03/2021	31/03/2051

The duration of the transmission and distribution concessions is 30 years, and they may be extended for up to a further 30 years upon request by the concession holder and at the discretion of the awarding authority, which is the *Agência Nacional de Energia Elétrica* (*ANEEL*). The concession holder may not transfer such assets or use them as collateral without the prior written consent of the regulatory body. For distribution concessions, at the end of the concession ownership automatically reverts to the concession grantor and the amount of compensation due to the concession holder is assessed and determined.

Income from previous concession agreements includes the provision of construction services (Note 38) and operation and maintenance services for facilities owned by the awarding authority. The provisions of said services constitute two separate execution obligations incorporating different margins.

Construction services have a length of 3 to 5 years, whereas the provision of operation and maintenance services for facilities starts on the date they are delivered. In general, the latter date determines when the agreed annual payments are collected as part of the concession agreements. Such annual payments are collected during the concession period (normally 30 years), so they have a significant financial component.

14. Impairment of non-financial assets

Methodology for designing impairment tests

At least yearly, 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 indefinite useful life, typically by applying the value in use method. Recovery of goodwill is analysed at country level (unit or group of cash-generating units) according to the Group's management structure.

The projections used in the impairment tests are based on the best forecast information held by the IBERDROLA Group and include the investment plans for each country prevailing at that time. These plans are designed on the basis of the IBERDROLA Group’s strategy, taking into account the objectives of the Paris Agreement (Note 6), and are based on the electrification of the economy with renewable energy sources, to make further progress towards decarbonisation and climate neutrality and make the IBERDROLA Group carbon neutral ahead of the European Union’s target date.

Recovery of goodwill is analysed at country level (considering all cash-generating units in each country) according to the Group's management structure, which mainly comprises:

- United Kingdom includes electricity and gas retail supply, electricity transmission and distribution licences in Scotland, Wales and England, and *onshore* and *offshore* renewable energy production.
- United States includes electricity and gas transmission and distribution licences in New York, Maine, Connecticut and Massachusetts and *onshore* and *offshore* renewable energy production.
- Brazil includes electricity retail supply, transmission and distribution licences in Bahia, Rio Grande do Norte, Pernambuco, São Paulo and Brasilia, and renewable energy production.
- Other countries such as Australia and France produce renewable energy both *onshore* and *offshore*.

Below is a description of the main assumptions, projection periods and rates used to calculate value in use, a method generally applied in the different impairment tests:

a) Assumptions used in the cash-generating units of the Customers segment:

- Number of customers: expectations of the evolution of the number of customers have been used in the markets where the company operates and its relative position therein.
- Unit margin for electricity and gas retail supply: existing sales and purchase contracts have been used, as well as expectations of unit margins based on knowledge of the markets where the company operates and its relative position therein.
- Investment: the projections are based on the best available information about the cost of the investments to be made in the coming years.

b) Assumptions used in the cash-generating units of the Networks segment:

- Regulated remuneration: approved remuneration has been used for years in which it is available, while in subsequent periods revision mechanisms of such remuneration set in different regulations have been used, and these have been applied in line with the estimated costs of the corresponding cash-generating units.
- Investment: the projections were based on investment plans consistent with the expected demand growth and undertakings in each concession, with the minimums set by each regulator and with the estimate of future remuneration used.
- Operation and maintenance costs: the best available estimation of the performance of the operation and maintenance cost was used, which is in line with the remuneration assumed to be received in each year.

c) Assumptions used in the cash-generating units of the Renewables and Sustainable Generation segment:

- Facilities' production: the operation hours of each plant were consistent with their historical output. In this respect, the long-term predictability of wind output was taken into account, which was also covered by regulatory mechanisms in practically all countries that enabled wind farms to produce whenever meteorological and network conditions allowed it.
- Electricity sales prices: the prices stipulated in the purchase and sales agreements signed have been used, where applicable. For unsold production, futures prices of the markets in which the IBERDROLA Group operates have been used. Existing support mechanisms have been taken into consideration in all cases.
- Investment: the projections were based on the best information available about the plants that are expected to be put into operation in the coming years, taking into account the fixed prices stated in the contracts to buy equipment from various suppliers, as well as the technical and financial capacity of the IBERDROLA Group to successfully fulfil the planned projects.
- Operating and maintenance costs: the prices set in land leases and maintenance agreements for the useful life of the facilities were used.

d) Forecast period and nominal growth rate:

The table below summarises the forecast period of future cash flows and the nominal growth rate (g) used to extrapolate these projections beyond the forecast period for the different groups of cash-generating units.

	2025		2024	
	No. of years	**g**	**No. of years**	**g**
United Kingdom				
Electricity and gas retail supply	10	2.0%	10	2.0%
Transmission and distribution of electricity	10	2.0%	10	2.0%
Onshore/offshore renewable energies	Useful life	0	Useful life	0
United States				
Transmission and distribution of electricity and gas	10	1.5%	10	1.5%
Onshore/offshore renewable energies	Useful life	0	Useful life	0
Brazil				
Generation and retail supply of electricity	Useful life / 10	- / 3,0%	Useful life / 10	- / 3,0%
Transmission and distribution of electricity	Life of concession	0	Life of concession	0
Renewable energies	Useful life	0	Useful life	0
Renewable energies in Australia	Useful life	0	Useful life	0
Renewable energies in France *onshore/ offshore*	Useful life	0	Useful life	0

Although under IAS 36: “Impairment of Assets”, it is recommended to use projections not exceeding five years for impairment test purposes, IBERDROLA has decided to use the periods included in this table for the following reasons:

- The most appropriate method for production assets in the energy business is using their remaining useful lives. This is due to the fact that in the liberalised business there are long-term energy sale contracts in force and long-term estimated prices curves are frequently used in the operating activity of the IBERDROLA Group (contracts, hedges, etc.).
- Energy is a basic necessity. Therefore, the business of electricity and gas retail supply is influenced by long-term governmental policies and is based on stable relationships with customers, using in certain cases infrastructures such as smart meters with long recoverability periods.
- Electricity transmission and distribution concessions include longer regulatory periods and the method that the regulator will use to calculate the new tariff at the beginning of the new regulatory period is known.
- The IBERDROLA Group considers its projections to be reliable and that past experience demonstrates its ability to predict cash flows in periods such as those under consideration.

Moreover, the nominal growth rate considered in the electricity and gas transmission and distribution activities in Brazil, the United Kingdom and the United States is consistent with the market and inflation growth forecasts used by the IBERDROLA Group for these markets.

e) Discount rate:

The methodology for calculating the discount rate used by IBERDROLA is to add the specific asset risks or risk premium of the asset or business to the temporary value of money or risk-free rate of each market.

The risk-free rate is effectively that of the 10-year Treasury bond in the market in question, which must have sufficient depth and solvency. For countries whose economies or currencies have insufficient depth and solvency, country risk and currency risk are estimated and the total of all these components is assimilated to the cost of funding without the risk *spread* of the asset.

The asset's risk premium corresponds to the specific risks of the asset, which is calculated taking into account the unlevered betas estimated on the basis of peer companies performing the same main activity.

The following pre-tax discount rates are used in the impairment tests for the different groups of cash-generating units:

	Rates – 2025	Rates – 2024
United Kingdom		
Electricity and gas retail supply	8.59%	8.12%
Transmission and distribution of electricity	6.46%	5.92%
Onshore/offshore renewable energies	7.34% / 8.09%	6.74% / 7.57%
United States		
Transmission and distribution of electricity and gas	6.26%	5.94%
Onshore/offshore renewable energies	6.99% / 7.96%	6.67% / 7.60%
Brazil		
Generation and retail supply of electricity	16.98%	15.67%
Transmission and distribution of electricity	15.14%	13.74%
Renewable energies	16.05%	14.48%
Renewable energies in Australia	7.41%	6.86%
Renewable energies in France *onshore/offshore*	6,66% / 6,94%	6,13% / 6,71%

Impairment and write-offs recognised in 2025 and 2024

Note 42 shows the amounts recognised as write-downs and provisions/(reversals) of provisions for non-financial assets affecting the 2025 and 2024 consolidated Income statement.

In this regard, a notable aspect of the 2025 financial year is the valuation adjustment on assets under development in *offshore* renewable energy in the United States and smaller adjustments in other countries, primarily the United Kingdom and France.

Given its particular relevance, the information relating to the valuation adjustment on assets under development of *offshore* renewable energies in the United States amounting to EUR 371 million before tax, which represents an after-tax valuation adjustment of EUR 317 million, and which is mainly due to the existing uncertainties (permit delays, increased tariffs) that could affect the recoverability of the incurred costs, is detailed below.

As a result of the above, signs of deterioration have been identified in *offshore* projects under construction or development in the United States. Accordingly, the recoverable amount of the Vineyard 1 wind farm under construction is similar to its carrying amount of EUR 713 million (including the interest accounted for using the equity method and the shareholder loans granted by the IBERDROLA Group; see Note 15). For the New England Wind projects under development, the recoverable amount amounts to EUR 567 million. In both cases, this corresponds to fair value less costs of sale. That fair value less costs of disposal exceeds the value in use, as it includes in the cash flow estimates certain assumptions that cannot be included in value in use, such as the immediate monetisation of tax incentives, even though the discount rate is somewhat higher. These amounts were obtained by discounting the after-tax cash flows until the end of the useful life, taking into account various assumptions that represent management's best estimates of how the assets will develop in the future (including permits, tariffs, investment costs, operating and maintenance costs, production and selling prices), and were discounted at rates of 6.84% to 7.28% respectively after tax. These rates were estimated by considering the weighted average cost of capital (WACC) for these assets.

Additionally, it should be noted that the most significant valuation adjustment in 2024 was the EUR 1,323 million pre-tax and minority interests in *onshore* renewable energy assets in the United States, resulting in a sum of EUR 802 million after tax and minority interests. An updated estimate of the fair value of these assets was made in 2025. No additional adjustment to the valuation adjustment recorded the previous year was made as a result of this valuation.

The recoverable amount of the United States *onshore* renewable energy assets, similar to the book value, amounts to EUR 8,987 million and corresponds to their fair value minus selling costs. This amount was obtained following the same method as in the previous year, by discounting after-tax cash flows for the next 20 years for a market participant and a terminal value of 11 times the normalised cash flow of the last year, discounted at an after-tax rate of 6.62% (6.43% in 2024), estimated based on a weighted average cost of capital (WACC) corresponding to this business. The cash flows have been estimated based on the same assumptions as in the previous year, taking into account factors (production, sales price, investment, operating and maintenance costs, tax incentives) reflecting the best estimate of future trends in the sector and drawing on historical data and both internal and external sources. As in the previous year, the recoverable amount exceeds the value in use because the fair value incorporates certain assumptions about estimated cash flows that cannot be included in the value in use, such as the immediate monetisation of tax incentives, despite the fact that the discount rate is somewhat higher.

Sensitivity analysis

The IBERDROLA Group has performed several sensitivity analyses of the impairment test results carried out in a systematic way including reasonable changes in a series of basic assumptions defined for each cash-generating unit (or groups of cash generating units) that have goodwill assigned to them:

- Electricity and gas retail supply in the United Kingdom and Brazil:
  - Decrease of 10% in the unit margin.
  - No increase in the electricity and gas customer base.
  - Increase of 10% in investment costs.
- Electricity transmission and distribution in the United Kingdom, the United States and Brazil:
  - Decrease of 10% in rate of return on which regulated remuneration is based.
  - Increase of 10% in operating and maintenance costs.
  - Decrease of 10% in investment (resulting in a subsequent decrease in remuneration).
- Renewable energies in the United Kingdom, the United States, Brazil, Australia and France:
  - Decrease of 5% in produced energy.
  - Decrease of 10% in total price per kWh, solely applicable to production for which there are no long-term sales agreements.
  - Increase of 10% in operating and maintenance costs.
  - Increase of 10% in investment costs.

The IBERDROLA Group has also conducted an additional sensitivity analysis, in which it raised the applicable discount rate in the United Kingdom, the United States, Australia and France by 50 basis points and in Brazil by 100 basis points.

The sensitivity analyses performed on the key assumptions, considered individually, do not reveal the existence of any significant impairment, except in the *onshore* and offshore renewable energy assets in the United States, whose recoverable amount, after the valuation adjustments recognised in 2024 and 2025, is similar to their carrying amount and, therefore, any change would result in an additional impairment adjustment.

15. Financial assets

15.a) Equity-accounted investees

Changes in 2025 and 2024 in the carrying amount of equity-accounted investments in associates and joint ventures of the IBERDROLA Group (Appendix I) are as follows (in millions of euros):

	Associates				Joint ventures				
	ENW	NORTE ENERGIA	East Anglia 3 (Note 7)	Other associates	Flat Rock Subgroup	Vineyard Wind 1	Neoenergia Transmissora	Other joint ventures	Total
Balance at 01.01.2024	**0**	**149**	**0**	**182**	**104**	**258**	**211**	**402**	**1,306**
Investment/Additions	2,619	0	0	12	0	397	0	95	3,123
Profit for the year from continuing activities	48	(29)	0	9	4	(9)	20	(6)	37
Impairment loss	0	29	0	(26)	(10)	0	0	(67)	(74)
Other comprehensive income	0	0	0	0	0	3	0	(2)	1
Dividends	0	0	0	(13)	(12)	0	(14)	(35)	(74)
Translation differences	52	(25)	0	8	6	27	(32)	7	43
Disposal / Derecognition	0	0	0	(7)	0	0	(37)	(8)	(52)
Other	7	0	0	(4)	0	2	0	0	5
Balance at 31.12.2024	**2,726**	**124**	**0**	**161**	**92**	**678**	**148**	**386**	**4,315**
Investment/Additions	0	0	58	42	0	97	18	57	272
Change in the consolidation method (Note 7)	(2,663)	0	0	43	0	0	0	0	(2,620)
Transfers	0	0	0	4	0	0	0	(4)	0
Profit for the year from continuing activities	23	(23)	2	13	11	11	35	8	80
Impairment loss	0	24	0	(8)	0	0	0	0	16
Other comprehensive income	(4)	0	0	0	0	0	0	4	0
Dividends	0	0	0	(16)	(12)	0	(19)	(28)	(75)
Translation differences	(82)	(3)	(2)	(17)	(10)	(73)	0	(16)	(203)
Disposal / Derecognition	0	0	0	(3)	0	0	0	(12)	(15)
Other	0	(1)	0	2	0	(273)	(1)	0	(273)
Balance at 31.12.2025	**0**	**121**	**58**	**221**	**81**	**440**	**181**	**395**	**1,497**

Electricity North West Limited (ENW)

In March 2025, once the UK Competition and Markets Authority (*CMA*) had completed its review of the transaction, the IBERDROLA Group took control of ENW (Note 7).

Vineyard Wind offshore wind farm

The IBERDROLA Group, through the company Vineyard Wind 1 is continuing to develop a large-scale offshore wind farm off the coast of Massachusetts, in the United States. The IBERDROLA Group contributed a total of EUR 97 million in 2025 and EUR 397 million in 2025 and 2024, respectively.

In May 2025, the Capital Contribution Agreement was amended to allow, among other things, shareholders to provide financial support for the Vineyard Wind 1 project, either through capital contributions or by granting loans to the project. The capital contribution of EUR 97 million made by the IBERDROLA Group has been converted into a receivable loan. In addition, the IBERDROLA Group has granted additional loans for EUR 176 million. These transactions represented the repayment of the IBERDROLA Group's equity investment (see Note 50).

Moreover, on 24 October 2023, Vineyard Wind 1 closed a *Tax Equity Financing* agreement, under which Vineyard Wind 1 is expected to receive approximately USD 1,200 million from *tax equity investors* (Note 6.d). Disbursements are made monthly up to 20% of the total amount depending on the number of turbines that reach, or are about to reach, final installation, until the entire project reaches the date of commercial operation, whereupon the remaining 80% will be received. As at 31 December 2025, Vineyard Wind 1 had received USD 241 million; the remainder is expected to be received in 2026. Coupled with the disbursements received since the closing of the deal, guarantees have been issued on our percentage share of investors' contributions. At 31 December 2025 and 2024, the total amount of those guarantees stood at USD 121 million and USD 54 million, respectively.

Meanwhile, on 22 December 2025, the Acting Director of the Bureau of Ocean Energy Management (BOEM) issued a Director's Order to Vineyard Wind 1 LLC suspending all ongoing activities related to the Vineyard Wind 1 Project for a period of 90 days on grounds of national security. While BOEM and DoW endeavour to determine viable mitigation measures within this 90-day period following the date of the Order, BOEM may look to extend the 90-day suspension period depending on how those discussions progress.

On 15 January 2026, Vineyard Wind filed a legal challenge against the suspension order issued by the BOEM. On 27 January 2026, the US District Court for the District of Massachusetts issued a ruling allowing Vineyard Wind to restart operations by authorising the resumption of construction at Vineyard Wind 1 while the proceedings are ongoing.

The project is partially generating power with 49 of the 62 turbines in operation. With regard to construction, as of the date of issue of these financial statements, all 62 towers and *nacelles* have been installed, with the installation of six rotors still pending.

The Order explicitly allows power generation to continue and, accordingly, the instructions issued do not affect the operation of the wind farm.

Details of other condensed financial information

The condensed financial information at 31 December 2025 and 2024 (at 100% and before intercompany eliminations) for the main subgroups accounted for using the equity method is as follows (in millions of euros):

	NORTE ENERGIA		Neonergia Transmissora		Flat Rock Subgroup		Vineyard Wind LLC		East Anglia 3
	2025	2024	2025	2024	2025	2024	2025	2024	2025
Segment	Renewables and Sustainable Generation-Brazil				Renewables and Sustainable Generation – United States				Renewables and Sustainable Generation - United Kingdom
Percentage ownership	8.38%	5.35%	41.90%	26.75%	50.00%		50.00%		50.00%
Current assets	392	361	153	108	24	12	171	487	1,576
Non-current assets	5,871	6,078	1,345	1,062	165	202	3,765	6,547	2,456
Total assets	**6,263**	**6,439**	**1,498**	**1,170**	**189**	**214**	**3,936**	**7,034**	**4,032**
Current liabilities	404	393	69	33	7	8	2,589	2,435	727
Non-current liabilities	4,630	4,488	653	514	35	40	499	387	3,136
Total liabilities	**5,034**	**4,881**	**722**	**547**	**42**	**48**	**3,088**	**2,822**	**3,863**
Income from ordinary activities	1,057	1,118	168	100	(35)	(18)	42	5	0
Depreciation and amortisation	(300)	(304)	0	0	(16)	(16)	(1)	(1)	0
Interest income	54	28	73	52	1	0	113	138	147
Interest expenses	(473)	(435)	(47)	(32)	(2)	(2)	(132)	(144)	(141)
Tax (expense)/income	1	18	(32)	(17)	0	0	0	0	2
Profit for the year from continuing operations	(245)	(206)	136	91	24	6	0	(18)	4
Other comprehensive income	0	0	0	0	0	0	0	0	17
Total comprehensive income	**(245)**	**(206)**	**136**	**91**	**24**	**6**	**0**	**(18)**	**21**
Other information									
Cash and cash equivalents	239	190	18	15	22	9	88	84	222
Current financial liabilities (*)	180	164	24	17	1	0	278	7	17
Non-current financial liabilities (*)	4,083	4,207	397	323	15	18	(48)	38	3,042

(*) Excluding trade and other payables.

15.b) Other financial assets

The breakdown of the “Other non-current financial assets” and “Other current financial assets” headings of the IBERDROLA Group’s consolidated statement of financial position is as follows (in millions of euros):

	31.12.2025	31.12.2024
Non-current (Note 4)		
Collection rights in Brazil (Notes 3.b and 13)	5,031	5,225
Account receivable from regulated activities in the United States (Note 33)	1,248	1,199
Non-current deposits and guarantees	433	365
Non-current financial deposits (Note 22)	83	111
Other non-current investments	41	52
Assets for pension plans (Note 27)	256	258
Other investments in equity-accounted investees	112	17
Other	65	272
Total	**7,269**	**7,499**
Current (Note 4)		
Short-term financial investments (up to 12 months) (Note 22)	1,140	15
Concessional guarantee of tariff sufficiency in Brazil (Note 13)	31	0
Account receivable for financing the imbalance in revenues	22	6
Account receivable from regulated activities in the United States (Note 33)	528	572
Other investments in equity-accounted investees	314	57
CSA derivatives value guarantee deposits (Note 22)	92	95
Other current deposits and guarantees (*)	128	362
Other	196	177
Bad debt provisions	(18)	(19)
Total	**2,433**	**1,265**

(*) This item includes the collateral required for the operation of the business in the markets (see Note 33).

<u>Collection rights in Brazil</u>

The “Collection rights in Brazil” heading relates to receivables by the Brazilian companies upon termination of their service concession arrangements. Law 12.783/13 provides that such indemnification must be determined by the replacement value (*Valor Novo de Reposiçao*, *VNR*) of the concession assets which have not been amortised by the end of the concession period, using the residual value of the Asset regulatory base (*Base de Remuneração Regulatória, BRR*) at the end of the concession agreement.

The methodology established by the regulator enables reasonable estimates to be made of the amounts to be collected at the end of the concession, to the extent that the granting government protects the value of the Regulatory Asset Base once each ordinary tariff review has been passed. This means that after the regulator has conducted a tariff review, the value of the Regulatory Asset Base prior to that date is modified by the Brazilian Large Consumers Prices General Index (*Índice Nacional de Preços ao Consumidor Amplo* (IPCA). The next tariff review will determine the value of the regulatory asset base only with regard to additions in the interval between two tariff reviews.

To estimate the amount of the financial asset, observable values are used. Specifically, the net replacement value, as calculated by the energy regulator in the course of the latest tariff review. The amount is updated in the intervals between tariff reviews by additions to the underlying fixed assets or, as the case may be, any changes in the method of calculation of the net realizable value and the IPCAM.

Non-current deposits and guarantees

“Non-current deposits and guarantees” essentially corresponds to the portion of guarantees and deposits received from customers at the time their contracts are arranged as security of electricity supply (recorded under the “Non-current financial liabilities — Other non-current financial liabilities” heading of the consolidated statement of financial position — Note 33) and have been filed with the competent public authorities in accordance with the current legislation in Spain.

Receivable for financing the system imbalance

Law 24/2013, on the electricity sector, states that if an imbalance occurs due to revenue shortfalls in the settlement of the electricity sector, the amount may not exceed 2% of the estimated revenue of the system for that year. Further, the accumulated debt due to imbalances from previous years may not exceed 5% of the estimated revenue of the system. If these limits are exceeded, access tariffs will be reviewed at least in an amount equivalent to the total excess beyond those limits. This law also states that the part of the imbalance due to revenue shortfalls which, without exceeding these limits, is not compensated by increasing tariffs and charges, will be temporarily financed by the subjects of the settlement system in proportion to the remuneration pertaining to them for the activities they perform.

The final settlement of the Spanish electricity system for 2024, as estimated in that year, presented a shortfall which was offset by unused surpluses from previous years. In 2025, IBERDROLA Group estimated that the final settlement of the Spanish electricity system would again present a shortfall, which would also be offset by unused surpluses from previous years. The deficit financed by the IBERDROLA Group at 31 December 2025 and 2024 amounts to EUR 22 million and EUR 6 million, respectively.

At 31 December 2025 and 2024, a total of EUR 232 million and EUR 162 million, respectively, was subject to a *factoring* agreement involving the non-recourse assignment of receivables. As a result, this amount was derecognised from the consolidated statement of financial position at 31 December 2025 and 2024.

The deficit financed by the IBERDROLA Group at 31 December 2024 was collected in 2025.

Account receivable from regulated activities in the United States

Includes the unconditional accounts receivable of the regulated business in the United States explicitly recognised by the regulatory body.

16. Trade and other receivables

Details of the “Non-current trade and other receivables” and “Current trade and other receivables” headings of the consolidated statement of financial position are as follows (in millions of euros):

	31.12.2025	31.12.2024
Non-current		
Receivables from equity-accounted investees	0	1
PIS/COFINS Brazil (Notes 33 and 36)	273	355
Adjustments for market price deviations (Vadjm) (Notes 3.t and 34)	144	233
Other receivables	756	542
Contract assets:		
Concessions in Brazil (Notes 3.u and 13)	3,578	2,736
Other	8	9
Total	**4,759**	**3,876**

	31.12.2025	31.12.2024
Current		
Customers (Note 5)	9,625	9,039
Other receivables	1,540	1,145
Receivables from equity-accounted investees	24	12
Contract assets:		
Construction contracts	1	37
Concessions in Brazil (Notes 3.u and 13)	219	142
Impairment	(1,125)	(1,213)
Total	**10,284**	**9,162**

Concessions under IFRS 15

Activity in contract assets in relation to concessions in Brazil under the scope of IFRS 15 is as follows (in millions of euros):

	2025	2024
Opening balance	**2,878**	**2,461**
Additions	1,926	1,920
Transfers	(820)	(912)
Proceeds	(98)	(63)
Translation differences	(78)	(521)
Other	(11)	(7)
Closing balance	**3,797**	**2,878**

PIS/COFINS Brazil

In September 2019, the Brazilian federal government issued a favourable decision for NEOENERGIA COSERN and NEOENERGIA COELBA regarding the recognition of the credit right related to unduly paid amounts for including the Operações relativas à Circulação de Mercadorias e Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação (ICMS) tax in the calculation base for Programas de Integração Social (PIS) and the Contribuição para Financiamento da Seguridade Social (COFINS). A decision upholding NEOENERGIA PERNAMBUCO's claim was handed down in December 2020.

As a result, the IBERDROLA Group recognises receivables due to the exclusion of the ICMS from the tax base credited to payables under "Other non-current financial liabilities" of the consolidated statement of financial position (Note 33), on the understanding that the tax credit would be passed on to end customers in accordance with the legal and regulatory rules in the Brazilian electricity sector, although it would not be paid in the short term. The current balance of the account receivable was recognised under "Current trade and other receivables — Other public administration receivables" in the consolidated statement of financial position (Note 36).

Impairment

Changes in valuation adjustments relating to credit losses expected from previous balances are as follows (in millions of euros):

	2025	2024
Opening balance	**1,213**	**1,177**
Modification of the consolidation scope (Note 7)	(4)	0
Charges net of reversals	394	470
Applications	(425)	(384)
Classification as held for sale (Note 18)	(4)	0
Translation differences	(49)	(50)
	1,125	**1,213**

Most of this provision relates to gas and electricity consumers.

17. Measurement and netting of financial instruments

With the exception of financial derivative instruments, most of the financial assets and liabilities registered in the consolidated statements of financial position correspond to the financial instruments classified at amortised cost.

The fair value of “Bank borrowings, bonds and other marketable securities” under current and non-current liabilities in IBERDROLA Group’s consolidated statement of financial position at 31 December 2025 and 2024 amounted to EUR 54,001 million and EUR 53,971 million, with the carrying amount being EUR 54,090 million and EUR 54,390 million, respectively. This valuation belongs to Level 2 of the valuation hierarchy. The fair value of the remaining financial instruments does not differ significantly from their carrying amount.

The IBERDROLA Group measures equity instruments and derivative financial instruments at fair value, provided they can be measured reliably, classifying them into three levels:

- Level 1: assets and liabilities listed in liquid markets.
- Level 2: assets and liabilities whose fair value has been determined by employing valuation techniques that use assumptions observable in the market.
- Level 3: assets and liabilities whose fair value has been determined by employing valuation techniques that do not use assumptions observable in the market.

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

	31.12.2025	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	1,632	42	1,230	360
Derivative financial instruments (financial liabilities)	(1,998)	(1)	(1,524)	(473)
TOTAL (Note 30)	**(366)**	**41**	**(294)**	**(113)**

	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 (Note 30)	**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.

	Derivative financial instruments	
	2025	2024
Opening balance	**(150)**	**(150)**
Income and expense recognised in the consolidated income statement	22	(5)
Income and expense recognised in equity	(32)	(90)
Purchases	7	94
Sales and settlements	31	8
Translation differences	14	(7)
Transfers and other	(5)	0
Closing balance	**(113)**	**(150)**

The fair value of Level 3-classified financial instruments has been determined using the discounted cash flow method. Projections of these cash flows are based on assumptions not observable in the market, and mainly correspond to purchase and sale price estimates that the Group normally 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.

In addition, the IBERDROLA Group´s financial assets and liabilities are offset and presented net on the consolidated statement of financial position when a legally enforceable right exists to offset the amounts recognised and the Group intends to settle the assets and liabilities net or simultaneously. The breakdown of netted financial assets and liabilities at 31 December 2025 and 2024 is as follows (in millions of euros):

	31.12.2025					
				Amounts not netted under netting agreements		
	Gross amount	Amount netted (Note 30)	Net amount	Financial instruments	Financial guarantees	Net amount
Asset derivatives						
Current						
Commodities	177	(82)	95	(3)	(36)	56
Other	22	(7)	15	(11)	1	5
Non-current						
Commodities	174	(20)	154	(10)	(1)	143
Other	313	(5)	308	(182)	(70)	56
Total derivative assets	**686**	**(114)**	**572**	**(206)**	**(106)**	**260**
Other financial assets:						
Receivables	200	(144)	56	(2)	0	54
Liabilities derivatives:						
Current						
Commodities	183	(86)	97	(3)	(45)	49
Other	67	(7)	60	(18)	(1)	41
Non-current						
Commodities	300	(21)	279	(10)	(1)	268
Other	653	(5)	648	(175)	0	473
Total derivative liabilities	**1,203**	**(119)**	**1,084**	**(206)**	**(47)**	**831**
Other financial liabilities:						
Payables	216	(144)	72	(2)	0	70

	31.12.2024					
	sin dato	sin dato	sin dato	Amounts not netted under netting agreements		sin dato
	Gross amount	Amount netted (Note 30)	Net amount	Financial instruments	Financial guarantees	Net amount
Asset derivatives:						
Current						
Commodities	383	(132)	251	(4)	(88)	159
Other	4	(2)	2	0	0	2
Non-current						
Commodities	172	(18)	154	(25)	(2)	127
Other	24	(1)	23	0	(10)	13
Total derivative assets	**583**	**(153)**	**430**	**(29)**	**(100)**	**301**
Other financial assets:						
Receivables	171	(109)	62	(4)	0	58
Liabilities derivatives:						
Current						
Commodities	196	(133)	63	(4)	0	59
Other	59	(2)	57	0	(35)	22
Non-current						
Commodities	283	(18)	265	(25)	(1)	239
Other	296	(1)	295	0	(239)	56
Total derivative liabilities	**834**	**(154)**	**680**	**(29)**	**(275)**	**376**
Other financial liabilities:						
Payables	191	(109)	82	(4)	0	78

18. Assets and liabilities held for sale and discontinued operations

At 31 December 2025 and 2024, certain transactions met the requirements set out in IFRS 5 — Non-current assets held for sale and discontinued operations for classification as such in the consolidated statement of financial position. The assets and liabilities in the consolidated statement of financial position are reclassified to a separate line item after eliminating intercompany balances.

At 31 December 2024, the following stakes were classified as “Assets held for sale” and “Liabilities held for sale”:

- the stake held by the IBERDROLA Group in Geração Céu Azul S.A., which held a 70% interest in the Baixo Iguaçu power plant, with an installed capacity of 350.2 MW, recognised at EUR 246 million and EUR 84 million, respectively, as at 31 December 2024. The agreement for the purchase and sale of all the shares in the company’s share capital was ultimately signed on 30 June 2025 (Note 7).

- the interest held by the IBERDROLA Group in Neoenergia Itabapoana Transmissão de Energia, S.A., recognised at EUR 154 million and EUR 113 million, respectively. The sale of the 50% interest was completed on 7 August 2025 (Note 7).

Additionally, as at 31 December 2024, an amount of EUR 4 million that was previously recognised under “Property, plant and equipment” and disposed of in 2025 has been reclassified as “Assets held for sale”.

Moreover, in 2025, the following items were classified as “Assets held for sale” and “Liabilities held for sale”:

- the stake held in Iberdrola México, S.A. de C.V. (Iberdrola México). In July 2025, the IBERDROLA Group entered into an agreement with COX ABG Group, S.A. to acquire the subsidiary company Iberdrola México, which holds the IBERDROLA Group’s various businesses in Mexico. The *enterprise value* assigned to Iberdrola México, including net financial debt and the interests of minority shareholders in subsidiaries, amounts to roughly USD 4,170 million, based on Iberdrola México’s statement of financial position as at 31 December 2024.

  The transaction price is subject to the customary adjustments applicable to this type of transaction. On signing the contract, the purchaser paid USD 35 million, which will be deducted from the amount payable on completion of the transaction.

  The transaction is subject to the customary conditions precedent for transactions of this kind, with the purchaser having obtained the approvals of the National Energy Commission and the National Antimonopoly Commission as well as the approval of the transaction by the purchaser's General Shareholders' Meeting.

- the interests held in Energyworks Milagros, S.L., Energyworks San Millán, S.L., Energyworks Fonz, S.L. and Energyworks Monzón, S.L.. The IBERDROLA Group reached an agreement for their sale in December 2025, which was formalised in January 2026 (Note 51).

- the interest in Iberdrola Renovables Magyarország KFT. In September 2025, the IBERDROLA Group reached an agreement to sell 100% of the shares in its business in Hungary to a consortium comprising Premier Energy and the Hungarian group iG TECH CC. Through this transaction, the Group will receive a total of EUR 171.2 million in exchange for the company's shares and also from a dividend paid out prior to completion of the deal. The deal was completed in January 2026 (Note 51).

- Iberdrola France has reached an agreement to sell its onshore portfolio in the country to Technique Solaire, a French renewable energy group. The assets to be sold comprise 118 megawatts (MW) of operational wind capacity, together with a portfolio of 639 MW of onshore wind and photovoltaic projects.

  As is customary in France, this transaction is subject to the prior completion of an information and consultation process with the relevant employee representative bodies.

- the stake in Águas da Pedra, S.A. (EAPSA). In November 2025, Neoenergia and EDF Brasil Hidro Participações S.A. signed the Share Purchase Agreement, whereby NEOENERGIA will sell its total interest in EAPSA for an enterprise value of BRL 2,515 million, subject to customary adjustments to the sale price.

The breakdown as at 31 December 2025, expressed in millions of euros, of the items classified as “Assets held for sale” and “Liabilities held for sale” is as follows:

	Iberdrola México	France	Energyworks	Hungary	EAPSA	Total
Intangible assets	9	0	0	0	188	197
Property, plant and equipment	2,048	73	16	101	198	2,436
Right-of-use assets	46	8	0	1	0	55
Non-current investments	71	0	0	0	5	76
Non-current trade and other receivables	19	0	4	0	0	23
Deferred tax assets	215	4	1	1	1	222
Total non-current assets	**2,408**	**85**	**21**	**103**	**392**	**3,009**
Inventories	0	0	4	0	0	4
Current trade and other receivables	345	11	13	5	7	381
Current investments	1	0	0	0	0	1
Cash and cash equivalents	125	12	0	0	9	146
Total current assets	**471**	**23**	**17**	**5**	**16**	**532**
Total assets	**2,879**	**108**	**38**	**108**	**408**	**3,541**
Non-current provisions	93	5	4	10	2	114
Non-current financial liabilities	192	8	0	1	10	211
Other non-current liabilities	0	0	4	0	0	4
Deferred tax liabilities	71	6	0	8	99	184
Total non-current liabilities	**356**	**19**	**8**	**19**	**111**	**513**
Current provisions	0	0	4	0	0	4
Current financial liabilities	301	3	3	1	3	311
Other current liabilities	106	2	1	3	2	114
Total current liabilities	**407**	**5**	**8**	**4**	**5**	**429**
Total liabilities	**763**	**24**	**16**	**23**	**116**	**942**

The sale of Mexico meets the requirements to be considered a discontinued operation (Note 2.c). The profit after tax from discontinued operations is included under the heading “Net profit for the year from discontinued operations (net of tax)” in the consolidated income statement, broken down as follows (amounts are shown net of intercompany transactions, which have been eliminated):

	2025	2024
Revenue	1,471	1,751
Supplies	(690)	(1,086)
Gross income	**781**	**665**
Personnel expenses	(64)	(75)
Capitalised personnel expenses	6	9
External services	(117)	(127)
Other operating income	38	1,741
Net operating expenses	(137)	1,548
Taxes	(8)	(7)
Gross operating profit - EBITDA	**636**	**2,206**
Impairment losses, trade and other receivables	4	(3)
Amortisation, depreciation and provisions	(119)	(113)
Operating profit - EBIT	**521**	**2,090**
Finance income	210	743
Finance expense	(320)	(528)
Net finance income/(expense)	(110)	215
Profit before tax	**411**	**2,305**
Income tax	(30)	(807)
Net profit/(loss) for the year from discontinued operations (net of taxes)	**381**	**1,498**

Additionally, the heading “Net profit for the year from discontinued operations (net of tax)” in the consolidated income statement for 2024 and 2025 includes a loss of EUR 17 million and EUR 19 million, respectively, owing to the discontinuation of activities relating to the provision of engineering and construction services.

Set out below is the condensed statement of cash flows relating to the discontinued operation in Mexico:

	2025	2024
Cash flows from operating activities	**476**	**(756)**
of which:		
Tax payments	(110)	(251)
Cash flows from investing activities	**(530)**	**5,187**
of which:		
Tax payments	(445)	(276)
Interest received	16	112
Cash flows from financing activities	**(54)**	**(907)**
of which:		
Interest paid	(12)	(26)
Net increase/(decrease) in cash and cash equivalents	**(108)**	**3,524**

19. Nuclear fuel

Changes in the “Nuclear fuel” heading of the consolidated statement of financial position in 2025 and 2024, as well as the detail thereof at 31 December 2025 and 2024, are as follows (in millions of euros):

	Fuel put in reactor core	Nuclear fuel in progress	Total
Balance at 01.01.2024	**213**	**65**	**278**
Acquisitions	0	141	141
Transfers	94	(94)	0
Fuel consumed (Note 3.g)	(101)	0	(101)
Balance at 31.12.2024	**206**	**112**	**318**
Acquisitions	0	222	222
Transfers	180	(180)	0
Fuel consumed (Note 3.g)	(106)	0	(106)
Balance at 31.12.2025	**280**	**154**	**434**

The IBERDROLA Group’s nuclear fuel purchase commitments at 31 December 2025 and 2024 amounted to EUR 493 and 626 million, respectively.

20. Inventories

The “Inventories” heading (Note 3.h) of the consolidated statement of financial position at 31 December 2025 and 2024 breaks down as follows (in millions of euros):

	31.12.2025	31.12.2024
Energy resources	157	182
Emission allowances and renewable certificates	810	701
Real estate inventories	1,026	1,065
Land and plots	960	984
Developments in construction	50	54
Developments completed	16	27
Other inventories	604	1,284
Real estate inventories impairment allowance	(233)	(245)
Total	**2,364**	**2,987**

At 31 December 2025 and 2024, “Other inventories” mainly comprises transmission lines built by East Anglia Hub amounting to EUR 495 million and EUR 1,181 million, respectively. As at 31 December 2024, the balance included an amount of EUR 1,007 million relating to the transmission line of the East Anglia 3 project, 50% of which was divested in 2025 (Note 7).

Changes in impairment allowances in 2025 and 2024 are as follows (in millions of euros):

	2025	2024
Opening balance	**245**	**254**
Charges	1	1
Reversals	(4)	(1)
Applications and others	(9)	(9)
Closing balance	**233**	**245**

The 2025 and 2024 consolidated income statement includes EUR 59 and 42 million, respectively, in sales of real estate inventories.

Sensitivity analysis of real estate inventories

The Company has commissioned the independent expert to conduct sensitivity analyses on land and plots with no building permit valued at more than EUR 1 million. The key variable considered is the developer profit required for each project, all other variables remaining constant.

The following tables show the impacts on realisable value found by these sensitivity analyses in response to 10% and 15% increases and decreases in the developer profit required for each for 2025 and 2024 (in millions of euros):

2025					
	Baseline scenario	Developer profit			
		10%	-10%	+15%	-15%
Change in the market value of land and plots	740	(69)	71	(99)	105
Impact on accumulated impairment (before tax)		(35)	20	(55)	27

2024					
	Baseline scenario	Developer profit			
		10%	-10%	+15%	-15%
Change in the market value of land and plots	739	(63)	64	(90)	95
Impact on accumulated impairment (before tax)		(32)	20	(50)	27

The Company has commissioned the independent expert to conduct a sensitivity analysis for land with planning permission pending in the planning management periods where such permission is required.

The following table shows the analysis of the sensitivity of the value of land and plots to increases and reductions of 20% and 40% in the pre-construction periods, for 2025 and 2024 (in millions of euros):

2025					
	Baseline scenario	Pre-construction period			
		20%	-20%	+40%	-40%
Change in market value	441	(5)	5	(10)	9
Impact on accumulated impairment (before tax)		(3)	3	(6)	5

2024					
	Baseline scenario	Pre-construction period			
		20%	-20%	+40%	-40%
Change in market value	438	(5)	4	(9)	9
Impact on accumulated impairment (before tax)		(3)	3	(5)	5

21. Cash and cash equivalents

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

	31.12.2025	31.12.2024
Cash	1,824	1,976
Other equivalent liquid assets	1,846	2,106
TOTAL (Note 4)	**3,670**	**4,082**

Other cash equivalents include highly liquid cash placements that are readily convertible into a known amount of cash, are subject to an insignificant risk of changes in value and earn market rates of interest.

There are no significant restrictions on the availability of cash.

22. Equity

Subscribed capital

Changes in 2025 and 2024 in the different items of share capital of IBERDROLA are as follows:

	Date of filing at the Commercial Registry	% Capital	Number of shares	Face value	Euros
Balance at 01.01.2024			**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
Reduction in share capital	3 July 2025	3.114%	(200,561,000)	0.75	(150,420,750)
Scrip issue	23 July 2025	1.764%	110,101,549	0.75	82,576,162
Capital increase	28 July 2025	5.214%	331,125,828	0.75	248,344,371
Balance at 31.12.2025			**6,681,227,377**	**0.75**	**5,010,920,533**

The shareholders acting at the General Shareholders' Meeting held on 30 May 2025 approved, under item 7 of the agenda, the engagement dividend in the general meeting and its payment to all shareholders entitled to participate in the meeting (i.e. with shares registered in their name on 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 out on 2 June 2025.

The scrip issues carried out in 2025 and 2024 correspond to the different runs of the *Iberdrola Retribución Flexible* optional dividend system approved by the shareholders at the General Shareholders' Meeting.

Likewise, on 1 July 2024 and 1 July 2025, it was resolved to carry out the capital reductions approved by the shareholders at the General Meetings held on 17 May 2024 and 30 May 2025, respectively, through the retirement of own shares held in treasury.

In addition, on 22 July 2025, the Board of Directors of Iberdrola, S.A. resolved to carry out a share capital increase for an effective amount (including nominal value and share premium) of EUR 5,000 million, through the issuance of new ordinary shares of the company of the same class and series as those currently outstanding, by means of cash contributions and while disapplying the shareholders' pre-emptive subscription right. The capital increase was approved by the company's Board of Directors pursuant to the authorisation granted under item 20 on the agenda of the Company's General Shareholders' Meeting held on first call on 17 May 2024.

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

IBERDROLA shares are listed on the four Spanish stock exchanges and traded on the Continuous Market. The company also has an American Depositary Receipt (ADR) programme whose depositary is Bank of New York Mellon. The subsidiary NEOENERGIA is listed on the Brazilian stock exchange. IBERDROLA is also on more than 65 international stock exchanges, such as the Dow Jones EuroStoxx 50, which is made up of the 50 most significant equities in the eurozone, or the Dow Jones Sustainability Index, which features companies with the best sustainability profile.

Powers delegated by the General Shareholders' Meeting

The General Shareholders' Meeting held on 17 May 2024 resolved, under item 20 on the agenda, to delegate to the Board of Directors, for a period of five years and with express authority to further sub-delegate, authority to increase the share capital on the terms and within the limits set out in Article 297(1)(b) of the Companies Act (Ley de Sociedades de Capital), with the power to disapply pre-emptive rights, limited in aggregate to a maximum of 10% of the share capital.

The General Shareholders' Meeting held on 30 May 2025 resolved, under item 17 on the agenda, to delegate to the Board of Directors, for a period of five years and with express authority to further sub-delegate, authority to issue ordinary notes or bonds and other fixed-income securities, not exchangeable for or convertible into shares, subject to a limit of EUR 8,000 million for promissory notes and EUR 40,000 million for other fixed-income securities, as well authority to have the issuances secured by subsidiary companies.

Major shareholders

Since IBERDROLA's shares are represented by the book-entry system, the exact stakes held by its shareholders are not known. The table below summarises major direct and indirect shareholdings in the share capital of IBERDROLA at 31 December 2025 and 2024, as well as the holdings of financial instruments disclosed by the owners of these stakes in compliance with Royal Decree 1362/2007 of 19 October. This information is based on filings by the owners of the shares in the official registers of the Spanish National Securities Market Commission or on the company's financial statements or press releases, and it is presented in the 2025 IBERDROLA Group's Annual Corporate Governance Report.

In accordance with Section 23.1 of Royal Decree 1362/2007 of 19 October, enacting the Securities Market Act 24/1988 of 28 July, in relation to transparency requirements regarding information on issuers whose securities are admitted to trading on an official secondary market or other regulated market in the European Union, a shareholder who holds at least 3% of the voting rights is considered to hold a significant holding.

The direct or indirect holders of voting rights exceeding 3% of share capital as at 31 December 2025 and 2024 are as follows:

Holder	% of voting rights 2025				
	% of voting rights attributable to shares			% of voting rights through financial instruments	% of total voting rights
	% Direct	% Indirect	% Total		
Qatar Investment Authority	0	6.98	6.98	0	6.98
Blackrock, Inc.	0	6.01	6.01	0.02	6.03

Holder	% of voting rights 2024				
	% of voting rights attributable to shares			% of voting rights through financial instruments	% of total voting rights
	% Direct	% Indirect	% Total		
Qatar Investment Authority	0	8.69	8.69	0	8.69
Blackrock, Inc.	0	6.49	6.49	0.13	6.62

Capital structure

IBERDROLA is committed to maintaining a policy of financial prudence, ensuring a financial structure that optimises the cost of capital.

Leverage ratios at 31 December 2025 and 2024 were as follows (in millions of euros):

	31.12.2025	31.12.2024
Parent	50,068	47,125
Non-controlling interests	13,351	13,926
Equity	**63,419**	**61,051**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed.	944	995
Adjusted equity	**64,363**	**62,046**
Bank borrowings, bonds and other marketable securities (Note 29)	54,090	54,390
CSA derivatives security deposits (Note 33)	69	100
Derivative financial liabilities	657	707
Leases	2,594	2,799
Gross financial debt (A)	**57,410**	**57,996**
Non-current financial deposits (Note 15.b)	83	111
Derivative financial assets	815	1,026
CSA derivatives security deposits (Note 15.b)	92	95
Short-term financial investments (up to 12 months) (Note 15.b)	1,140	15
Cash and cash equivalents (Note 21)	3,670	4,082
Total cash assets (B)	**5,800**	**5,329**
Net financial debt (A-B)	**51,610**	**52,667**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed (C)	944	995
Securitisation of regulatory assets (D) [1]	629	0
Adjusted net financial debt (A-B-C-D)	**50,037**	**51,672**
Adjusted net leverage	**43.74 %**	**45.44 %**

[1] Securitisation of regulatory assets in two SPVs that are 100% owned by the IBERDROLA Group in the United States, with an unconditional collection guarantee provided by the regulator (Notes 15.b and 29).

Derivatives of treasury stock with physical settlement not executed to date and those that at this date are not expected to be executed (in millions of euros):

	31.12.2025	31.12.2024
Accumulators (potential shares)	13	0
Out-of-price put options	931	995
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed.	**944**	**995**

The derivative financial instruments shown in the table above do not include those related to the price of commodities, nor price indexes. The breakdown, expressed in millions of euros, is as follows (Note 30):

	2025					
	Asset derivatives			Liability derivatives		
	Current	Non-current	Total	Current	Non-current	Total
Interest rate hedges	39	214	253	(41)	(87)	(128)
Exchange rate hedges	31	271	302	(95)	(164)	(259)
Total hedging derivatives	**70**	**485**	**555**	**(136)**	**(251)**	**(387)**
Exchange rate derivatives	0	0	0	(10)	0	(10)
Treasury shares derivatives	0	260	260	0	(260)	(260)
Total non-hedging derivatives	**0**	**260**	**260**	**(10)**	**(260)**	**(270)**
Total	**70**	**745**	**815**	**(146)**	**(511)**	**(657)**

	2024					
	Asset derivatives			Liability derivatives		
	Current	Non-current	Total	Current	Non-current	Total
Interest rate hedges	25	486	511	(55)	(148)	(203)
Exchange rate hedges	168	255	423	(281)	(169)	(450)
Total hedging derivatives	**193**	**741**	**934**	**(336)**	**(317)**	**(653)**
Exchange rate derivatives	38	0	38	0	0	0
Treasury shares derivatives	0	54	54	0	(54)	(54)
Total non-hedging derivatives	**38**	**54**	**92**	**0**	**(54)**	**(54)**
Total	**231**	**795**	**1,026**	**(336)**	**(371)**	**(707)**

Legal reserve

Under the Consolidated Text of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased amount of share capital. Otherwise, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

Share premium

The Spanish Companies Act expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use.

Other restricted reserves

“Other restricted reserves” of the “Equity” heading of the consolidated statement of financial position primarily includes the restricted reserve set up by IBERDROLA in accordance with Article 335.c) of the Spanish Companies Act arising from the capital reductions carried out in prior years through the retirement of treasury shares. The restricted reserves relating to group companies other than the parent IBERDROLA are included under “Retained earnings” of the same heading.

Non-controlling interests

Changes in this heading in 2025 and 2024 are as follows (in millions of euros):

	AVANGRID Subgroup	NEOENERGIA Subgroup	East Anglia ONE	ENW	Wikinger	Baltic Eagle	Windanker	Other	Perpetual subordinated bonds	Total
Balance at 01.01.2024	**3,950**	**2,895**	**790**	**0**	**565**	**318**	**0**	**413**	**8,250**	**17,181**
Capital increase/Right issue	0	0	0	0	0	194	0	0	1,500	1,694
Profit for the year from non-controlling interests	(121)	285	72	0	67	11	0	22	0	336
Other comprehensive income	38	12	0	0	0	0	0	(1)	0	49
Dividends	(123)	(73)	(142)	0	(108)	0	0	(13)	0	(459)
Translation differences	224	(522)	34	0	0	0	0	7	0	(257)
Transactions with non-controlling interests (Note 7)	(3,902)	(26)	0	0	0	0	0	18	0	(3,910)
Amortisation/Derecognitions	0	0	0	0	0	0	0	0	(700)	(700)
Other	(4)	(2)	(1)	0	0	0	0	(1)	0	(8)
Balance at 31.12.2024	**62**	**2,569**	**753**	**0**	**524**	**523**	**0**	**445**	**9,050**	**13,926**
Capital increase/Right issue	0	0	0	0	0	0	0	0	1,000	1,000
Profit for the year from non-controlling interests	3	262	109	20	53	27	0	31	0	505
Other comprehensive income	0	15	(1)	(1)	0	0	0	2	0	15
Dividends	0	(82)	(136)	(6)	(77)	0	0	(26)	0	(327)
Translation differences	(8)	24	(34)	(13)	0	0	0	(16)	0	(47)
Modification of the consolidation scope (Note 7)	0	0	0	369	0	0	0	0	0	369
Transactions with non-controlling interests (Note 7)	11	(1,816)	0	0	0	77	224	211	0	(1,293)
Amortisation/Derecognitions	0	0	0	0	0	0	0	0	(800)	(800)
Other	0	(1)	0	0	0	0	(1)	5	0	3
Balance at 31.12.2025	**68**	**971**	**691**	**369**	**500**	**627**	**223**	**652**	**9,250**	**13,351**

The condensed financial information related to subgroups in which IBERDROLA Group does not hold a 100% stake refers to amounts consolidated before intercompany eliminations, expressed in millions of euros:

	NEOENERGIA Subgroup		East Anglia ONE		ENW	Wikinger		Baltic Eagle		Windanker
	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025
Current assets	4,209	3,849	215	168	298	218	101	120	94	85
Non-current assets	14,824	13,909	2,037	2,251	6,400	1,019	1,067	1,400	1,373	598
Total assets	**19,033**	**17,758**	**2,252**	**2,419**	**6,698**	**1,237**	**1,168**	**1,520**	**1,467**	**683**
Current liabilities	3,209	3,099	38	26	927	115	12	189	386	228
Non-current liabilities	9,923	9,151	490	516	3,254	101	86	53	20	1
Total liabilities	**13,132**	**12,250**	**528**	**542**	**4,181**	**216**	**98**	**242**	**406**	**229**
Gross operating profit-EBITDA	2,353	2,265	439	360	468	168	198	111	46	(1)
Valuation adjustments, trade receivables and other assets	(89)	(95)	0	0	(1)	0	0	0	0	0
Amortisation, depreciation and provisions	(571)	(579)	(114)	(115)	(154)	(57)	(58)	(53)	(11)	0
Result of equity-accounted investees - net of taxes	37	23	0	0	1	0	0	0	0	0
Net finance income/(expense)	(963)	(871)	(5)	(2)	(89)	0	0	0	1	3
Income tax	(20)	(140)	(82)	(63)	(57)	(5)	(2)	(4)	(13)	(1)
Non-controlling interests	(262)	(285)	0	0	0	0	0	0	0	0
Net profit/(loss) for the year	**485**	**318**	**238**	**180**	**168**	**106**	**138**	**54**	**23**	**1**

	NEOENERGIA Subgroup	
	31.12.2025	31.12.2024
Net cash flows from operating activities	988	1,137
Net cash flows used in investing activities	(806)	(796)
Net cash flows used in financing activities	(67)	(292)
Net increase/(decrease) in cash and cash equivalents	**115**	**49**

Perpetual subordinated bonds

In October 2025, Iberdrola Finanzas, S.A. determined the price, terms and conditions for the issuance of subordinated perpetual bonds to be secured by IBERDROLA, for a total amount of EUR 1,000 million. The issuance was structured in a single tranche, at a price equivalent to 100% of its nominal value, with a 3.75% coupon and a par call option exercisable five years and nine months from the issue date.

On 7 January 2025, Iberdrola International, B.V. decided to repurchase an issuance of perpetual subordinated bonds, originally issued in 2019, for a total amount of EUR 800 million. The buyback ultimately took place on 7 February 2025.

In November 2024, Iberdrola Finanzas, S.A. set the price, terms and conditions for the issuance of subordinated perpetual bonds secured by IBERDROLA, for a total amount of EUR 800 million. The issuance was structured in a single tranche, at a price equivalent to 100% of its nominal value, with a 4.247% coupon and a par call option exercisable five years and six months from the issue date.

On 21 February 2024, Iberdrola International, B.V. decided to repurchase an issuance of perpetual subordinated bonds, originally issued in 2018, for a total amount of EUR 700 million. The buyback ultimately took place on 22 March 2024.

In January 2024, Iberdrola Finanzas, S.A. set the price, terms and conditions for the issuance of subordinated perpetual bonds secured by IBERDROLA, for a total amount of EUR 700 million. The issuance was structured in a single tranche, at a price equivalent to 99.997% of its nominal value, with a 4.871% coupon and a par call option exercisable seven years from the issue date.

Under all the aforementioned issues, the issuer has the option to defer interest payments on the bonds, provided that certain circumstances are met and without this constituting a breach event. The deferred interest would be cumulative. The issuer may also redeem the bonds on certain specified dates or in certain events provided for in the corresponding terms and conditions.

These bonds have no contractual maturity date. After analysing these conditions, the IBERDROLA Group recognises the cash received with a credit to “Non-controlling interests” included in equity in the consolidated statement of financial position, as it considers that they do not meet the relevant conditions to qualify as financial liabilities, since the IBERDROLA Group does not have a contractual commitment to deliver cash and the circumstances that oblige it to do so –delivery of dividends and exercise of its early redemption option– are entirely under its control.

Total interest paid in 2025 and 2024 amounted to EUR 240 million and EUR 207 million, respectively. Meanwhile, interest accrued in 2025 and 2024 amounted to EUR 231 million and EUR 221 million, respectively, as recognised under “Other reserves” in the consolidated statement of financial position.

The IBERDROLA Group had outstanding subordinated perpetual bonds worth EUR 9,250 million and EUR 9,050 million at 31 December 2025 and 2024, respectively.

Valuation adjustments

The change in this reserve arising from valuation adjustments to derivatives designated as cash flow hedges in 2025 and 2024 is as follows (in millions of euros):

	01.01.2024	Transactions with noncontrolling interests (Note 7)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to income	31.12.2024	Transactions with noncontrolling interests (Note 7)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to income	31.12.2025
Valuation adjustments of equity-accounted investees (net of tax):	**17**	**4**	**1**	**0**	**0**	**22**	**0**	**(5)**	**7**	**(2)**	**22**
Cash flow hedges:											
Interest rate swaps	360	19	337	0	3	719	(15)	9	0	(288)	425
Commodity derivatives	4	14	60	0	83	161	(1)	(65)	0	(40)	55
Currency forwards	(64)	(5)	(57)	22	20	(84)	1	(52)	25	36	(74)
Other	(281)	0	(36)	0	24	(293)	0	134	0	43	(116)
	19	**28**	**304**	**22**	**130**	**503**	**(15)**	**26**	**25**	**(249)**	**290**
Hedging costs	**(3)**	**0**	**(49)**	**0**	**49**	**(3)**	**0**	**(105)**	**0**	**103**	**(5)**
Tax effect:	**(31)**	**(7)**	**(61)**	**(6)**	**(43)**	**(148)**	**0**	**22**	**(6)**	**44**	**(88)**
Total	2	25	195	16	136	374	(15)	(62)	26	(104)	219

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

	31.12.2025		31.12.2024	
	No. of shares	Millions of euros	No. of shares	Millions of euros
Treasury shares held by IBERDROLA	83,675,683	1,387	90,376,098	1,140
Treasury shares held by SCOTTISH POWER	618,047	8	642,598	8
Total return swaps	16,000,000	228	13,212,427	143
Put options sold	56,138,579	901	83,143,313	1,027
Accumulators (potential shares)	1,444,792	26	0	0
Total	**157,877,101**	**2,550**	**187,374,436**	**2,318**

(a) Treasury shares

Changes in 2025 and 2024 in the own shares of IBERDROLA and SCOTTISH POWER (Note 3.l) are as follows (in millions of euros):

	IBERDROLA		SCOTTISH POWER	
	No. of shares	Millions of euros	No. of shares	Millions of euros
Balance at 01.01.2024	**105,786,997**	**1,211**	**639,668**	**8**
Acquisitions	172,479,098	2,074	197,506	2
Reduction in share capital	(183,299,000)	(2,072)	0	0
Disposals [1]	(6,554,658)	(73)	(276,810)	(2)
Iberdrola Retribución Flexible optional dividend system [2]	1,963,661	0	82,234	0
Balance at 31.12.2024	**90,376,098**	**1,140**	**642,598**	**8**
Acquisitions	197,966,180	3,014	162,259	3
Reduction in share capital	(200,561,000)	(2,690)	0	0
Disposals [1]	(6,148,012)	(77)	(257,853)	(3)
Iberdrola Retribución Flexible optional dividend system [2]	2,042,417	0	71,043	0
Balance at 31.12.2025	**83,675,683**	**1,387**	**618,047**	**8**

[1] Includes shares delivered to employees

[2] Shares received.

SCOTTISH POWER's own shares correspond to the *matching shares* held by the *trust* in the *Share Incentive Plan* (Note 23.1).

In 2025 and 2024, treasury shares held by the IBERDROLA Group were always below the relevant legal limits.

(b) Physically settled derivatives

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

- *Total return swaps*

The IBERDROLA Group has *swaps* on treasury shares in which it pays the financial entity the 3-month Euribor/EUROSTR 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 will buy the shares at the strike price set out in the contract.

The characteristics of these contracts at 31 December 2025 and 2024 are as follows:

2025	No. of shares at 31.12.2025	Strike price	Expiry date	Interest rate	Millions of euros
Total return swap	10,000,000	11.893	22/07/2026	Euribor 3M + 0.47%	119
Total return swap	6,000,000	18.140	22/11/2026	EUROSTR + 0.64%	109
Total	**16,000,000**				**228**

2024	No. of shares at 31.12.2024	Strike price	Expiry date	Interest rate	Millions of euros
Total return swap	3,212,427	7.472	15/11/2025	Euribor 3M + 0.49%	24
Total return swap	10,000,000	11.893	23/07/2025	Euribor 3M + 0.47%	119
Total	**13,212,427**				**143**

- Accumulators

The IBERDROLA Group uses share purchase accumulators over its own shares. These accumulators are forward purchase obligations with zero notional at inception, under which the number of shares to be accumulated depends on the *spot* price on a series of observation dates over the life of the options, which in this case are daily. A strike price and a level, or barrier, are set, above which the structure is deactivated and ceases to accumulate shares.

The accumulation mechanism operates as follows:

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

– when the spot price is between the strike price and the barrier, only one unit of the underlying asset is accumulated; and

– when the spot price is above the barrier, no accumulation takes place.

At 31 December 2024, the IBERDROLA Group had no accumulators in place. The characteristics of these contracts at 31 December 2025 are as follows:

2025	No. of shares	Average price in the period	Expiry date	Millions of euros
Realised	0	0		0
Maximum potential (1)	1,444,792	17.764	19/6/2026	26

(1) Maximum number of additional shares that could be accumulated under the mechanism described up to the maturity of the structures (assuming that the spot price over the remaining life of the structure remains below the strike price at all times).

- Sold *put* with physical settlement

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

The characteristics of these contracts at 31 December 2025 and 2024 are as follows:

2025	No. of shares	Average price in the period	Expiry date	Millions of euros (1)
Put options sold	56,138,579	16.0503	08/05/2026 a 30/06/2026	901

2024	No. of shares	Average price in the period	Expiry date	Millions of euros
Put options sold	83,143,313	12.3521	17/01/2025 to 20/06/2025	1,027

(1) The amount is presented net of premiums received of EUR 20 million as at 31 December 2025 and EUR 10 million as at 31 December 2024.

Distribution of dividends charged to 2025 profit

The Board of Directors of IBERDROLA has agreed to propose to the General Shareholders' Meeting the payment, out of earnings for 2025 and retained earnings from previous years, a dividend the aggregate gross amount of which will be equal to the sum of the following amounts:

(a) the EUR 275 million that was paid out as an interim dividend for 2025 on 31 January 2026 to the holders of 1,088,096,797 IBERDROLA shares who chose to receive their remuneration in cash under the second application of the optional *Iberdrola Retribución Flexible* optional dividend system for 2025 and therefore received EUR 0.253, gross, per share (the *Interim Dividend*); and

(b) the amount to be determined by multiplying:

(i) the gross amount per share that the Company will pay as a final dividend for 2025, as part of the first-time application of the *Iberdrola Retribución Flexible* optional dividend system for 2026 (*Final Dividend*); by

(ii) the total number of shares upon which the holders have opted to receive the *Final Dividend* within the framework of the first application of the *Iberdrola Retribución Flexible* optional dividend system for 2026.

As at the date of authorisation of these consolidated financial statements, it is not possible to determine the amount of the *Final dividend* or, consequently, the amount of the dividend chargeable to 2025 earnings.

The *Final Dividend* will be paid together with the implementation of the bonus issue that the Board of Directors will propose to the General Shareholders' Meeting, to offer the shareholders the possibility of receiving their remuneration in cash (through the payment of the *Final Dividend*) or in the newly-issued scrip shares of the Company (through the aforementioned bonus issue).

Payment of the *Final Dividend* will be one of the alternatives that a shareholder may choose when receiving their remuneration under the first-time application of the *Iberdrola Retribución Flexible* optional dividend system for 2026, which will be carried out through the aforementioned scrip issue.

Subject to shareholder approval at the General Shareholders' Meeting of the resolutions relating to the *Iberdrola Retribución Flexible* optional dividend system for 2026, the gross amount of the *Final dividend* is estimated to be EUR 0.427 per share. The final amount of the *Final dividend* will be disclosed as soon as the Board of Directors (or the body to which it delegates this power) makes its decision in accordance with the terms of the dividend distribution and capital increase resolution that the Board of Directors will propose to the shareholders at the General Shareholders' Meeting in relation to the *Iberdrola Retribución Flexible* optional dividend system for 2026. Additionally, once the first-time application of the *Iberdrola Retribución Flexible* optional dividend system for 2026 is completed, the Board of Directors (with express power of substitution) will specify the aforementioned distribution proposal and determine the final amount of the dividend and the amount to be allocated to retained earnings.

23. Long-term compensation plans

23.1 Share-based long-term compensation plans

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

The main features of the plans are as follows.

Long-term compensation programme	Settled in shares	Measurement period	Settlement period	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 pertaining to executive officers who also happen to be directors.

[2] Level of achievement and settlement approved by the Board of Directors of Iberdrola on the recommendation of the Remuneration Committee. The third and last of the three annual settlements was made during the first quarter of 2025, once compliance with the relevant requirements had been confirmed.

[3] Level of achievement and settlement approved by the Board of Directors of Neoenergia on the recommendation of the Remuneration Committee. The third and last of the three annual settlements was made during the first quarter of 2025, once compliance with the relevant requirements had been confirmed.

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

No. of shares	IBERDROLA 2020-2022	NEOENERGIA 2020-2022
Balance at 31.12.2023	**8,572,226**	**1,922,055**
Derecognitions	(11,668)	(60,422)
Other	(99,997)	0
Deliveries	(4.179.313) [1] [2]	(964,696)
Balance at 31.12.2024	**4,281,248**	**896,937**
Derecognitions	0	(7,866)
Other	(113,338)	0
Deliveries	(4,167,910) [1] [2]	(889,071)
Balance at 31.12.2025	**0**	**0**

[1] These shares include those delivered to executive officers who also happen to be directors (Note 48).

[2] Taxes charged on shares delivered to senior management: EUR 2.11 million and EUR 2.7 million relating to the second and third delivery of the 2020-2022 Strategic Bonus, respectively.

In relation to the long-term share-based compensation plans described above, the change in the “Other reserves” heading of the consolidated statement of financial position is as follows:

	IBERDROLA 2020-2022	AVANGRID 2020-2022	NEOENERGIA 2020-2022	Total
Balance at 01.01.2024	**77**	**24**	**7**	**108**
Provision charged to “Personnel expenses”	14	1	1	16
Price effect charged to “Other reserves”	19	(2)	(1)	16
Payments in shares	(68)	(5)	(4)	(77)
Transfer	0	(18)	(1)	(19)
Balance at 31.12.2024	**42**	**0**	**2**	**44**
Provision charged to “Personnel expenses”	7	0	1	8
Price effect charged to “Other reserves”	41	0	(1)	40
Payments in shares	(90)	0	(2)	(92)
Transfers and other	0	0	0	0
Balance at 31.12.2025	**0**	**0**	**0**	**0**

Share-based long-term compensation plans in the settlement 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	Shares expected [3][4]
IBERDROLA 2023-2025 [1]	IBERDROLA	2023-2025	2026-2028	300	14,000,000 [2]	9,090,722 [2]

[1] Approval by the shareholders at the General Shareholders’ Meeting of Iberdrola, S.A. in 2023.

[2] Includes shares pertaining to executive officers who also happen to be directors.

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

[4] Includes the foreseeable number of shares to be delivered to senior management – 600,000 shares.

The reference metrics for the global performance review during the assessment period are:

Achievement targets related to [1]	Type of target	Relative weight
Consolidated net profit	Performance	30%
Total shareholder return	Market	20%
Financial strength / Sustainable financing	Performance	20%
Sustainability targets	Performance	30%

[1] For the IBERDROLA 2023–2025 Strategic Bonus, the *subholding* companies' targets will be 50% linked to the Iberdrola Group's targets set by shareholders at the 2023 General Meeting and the remaining 50% to the specific financial, business and sustainability targets of each *subholding* company.

The heading "Personnel expenses" in the 2025 and 2024 consolidated income statement includes EUR 41 million and EUR 39 million in respect of the long-term share-based payment plans during the evaluation period described above. These amounts were credited to "Other reserves" in the consolidated statement of financial position.

Other share-based compensation plans

ScottishPower has two share-based plans for its employees:

- *Sharesave Schemes*: savings plan under which employees may, at the end of a three-year period, use the money saved to buy Iberdrola shares at a discounted option price set at the beginning of the plan or otherwise receive the amount saved in cash.

Share plan	Type	Term	Start year	Option price	Employee contribution	Company contribution
Sharesave 2023	Iberdrola shares	3 years	2023	7.66 £	5-500 £	20% discount

Changes in the plan are as follows:

	Sharesave 2023 (outstanding options)
Balance at 31.12.2023	**4,162,734**
Exercised	(14,405)
Cancelled	(220,321)
Balance at 31.12.2024	**3,928,008**
Exercised	(42,331)
Cancelled	(93,208)
Balance at 31.12.2025	**3,792,469**

- *Share Incentive Plan*: this plan has an option for purchasing Iberdrola shares with tax incentives (*partnership shares*) plus a share contribution from the company up to a maximum amount (*matching shares*). The *matching shares* vest three years after purchase.

Plan	Type	Start year	Employee contribution	Company contribution
Share Incentive Plan	Iberdrola shares	2008	10-150 £	10-50 £

Changes in the number of shares are as follows:

	Number of shares
Shares acquired with employee contribution (*partnership shares*) in 2024	560,072
Total balance of *partnership shares* at 31.12.2024	**4,286,904**
Shares acquired with employee contribution (*partnership shares*) in 2025	474,708
Total balance of *partnership shares* at 31.12.2025	**4,160,791**

Shares acquired with company contribution (*matching shares*) in 2024	244,256
Shares acquired with company contribution (*matching shares*) with a term shorter than 3 years in 2024	640,008
Total balance of *matching shares* at 31.12.2024	**1,955,264**
Shares acquired with company contribution (*matching shares*) in 2025	196,759
Shares acquired with company contribution (*matching shares*) with a term shorter than 3 years in 2025	616,288
Total balance of *matching shares* at 31.12.2025	**1,870,358**

The “Personnel expenses” heading of the consolidated Income statement for 2025 and 2024 includes EUR 7 million and EUR 6 million for these plans, respectively, as credited to the “Other reserves” heading of the consolidated Statement of financial position.

Further, in 2025 and 2024 payments for options and shares were made in the amount of EUR 4.04 and EUR 4.04 million, respectively.

23.2 Cash-based long-term compensation plans

Cash-based long-term compensation plan in the evaluation period

The key features of the long-term cash-based plans currently in the settlement period are summarised below:

Long-term incentive	Measurement period	Settlement period	Maximum number of beneficiaries	Level of achievement
AVANGRID 2020-2022 (1)	2021-2022	2023-2025	125	65% (2)
2020-2022 I-DE REDES ELÉCTRICAS INTELIGENTES	2020-2022	2023-2025	7	100% (3)

(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 plan was cancelled and replaced with a cash plan, setting the share price at $35.75.

(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). The third and last of the three annual settlements was made during the first quarter of 2025, once compliance with the relevant requirements had been confirmed.

(3) Degree of achievement and settlement approved by the Board of Directors of i-DE REDES ELÉCTRICAS INTELIGENTES.

The "Personnel expenses" heading of the consolidated income statement for 2025 and 2024 includes EUR 0.06 million and EUR 0.27 million, respectively, in respect of this item.

Cash-based long-term compensation plan in the evaluation period

The key features of the plan are summarised below.

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
2023-2025 I-DE REDES ELÉCTRICAS INTELIGENTES (3)	2023-2025	2026-2028	7

(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 plan was cancelled and replaced with a cash plan, setting the share price at $35.75.

(3) Approval by the Board of Directors of i-DE REDES ELÉCTRICAS INTELIGENTES occurred in the 2024 financial year.

The "Personnel expenses" heading of the consolidated income statement for 2025 and 2024 includes EUR 13,687 and EUR 6,294 million, respectively.

The reference metrics for the overall performance review during the assessment period in the previous plans relate to specific financial, operational and sustainability targets.

24. Equity instruments having the substance of a financial liability

In the United States, the IBERDROLA Group has signed several contracts that have brought in third parties as non-controlling interests at some of its wind farms, receiving cash in exchange for these arrangements.

The main characteristics of these contracts are as follows:

- The IBERDROLA Group retains the control and management of the wind farms, regardless of the interest acquired by the non-controlling interests. Accordingly, they are fully consolidated in these consolidated financial statements.
- The non-controlling interests have the right to a substantial portion of the profits and tax credits generated by these wind farms up to the return level established at the beginning of the contract.
- The non-controlling interests remain in the equity of the wind farms until they achieve the stipulated returns.
- Once these returns have been obtained, the non-controlling interests must renounce their stake in the wind farms, thus losing their right to the profits and tax credits generated.
- Whether or not the non-controlling interests of the IBERDROLA Group obtain the agreed upon returns depends on the economic performance of the wind farms. Although the IBERDROLA Group is obliged to operate and maintain these facilities in an efficient manner and to take out the appropriate insurance policies, it is not obliged to deliver cash to the non-controlling interests over and above the aforementioned profits and tax credits.

Following an analysis of the economic substance of these agreements, the IBERDROLA Group classifies the consideration received at the outset of the transaction under the “Non-current equity instruments having the substance of a financial liability” and “Current equity instruments having the substance of a financial liability” headings of the consolidated statement of financial position. Subsequently, this consideration is measured at amortised cost.

At 31 December 2025 and 2024, the amount shown in this heading accrued an average interest in USD of 7.95% and 7.66% respectively.

Changes in this heading of the consolidated statement of financial position for 2025 and 2024 are as follows (in millions of euros):

	2025	2024
Opening balance	**588**	**671**
Finance expenses accrued in the year (Note 44)	46	48
Payments and other	(196)	(186)
Translation differences	(74)	36
Additions	328	19
Closing balance	**692**	**588**

25. Capital grants

The change in this heading of the consolidated statements of financial position for 2025 and 2024, expressed in millions of euros, is as follows (Note 3.m):

	Capital grants	Investment Tax Credits	Total
Balance at 01.01.2024	**237**	**899**	**1,136**
Additions	87	126	213
Derecognitions	(3)	0	(3)
Translation differences	3	56	59
Amounts allocated to the income statement (Note 3.m)	(27)	(73)	(100)
Balance at 31.12.2024	**297**	**1,008**	**1,305**
Additions	74	101	175
Derecognitions	(39)	0	(39)
Transfers	2	0	2
Translation differences	(6)	(115)	(121)
Amounts allocated to the income statement (Note 3.m)	(34)	(97)	(131)
Balance at 31.12.2025	**294**	**897**	**1,191**

26. Facilities transferred or financed by third parties

The change in this heading of the consolidated statement of financial position for 2025 and 2024, expressed in millions of euros, is as follows (Note 3.n):

	Facilities transferred by third parties	Facilities financed by third parties	Total
Balance at 01.01.2024	**2,835**	**3,186**	**6,021**
Additions	269	482	751
Derecognitions	(4)	(8)	(12)
Translation differences	35	125	160
Amounts allocated to the income statement (Note 3.n)	(145)	(92)	(237)
Balance at 31.12.2024	**2,990**	**3,693**	**6,683**
Additions	184	538	722
Derecognitions	(2)	(3)	(5)
Transfers	8	(11)	(3)
Translation differences	(73)	(216)	(289)
Amounts allocated to the income statement (Note 3.n)	(149)	(98)	(247)
Balance at 31.12.2025	**2,958**	**3,903**	**6,861**

27. Provision for pensions and similar obligations

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

	31.12.2025	31.12.2024
Defined benefit plans (Spain)	246	266
Long-service bonuses and other long-term benefits (Spain)	45	44
Defined benefit plans (United Kingdom)	41	95
Defined benefit plans (United States)	327	465
Defined benefit plans (Brazil)	153	148
Defined benefit plans and other non-current employee benefits (Spain and other countries)	32	42
Restructuring plans	194	264
Total	**1,038**	**1,324**

Each year IBERDROLA estimates, based on an independent actuarial report, the payments for pensions and similar benefits that it will have to meet in the following financial year. These are recognised as current liabilities in the consolidated statement of financial position.

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

Spain

IBERDROLA Group's main commitments to providing defined benefits for its employees in Spain, in addition to those provided by Social Security, are as follows:

- Employees subject to the IBERDROLA Group's Collective Bargaining Agreement who retired before 9 October 1996 are covered by a defined benefit retirement pension scheme, the actuarial value of which was fully externalised at 31 December 2025 and 2024.

  IBERDROLA Group has no liability of any kind for this segment of employees and has no claim on any potential excess generated in the assets of this plan above and beyond the defined benefits.

- Also, in relation to serving employees and employees who have retired after 1996 and are subject to the Iberdrola Group's Collective Bargaining Agreement and members/beneficiaries of the Iberdrola Pension Plan, risk benefits (e.g. widowhood, permanent disability or orphanhood) which guarantee a defined benefit at the time the event giving rise to such benefits occurs, are instrumented through a multi-year insurance policy. The guaranteed benefit consists of the difference between the present actuarial value of the above mentioned defined benefit at the time of the event and the member's vested rights at the time the event was processed, if the latter were lower. The premiums on the insurance policy for 2025 and 2024 are recognised under "Personnel expenses" in the consolidated income statement and amounted to EUR 6 million and EUR 3 million, respectively.
- IBERDROLA also maintains a provision to cover certain commitments with its employees other than those indicated above. These further commitments are covered by internal funds linked to social security benefits, consisting mainly of free electricity supply, with an annual consumption limit, for retired employees and other long-term benefits, primarily consisting of a long-service bonus for active employees at 10, 20 and 30 years of service.

United Kingdom

The main pension commitments held by the IBERDROLA Group with its employees in the United Kingdom are as follows:

- Employees from SCOTTISH POWER who joined before 1 April 2006 are guaranteed a defined benefit upon retirement, the exact nature of which depends on the employee's company and length of service:
  - *ScottishPower Pension Scheme (SPPS)*. Own scheme set up on 31 March 1990 for personnel legally protected under the *Electricity Protected Act* or otherwise protected by regulation. In 1999, the *"Final Salary Life Plan (FSLP)"* section was created for new entrants.

  - *Manweb Group of Electricity Supply Pension Scheme (Manweb)*. Sectoral scheme set up on 1 April 1983 as part of the *"Electricity Supply Pension Scheme" (ESPS)* (currently with 21 promoters) for personnel legally protected under the *Electricity Protected Act* or otherwise protected by regulations. On 6 April 1997 it was closed to new entrants.

- In the case of active employees covered by one of the aforementioned defined benefit plans, their risk benefits (death, widowhood and orphanhood), which guarantee a defined benefit from the time the triggering event occurs, have been assured through a multi-year insurance policy. A benefit equal to the actuarial present value of the defined benefit at the time of the contingency is guaranteed. The risk benefit for active employees adhered to the defined contribution plan is also assured through a multi-year insurance policy. A benefit equal to four times the employee's salary is guaranteed.

- The longevity risk has been hedged by arranging a *longevity swap* for former employees (SPPS plan in December 2014 and Manweb plan in July 2016).

- One-off capital sums have been offered to pensioners and deferred beneficiaries, reducing the defined benefit burden.

- A *Pension Increase Exchange (PIE)* exercise was carried out in 2018, whereby SPPS plan members were able to exchange part of their inflation-linked increasing pension for a higher initial amount, thus reducing the obligation and deficit under that plan.

- The benefits of the deferred segment of the "*Final Salary Life Plan (FSLP)"* section of the SPPS plan were modified in 2021, thus reducing the obligations.

In March 2025, control of ENW was obtained following completion by the UK Competition and Markets Authority (*CMA*) of its review of the transaction (Note 7).

- ENW employees whose joined the company prior to 1 September 2006 are guaranteed a defined benefit retirement benefit based on their length of service:

  - *Electricity North West Group of the Electricity Supply Pension Scheme (ENW):* Sectoral scheme set up on 20 January 1983 as part of the *"Electricity Supply Pension Scheme" (ESPS)* (currently with 21 promoters) for personnel legally protected under the *Electricity Protected Act* or otherwise protected by regulations.

- ENW had implemented various risk mitigation (*de-risking*) and *hedging* strategies:

  - In October 2019, it entered into a *pensioner buy-in* agreement with an insurance company, covering around 80% of the liabilities relating to the plan's pensioners at that time. This *buy-in* asset currently accounts for 44.8% of the Plan's total assets as at 31 December 2025. This transaction had the effect of eliminating the longevity and investment risks associated with the liabilities relating to this portion of the member population.

  - In 2021, it carried out a *Pension Increase Exchange (PIE)* exercise.

United States

The main pension commitments held by the IBERDROLA Group with its employees in the United States are as follows:

- The Networks business has a number of defined-benefit company pension plans, both for employees covered by collective bargaining agreements and those not covered thereunder, where the contribution is paid by the company, with benefits based on salary, years of service and/or a fixed "multiplier". Effective 1 January 2014, all the corporate defined benefit retirement plans were closed to new entrants with the exception of *"The Berkshire Gas Company Pension Plan", "Connecticut Natural Gas Corporation Pension Plan"*, and *"Southern Connecticut Gas Company Pension Plan for Salaried and Certain Other Employees"*. These plans were closed to new affiliates with effect from 1 January 2018. Meanwhile, with effect from 31 December 2020, past service benefits were frozen for affiliates of the *"United Illuminating Company Pension Plan"*. With effect from 30 June 2021, past service benefits were frozen for affiliates of the *"The Southern Connecticut Gas Company Pension Plan"*. With effect from 31 July 2021, past service benefits were frozen for SCG affiliates of the *"The Southern Connecticut Gas Company Pension Plan for Salaried and Certain Other Employees".*
- With effect from 30 June 2022, past service benefits were frozen for affiliates of the "*CNG Pension Plan B*" and affiliates of all pension plans not covered by collective agreements.
- With effect from 31 August 2022, past service benefits were frozen for RGE affiliates of the "*NYSEG and RGE Pension Plan"*.
- Several pension plans have been merged with effect from 1 January 2023, reducing the total number of pension plans from 12 to 7.
- The "*CNG Retirement Pension Plan (Hartford Union)"* was frozen as of 31 March 2023.
- At 30 July 2024, past service benefits for members of *The Berkshire Gas Company Pension Plan* were frozen.
- Similarly, past service benefits for members of the *NYSEG and RGE Pension Plan* was frozen effective 30 September 2024.
- Several pension plans have been merged with effect from 1 January 2025, reducing the total number of pension plans from 7 to 3.
- Effective 31 July 2025, past service was frozen for members covered by the "*CMP Pension Plan"* agreement.
- The Power (formerly Renewables) business has a defined benefit company pension plan, where the Company makes contributions, with benefits based on salary and years of service. Past services under this scheme were frozen with effect from 30 April 2011.
- In the case of active employees covered by one of the aforementioned defined benefit plans, their risk benefits (in the event of death), which guarantee a defined benefit from the time the triggering event occurs, have been assured through a multi-year insurance policy. The beneficiary is guaranteed to receive an insurance benefit equivalent to the actuarial present value, at the time of the contingency, of the benefit defined in the plan.

- One-off capital sums have been offered to pensioners and deferred beneficiaries, reducing the defined benefit burden.
- Furthermore, both the Networks business and Power (formerly Renewables) have defined benefit plans for disability and post-retirement healthcare contingencies (introduced progressively through HRA negotiations, the elimination of Medicare Part B reimbursements and deferrals).

Brazil

On 27 August 2011, the IBERDROLA Group acquired a controlling stake in ELEKTRO. ELEKTRO's employees were covered by a defined benefit pension plan covering their eventual retirement.

On 24 August 2017 NEOENERGIA was acquired through the incorporation of ELEKTRO. ELEKTRO, CELPE, COELBA and COSERN employees are covered by several defined benefit retirement schemes. COELBA employees are also covered by a post-employment health plan.

The takeover of CEB Distribuição was completed on 2 March 2021. CEB Distribuição has been renamed Neoenergia Distribuição Brasília. The distributor Neoenergia Distribuição Brasília operates two defined benefit plans (one of which is frozen).

The main pension commitments held by the IBERDROLA Group with its employees in Brazil are as follows:

- ELEKTRO runs a mixed pension plan (70% of salary as defined benefit and 30% as defined contribution).
- The distributors CELPE, COELBA and COSERN operate a defined benefit plan.
- Distributor company Neoenergia Distribuição Brasília operates two defined benefit plans.

In addition, for active employees covered by ELEKTRO's defined benefit plan, its risk benefits (death and disability) guarantee a defined benefit as soon as they occur.

In some cases, the triggering event is instrumented through a multi-year insurance policy. The beneficiary is guaranteed to receive an insurance benefit equivalent to the actuarial present value, at the time of the contingency, of the benefit defined in the plan.

For active employees covered by defined-contribution plans (AD CELPE, AD COELBA, AD COSERN, AD NÉOS), their risk benefits (death and disability) are also covered by multi-year insurance policies. An equivalent benefit is guaranteed to the employee or his or her dependant.

The value of the benefit is equal to the value of the future contributions to be made to the plan until the theoretical retirement age is reached.

Other commitments with employees

In addition, some IBERDROLA Group companies have provisions to meet certain commitments with their employees, other than those described above, which are met by in-house pension funds.

The most significant information about pension plans is as follows (in millions of euros):

	Spain		United Kingdom		United States		Brazil [1]		Other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Present value of the obligation	(291)	(310)	(4,305)	(3,624)	(2,100)	(2,454)	(644)	(630)	(32)	(42)	(7,372)	(7,060)
Fair value of plan assets	0	0	4,508	3,775	1,773	1,989	592	590	9	8	6,882	6,362
Net asset / (Net provision)	**(291)**	**(310)**	**203**	**151**	**(327)**	**(465)**	**(52)**	**(40)**	**(23)**	**(34)**	**(490)**	**(698)**
Amounts recognised in the consolidated statement of financial position:												
Provision for pensions and similar obligations	(291)	(310)	(41)	(95)	(327)	(465)	(153)	(148)	(32)	(42)	(844)	(1,060)
Assets for pensions and similar obligations (Note 15.b)	0	0	244	246	0	0	3	4	9	8	256	258
Net asset / (Net provision)	**(291)**	**(310)**	**203**	**151**	**(327)**	**(465)**	**(150)**	**(144)**	**(23)**	**(34)**	**(588)**	**(802)**

[1] A surplus of EUR 98 and EUR 104 million was not recognised at 31 December 2025 and 2024, respectively, under the terms of IFRIC 14: "IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

The average length at the end of the year of the liability for the employee benefits described previously is:

Year	Spain		United Kingdom		United States			Brazil		
	Electricity tariff	Length of service bonus	SPW	ENW	AVANGRID POWER	UIL	AVANGRID NETWORKS	ELEKTRO	NEOENERGIA	NEOENERGIA BRASILIA
Average length	15	7	13	12	11	10	9	10	8	8

Changes in provisions for the commitments described previously in 2025 and 2024 are as follows (in millions of euros):

	Spain						
	Electricity tariff	Length of service bonus	United Kingdom	United States	Brazil (1)	Other	Total
Balance at 01.01.2024	**306**	**43**	**3,729**	**2,571**	**912**	**36**	**7,597**
Modification of the consolidation scope (Note 7)	0	0	0	0	0	0	**0**
Normal cost (Note 40)	3	4	26	17	0	10	60
Cost for past services rendered (Note 40)	2	0	(35)	(26)	(2)	0	(61)
Other costs charged to “Personnel expenses” (Note 40)	0	0	0	0	0	(1)	(1)
Finance expense (Note 44)	9	1	162	115	70	1	358
Actuarial gains and losses							
To reserves	(37)	0	(226)	(135)	(131)	2	(527)
Member contributions	0	0	6	0	1	0	7
Payments	(17)	(4)	(199)	(233)	(76)	(5)	(534)
Translation differences	0	0	161	145	(144)	(1)	161
Balance at 31.12.2024	**266**	**44**	**3,624**	**2,454**	**630**	**42**	**7,060**
Modification of the consolidation scope (Note 7)	0	0	963	0	0	0	**963**
Normal cost (Note 40)	3	4	27	12	0	2	48
Cost for past services rendered (Note 40)	(4)	0	1	(59)	(2)	0	(64)
Finance expense (Note 44)	9	1	213	113	70	1	407
Actuarial gains and losses							
To reserves	(13)	0	(53)	82	26	(2)	40
Member contributions	0	0	7	0	1	0	8
Payments	(15)	(4)	(271)	(227)	(72)	(3)	(592)
Classification as held for sale (Note 18)	0	0	0	0	0	(7)	(7)
Translation differences	0	0	(206)	(275)	(9)	(1)	(491)
Balance at 31.12.2025	**246**	**45**	**4,305**	**2,100**	**644**	**32**	**7,372**

(1) Due to the non-recognition of the surplus, actuarial deviations recorded against reserves were adjusted upwards and downwards in 2025 and 2024 for amounts of EUR 17 million and 83 million, respectively. This was in accordance with current regulations under IFRIC 14: “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”. Moreover, in 2025 and 2024, and for the same concept, the finance expenses recognised were raised by EUR 12 million and EUR 4 million, respectively.

Changes in the fair value of plan assets in 2025 and 2024 are as follows (in millions of euros):

	United Kingdom	United States	Brazil	Other	Total
Fair value at 01.01.2024	**3,871**	**2,026**	**730**	**10**	**6,637**
Revaluation (Note 44)	173	91	58	0	322
Actuarial gains and losses to reserves	(361)	(51)	(17)	0	(429)
Company contributions	116	40	19	0	175
Member contributions	6	0	1	0	7
Proceeds	(199)	(233)	(76)	(2)	(510)
Translation differences	169	116	(125)	0	160
Fair value at 31.12.2024	**3,775**	**1,989**	**590**	**8**	**6,362**
Modification of the consolidation scope (Note 7)	1,014	0	0	0	1,014
Revaluation (Note 44)	225	94	66	0	385
Actuarial gains and losses to reserves	(94)	95	(2)	0	(1)
Company contributions	66	49	18	0	133
Member contributions	7	0	1	0	8
Proceeds	(271)	(227)	(72)	1	(569)
Translation differences	(214)	(227)	(9)	0	(450)
Fair value at 31.12.2025	**4,508**	**1,773**	**592**	**9**	**6,882**

The main assumptions applied in the actuarial reports that determined the provisions needed to meet the aforementioned commitments at 31 December 2025 and 2024 are as follows:

2025	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/ Medicare
Spain						
Electricity tariff (1)	4.21%		2026 0,15866; 2027 0,15649; 2028 0,15885; 2029 0,15446; 2030:0,16284 […]		PER 2020	
Length of service bonus (1)	3.55%	1.00%			PER 2020	
United Kingdom						
SPW	5.35%	2.97%		2.97%	SPPS Previo jubilación/Posterior jubilación Hombres: 100% S4NMA / 111% - 108% S4PMA (no pensionista - pensionista) CMI2024 (H=0,75 1,25% improvement rate) Mujeres: 100% S4NFA / 111% - 118% S4PFA (no pensionistas - pensionistas) CMI2024 (H=0,75 1,25% improvement rate) Manweb Previo jubilación/Posterior jubilación Hombres: 100% S4NMA / 106% - 106% S4PMA (no pensionista - pensionista) CMI2024 (H=0,75 1,25% improvement rate) Mujeres: 100% S4NFA / 102% - 106% S4PFA (no pensionistas - pensionistas) CMI2024 (H=0,75 1,25% improvement rate)	

2025	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/ Medicare
ENW	5.32%	3,76% (2025,2026) 2,66% (posteriores)		2.96%	Previo jubilación/Posterior jubilación Hombres: 100% AMC00 / 104% - 106% S4PMA_M (no pensionista - pensionista) CMI2024 (H=0,75 1,25% improvement rate) Mujeres: 100% AFC00 / 108% - 105% S4PFA _M (no pensionistas - pensionistas) CMI2024 (H=0,75 1,25% improvement rate)	
United States						
AVANGRID POWER	5.14%	n.a.		2.00%	Pri-2012 Fully Generational Projection using Scale MP 2021	n.a.
UIL	5.02%	n.a.		2.00%	Pri-2012 Fully Generational Projection using Scale MP 2021	Función del ejercicio RX: 8,40%(pre-65)/10,10% (post-65) (2026) disminuyendo a 4,50% (2039y ss.) /4,50% (2039 y ss.)
AVANGRID NETWORKS	4.89%	Tasas planas específicas (Union). N.A para non-union		2.00%	Pri-2012 Fully Generational Projection using Scale MP 2021	Función del ejercicio RX: 8,40%(pre-65)/10,10% (post-65) (2026) disminuyendo a 4,50% (2039 y ss.) /4,50% (2039 y ss.)
Brazil						
ELEKTRO	10.61%	3.66%		3.25%	AT - 2000 male - 10%	
NEOENERGIA						
CELPE BD	10.82%	4.28%		3.25%	AT-2000 men & women	
Coelba BD	10.83%	n.a.		3.25%	BR-EMSsb 2015 men & women -15%	
Coelba Plan. Med. Healthcare	10.67%	n.a.		3.25%	AT-2000 Basic	
Cosern BD	11.04%	n.a.		3.25%	AT - 2000 men & women	
NEOENERGIA BRASILIA						

2025	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/ Medicare
CEB BD	10.63%	n.a.		3.25%	AT - 2000 men & women -10%	
CEB Settled	10.70%	n.a.		3.25%	AT - 2000 men & women -10%	

2024	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/ Medicare
Spain						
Electricity tariff (1)	3.58%		2025 0,14328; 2026 0,17290; 2027 0,15935; 2028 0,15618; 2029:0,15361 […]		PER 2020	
Length of service bonus (1)	3.19%	1.00%			PER 2020	

2024	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/ Medicare
United Kingdom	5.11%	3.19%		3.19%	SPPS Previo jubilación/Posterior jubilación Hombres: 100% S4NMA / 111% - 108% S4PMA (no pensionista - pensionista) CMI2023 (1,25% improvement rate) Mujeres: 100% S4NFA / 111% - 118% S4PFA (no pensionistas - pensionistas) CMI2023 (1,25% improvement rate) Manweb Previo jubilación/Posterior jubilación Hombres: 100% S4NMA / 106% - 106% S4PMA (no pensionista - pensionista) CMI2023 (1,25% improvement rate) Mujeres: 100% S4NFA / 102% - 106% S4PFA (no pensionistas - pensionistas) CMI2023 (1,25% improvement rate)	
United States						
AVANGRID POWER	5.52%	n.a.		2.00%	Pri-2012 Fully Generational Projection usando Scale MP 2021	n.a.
UIL	5.41%	Tasas planas específicas (Union). N.A para non-union		2.00%	Pri-2012 Fully Generational Projection usando Scale MP 2021	Función del ejercicio RX: 8,90%(pre-65)/10,60% (post-65) (2025) disminuyendo a 4,50% (2039y ss.) /4,50% (2039 y ss.)

2024	Discount rate	Wage increase	Price kWh (euros)	Inflation	Mortality tables	Health cost Pre-Medicare/ Medicare
AVANGRID NETWORKS	5.32%	Tasas planas específicas (Union). N.A para non-union		2.00%	Pri-2012 Fully Generational Projection usando Scale MP 2021	Función del ejercicio RX: 8,90%(pre-65)/10,60% (post-65) (2025) disminuyendo a 4,50% (2039 y ss.) /4,50% (2039 y ss.)
Brazil						
ELEKTRO	11.30%	4.10%		3.25%	AT - 2000 masculina - 10%	
NEOENERGIA						
CELPE BD	11.30%	4.09%		3.25%	AT-2000 masculina & femenina	
Coelba BD	11.30%	n.a.		3.25%	AT - 2000 masculina & femenina -20%	
Coelba Plan. Med. Healthcare	11.51%	n.a.		3.25%	AT-2000 Basic	
Cosern BD	11.30%	n.a.		3.25%	AT - 2000 masculina & femenina	
NEOENERGIA BRASILIA						
CEB BD	11.30%	n.a.		3.25%	AT - 2000 masculina & femenina -10%	
CEB Settled	11.30%	n.a.		3.25%	AT - 2000 masculina & femenina -10%	

(1) In both cases, the retirement age has been established pursuant to Law 27/2011, of 1 August, on the update, adjustment and modernisation of the Social Security system, providing for a gradual increase in the retirement age in accordance with the law.

The main figures for these commitments in recent years are as follows (in millions of euros):

	2025	2024	2023	2022	2021
Spain					
Present value of the obligation	(291)	(310)	(349)	(299)	(424)
Fair value of plan assets	0	0	0	0	0
Net asset / (Net provision)	(291)	(310)	(349)	(299)	(424)
Experience adjustments arising on plan liabilities	4	13	6	27	(8)
Experience adjustments arising on plan assets	0	0	0	0	0
United Kingdom - SPW					
Present value of the obligation	(3,383)	(3,624)	(3,729)	(3,621)	(5,931)
Fair value of plan assets	3,541	3,775	3,871	3,893	6,118
Net asset / (Net provision)	158	151	142	272	187
Experience adjustments arising on plan liabilities	(77)	(51)	(145)	(253)	114
Experience adjustments arising on plan assets	(88)	(361)	(192)	(1,991)	161
United Kingdom - ENW					
Present value of the obligation	(922)	0	0	0	0
Fair value of plan assets	967	0	0	0	0
Net asset / (Net provision)	45	0	0	0	0
Experience adjustments arising on plan liabilities	(31)	0	0	0	0
Experience adjustments arising on plan assets	(6)	0	0	0	0
United States					
Present value of the obligation	(2,100)	(2,454)	(2,571)	(2,621)	(3,505)
Fair value of plan assets	1,773	1,989	2,026	2,107	2,836
Net asset / (Net provision)	(327)	(465)	(545)	(514)	(669)
Experience adjustments arising on plan liabilities	(17)	(16)	(24)	64	(20)
Experience adjustments arising on plan assets	95	(51)	97	(676)	150
ELEKTRO					
Present value of the obligation	(245)	(243)	(366)	(327)	(285)
Fair value of plan assets	298	288	343	323	278
Net asset / (Net provision)	53	45	(23)	(4)	(7)
Experience adjustments arising on plan liabilities	10	(2)	14	(10)	(42)
Experience adjustments arising on plan assets	3	(2)	0	(1)	(1)
NEOENERGIA					
Present value of the obligation	(335)	(325)	(454)	(386)	(329)
Fair value of plan assets	227	234	300	268	240
Net asset / (Net provision)	(108)	(91)	(154)	(118)	(89)
Experience adjustments arising on plan liabilities	(4)	(36)	(43)	(52)	1
Experience adjustments arising on plan assets	(4)	(11)	25	(6)	(30)

	2025	2024	2023	2022	2021
NEOENERGIA BRASILIA					
Present value of the obligation	(64)	(62)	(92)	(81)	(78)
Fair value of plan assets	68	68	87	80	73
Net asset / (Net provision)	4	6	(5)	(1)	(5)
Experience adjustments arising on plan liabilities	0	(2)	(1)	(5)	(8)
Experience adjustments arising on plan assets	(1)	(4)	4	(2)	(4)

The sensitivity at 31 December 2025 of the present value of the obligation under these commitments to changes in different variables is as follows:

Increase / decrease	Spain		United Kingdom		United States	Brazil		
	Electricity tariff	Length of service bonus	SPW	ENW		ELEKTRO	NEOENERGIA	NEOENERGIA BRASILIA
Discount rate (basis points)								
10	(2.97)	(0.30)	(41.03)	(9.86)	(17.90)	(2.10)	(2.24)	(0.48)
(10)	3.03	0.30	41.94	10.08	18.18	2.48	2.40	0.52
Inflation (basis points)								
10	0	0	31.86	6.53	0	0	0	0
(10)	0	0	(29.11)	(6.42)	0	0	0	0
Wage growth (basis points)								
10	0	0.33	0	0	0.03	0	0	0
(10)	0	(0.32)	0	0	(0.02)	0	0	0
Mortality tables (years)								
1	0	0	118.50	35.87	90.98	0	0	0
Health cost (basis points)								
25	0	0	0	0	0.29	0	0	0
(25)	0	0	0	0	(0.28)	0	0	0
Price increase kWh (basis points)								
10	3.31	0	0	0	0	0	0	0
(10)	(3.14)	0	0	0	0	0	0	0

Category of assets

The main categories of plan assets, as a percentage of total plan assets at year end, are shown in the table below:

2025	Equities	Fixed income	Cash and cash equivalents	Other
United Kingdom - SPW	—%	43%	12%	45%
United Kingdom - ENW	11%	43%	1%	45%
United States	26%	63%	2%	9%
ELEKTRO	—%	95%	—%	5%
NEOENERGIA	—%	99%	—%	1%
NEOENERGIA BRASILIA	1%	90%	—%	9%

2024	Equities	Fixed income	Cash and cash equivalents	Other
United Kingdom - SPW	—%	44%	14%	42%
United States	26%	63%	2%	9%
ELEKTRO	10%	85%	—%	5%
NEOENERGIA	1%	98%	—%	1%
NEOENERGIA BRASILIA	3%	88%	—%	9%

The assets associated with these plans include neither financial instruments issued by the IBERDROLA Group nor tangible or intangible assets.

Moreover, the liquidity of plan assets measured at fair value is reviewed by an independent third party, and is as follows (in thousands of euros):

	Value at 31.12.2025	Level 1	Level 2	Level 3
United Kingdom - SPW	3,541	30	2,368	1,143
United Kingdom - ENW	967	2	247	718
AVANGRID	1,773	336	1,371	66
ELEKTRO	297	282	0	15
NEOENERGIA	227	0	224	3
NEOENERGIA BRASILIA	68	0	61	7
Total	**6,873**	**650**	**4,271**	**1,952**

	Value at 31.12.2024	Level 1	Level 2	Level 3
United Kingdom	3,775	553	1,939	1,283
AVANGRID	1,989	370	1,527	92
ELEKTRO	288	245	28	15
NEOENERGIA	234	0	229	5
NEOENERGIA BRASILIA	68	0	62	6
Total	**6,354**	**1,168**	**3,785**	**1,401**

The strategic distribution of pension plans investments is supported by periodic specific *Asset Liability Management* studies for each of the plans. This guarantees the match with the *funding* policy and the expected time to fully finance the commitment in accordance with flows resulting therefrom. Those studies provide the level of sensitivity to the different expected rates of return on the assets and discount rate on obligations. It also guarantees that plans are adequately funded while recovering regulated cash flows. There are also prudential investment rules applicable to pensions within the scope of the Group.

Assets managed at global level have been progressively switched to passive management. Provisions for death and permanent disability have been covered with pension plans through insurance policies and managing entities and investment assets have been qualified through independent third parties, resulting in investments with lower liquidity. Additionally, in the United Kingdom, longevity risk has been hedged through the use of *swaps* and inflation risk has been partially hedged.

Defined benefit pension plan arrangements at the Group

United Kingdom

The schemes are approved by HMRC and subject to UK pension and tax legislation. Defined benefit plans are subject to the funding requirements set out in Section 224 of the Pensions Act 2004. As required, an actuarial valuation of *funding* is carried out every three years to determine the appropriate level of both the ongoing contributions for future service and the recovery plan in relation to the deficit existing at the valuation date. These actuarial valuations will be based on assumptions agreed between the *Trustees* and the Company. The assumptions used to calculate the obligations (or technical provisions) in a triennial *funding* valuation may differ from those used in year-end valuations under IAS 19 “Employee Benefits”. The *Trustees* are required to establish a set of assumptions prudently (no level of risk), whereas the valuation assumptions under IAS 19 are made with respect to the Company’s best estimate. In addition, the discount rate used to value the technical provision in the triennial valuation will take account of the investment strategy, rather than being based on the “AA” corporate bond curve as required under IAS 19.

Plan	ScottishPower Pension Scheme (“SPPS”)	Manweb Group of Electricity Supply Pension Scheme (“Manweb”)	Electricity North West Group of the Electricity Supply Pension Scheme (“ENW”)
How the Company’s contributions are determined	Agreement between the Trustees and the Company subject to actuarial valuation (last valuation: 31 March 2024)	Agreement between the Trustees and the Company subject to actuarial valuation (last valuation: 31 March 2024)	Agreement between the Trustees and the Company subject to actuarial valuation (last valuation: 31 March 2022)
Current contributions by the company (% of salary)	—%	52,9% (enero a abril) 24,1% (mayo a diciembre)	38.2%
Additional contributions in 2025 (million euros)	None	58	None
Expected additional contributions in 2026 (million euros)	None	36	None

The triennial *funding* valuation exercises as at 31 March 2024 for SPPS and Manweb were completed during the period:

- For SPPS, following an improvement in its funding position, a new contribution schedule was agreed with the *Trustee* in December 2024, suspending employer contributions from 1 January 2025 in respect of plan expenses and the future accrual of benefits for active members.

  The triennial valuation exercise as at 31 March 2024 was completed on 31 March 2025, confirming that SPPS was fully funded on the technical provisions basis. Accordingly, no deficit contributions were required from the company. The technical provisions also included reserves for expenses and the accrual of future service, and therefore no additional contributions are required from the company, provided that the plan remains adequately funded (to be verified by the plan actuary on a semi-annual basis).

- For Manweb, the triennial valuation exercise was completed on 30 April 2025, confirming a small funding deficit on the technical provisions basis. The company and the *Trustee* agreed to maintain the annual deficit reduction contributions at their existing levels until 31 March 2028, with a mechanism in place allowing such contributions to be suspended prior to that date if the plan reaches full funding during the interim period (to be verified by the plan actuary on a semi-annual basis).

Contributions in respect of future service were significantly lowered compared with previous levels (from 52.9% to 24.1% of pensionable salary), due to changes in market conditions. The technical provisions also included a reserve for expenses, meaning that no additional contributions are required from the company to cover the plan's operating costs.

As at 30 September 2025, the funding update performed by the plan actuary showed a deficit of EUR 36 million (measured on the technical provisions basis). Accordingly, and in accordance with the thresholds agreed with the Trustee in the funding valuation as at 31 March 2024, a full deficit reduction contribution of EUR 32 million was made in January 2026.

For ENW, the most recent *funding* valuation was carried out with effect from 31 March 2022 and revealed a funding deficit on the technical provisions basis. To eliminate this deficit, the company and the *Trustee* agreed to make contributions from March 2022 to March 2023. No additional contributions were required after that date, at least until the next triennial valuation. Since that *funding* valuation, there has been a significant improvement in the funding level.

Negotiations with the *Trustee* on the triennial *funding* valuation with effect from 31 March 2025 are currently ongoing. The preliminary results have shown that the plan remains fully funded. Accordingly, no deficit contributions will be required from the company.

United States

For *funding* purposes in the United States, in 2025 all defined benefit pension plans were above 80% and no further contributions are required at present. The *funding* level of each fund is calculated on the basis of assumptions set/negotiated by the Regulator – other than accounting assumptions.

Brazil

The defined benefit pension plans are subject to Brazilian pension and tax legislation. The defined benefit plans are subject to the funding requirements prescribed by local law and regulations. Accordingly, if, after the actuarial valuation, there is a deficit above the level set by the actuarial valuation, a corresponding *funding* plan is drawn up. In particular:

Neoenergia Brasilia: Following the suspension and closure of the Neoenergia Brasilia plans to new entrants, the existing debts from 2016, 2017, 2018 and the shortfall under the defined benefit developer liability plan were consolidated into a single debt contract. This is updated by inflation (INPC-IBGE index) and a rate equivalent to 5% per year, applied monthly. The debt will be repaid in July 2038. As at 31 December 2025 and 2024, this debt contract amounted to EUR 12.2 million and EUR 13.4 million, respectively.

Expected current contributions in 2026 to defined benefit pension plans at the Group (in millions of euros)

	Expected contributions 2026
United Kingdom	13
United States	46
Brazil	6

27.b) Defined contribution plans

Spain

Active employees of IBERDROLA and employees who have retired after 9 October 1996, who are members of the IBERDROLA pension plan with joint sponsors, are covered by an occupational, defined-contribution retirement pension system independent of the Social Security system.

The periodic contribution to be made under this system and the current IBERDROLA Collective Bargaining Agreement is calculated as a percentage of each employee's annual pensionable salary, except for employees who joined after 9 October 1996, in which case contributions are split 75% payable by the company and 25% by the employee, and for employees who joined after 20 July 2015, for whom the company contributes one third of the total contribution, provided that the employee contributes the remaining two thirds, until the date on which it becomes part of the Qualification Base Salary (SBC), whereupon the same criteria applicable to employees who joined after 9 October 1996 will apply. The Company finances these contributions for all of its current employees.

United Kingdom

ScottishPower has a pension scheme in the form of a percentage of each employee's annual pensionable salary. The scheme is optional for employees and is co-funded by the employer and employees:

By selected tier	Employee	Employer	Total
"Gold"	5%	10%	15%
"Silver"	4%	8%	12%
"Bronze"	3%	6%	9%

Electricity North West has a pension scheme in the form of a percentage of each employee's annual pensionable salary. The scheme is optional for employees and is co-funded by the employer and employees:

	Employee	Employer	Total
By selected tier	3%	6%	9%
	4%	7%	11%
	5%	9%	14%
	6%	11%	17%
	7%	13%	20%

United States

The Grids business and the Renewables business have separate defined contribution plans ("401(k)") with separate and distinct operating procedures for employees covered by and outside the collective bargaining agreement.

Effective 2 August 2021, the 401(k) plans for salaried employees were merged into the new "Avangrid 401(k) Plan". In addition, effective 1 July 2022, there is only one company contribution formula for employees outside the collective bargaining agreement: 150% of 8%.

The "Avangrid Union 401(k) Plan" has different *matching* formulas depending on negotiations. Employees can make gross salary and net salary contributions as a percentage of their pensionable compensation, up to 75%. Virtually the entire workforce is eligible to participate in a 401(k) plan. As of 30 December 2022, the "Avangrid Non-Union 401(k) Plan" was merged with the "Avangrid Union 401(k) Plan" and renamed the "Avangrid 401(k) Plan". With effect from 1 January 2023, employees can make after-tax salary contributions in addition to gross salary and net salary contributions.

Brazil

The Neoenergia Group offers defined contribution plans. The Group is in the process of migrating to a single defined contribution plan (Neos), available to all employees at any Group company. The new plan will have the following contribution formula: 2.75% up to a given wage level plus 9.5% of the excess.

The contribution made on behalf of employees in 2025 and 2024, as recognised under the "Personnel expenses" heading of the consolidated income statement, is shown below.

Defined contribution plans	2025	2024
Spain	25	25
United Kingdom	49	30
United States	102	94
Brazil	13	13
Other	0	2
Total	**189**	**164**

27.c) Restructuring plans

Given the interest shown by some of the employees in requesting early retirement, IBERDROLA Group has offered these employees the mutually agreed termination of the employment relationship, thus carrying out a process of individual termination contracts in Spain. At 31 December 2025 and 2024, provisions in this regard pertain to the following restructuring plans (in millions of euros):

	31.12.2025		31.12.2024	
	Provisions	No. of individual contracts	Provisions	No. of individual contracts
2014 Restructuring plan	0	1	0	4
2015 Restructuring plan	0	0	0	1
2016 Restructuring plan	0	1	0	1
2017 Restructuring plan	1	25	4	57
2019 Restructuring plan	1	13	2	37
2020 Restructuring plan	6	84	13	109
2021 Restructuring plan	21	146	33	179
2023 Restructuring plan	81	318	105	335
2024 Restructuring plan	81	207	102	254
Total	**191**	**795**	**259**	**977**

In addition, provisions had been posted at 31 December 2025 and 2024 to honour these commitments outside Spain and for the subsidiary company Iberdrola Ingeniería y Construcción, S.A.U. (IIC). (CIS) in the amount of EUR 3 million and EUR 5 million respectively.

The discount to present value of the provisions is charged under the heading “Finance expense” heading of the consolidated income statement.

Changes in the provisions posted for these commitments in 2025 and 2024 are as follows (in millions of euros):

	2025	2024
Opening balance	**264**	**206**
Charge (Note 40)	0	104
Financial cost	7	6
Actuarial gains and losses and other	(17)	5
Payments	(60)	(57)
Closing balance	**194**	**264**

The main assumptions applied in the actuarial reports drawn up to determine the provisions needed to meet the Group’s commitments under the aforementioned restructuring plans at 31 December 2025 and 2024 are as follows:

	2025		2024	
	Discount rate	Inflation	Discount rate	Inflation
Restructuring plans	2,65%-2,83%	1,00% / 0,70%	3,01%-3,17%	1.00% / 0.70%

28. Other provisions

The movement and breakdown of “Other provisions” on the liabilities side of the consolidated statement of financial position in 2025 and 2024 is as follows (in millions of euros):

	Provisions for litigation, indemnity payments and similar costs	Provision for CO_2 emissions	Provision for facility closure costs (Notes 3.q y 5)	Other provisions	Total
Balance at 01.01.2024	**897**	**610**	**2,154**	**299**	**3,960**
Charges or reversals recognised against non-current assets (Note 3.q)	54	0	175	4	233
Charges for discount to present value (Note 44)	52	0	81	1	134
Charges for the year to the income statement	113	592	3	68	776
Reversal due to excess	(64)	(2)	(9)	(16)	(91)
Translation differences	(56)	14	34	3	(5)
Transfers	(1)	0	0	(3)	(4)
Payments made and other	(141)	0	(12)	(21)	(174)
Delivery of emission allowances and green certificates	0	(734)	0	0	(734)
Balance at 31.12.2024	**854**	**480**	**2,426**	**335**	**4,095**
Charges or reversals recognised against non-current assets (Note 3.q)	28	0	35	7	70
Charges for discount to present value (Note 44)	45	0	83	3	131
Charges for the year to the income statement	87	583	1	76	747
Reversal due to excess	(16)	(4)	(12)	(13)	(45)
Modification of the consolidation scope (Note 7)	5	0	0	0	5
Translation differences	(26)	(13)	(75)	(33)	(147)
Transfers	(4)	0	0	(1)	(5)
Payments made and other	(135)	0	(21)	(13)	(169)
Classification as held for sale (Note 18)	(1)	(4)	(106)	(5)	(116)
Delivery of emission allowances and green certificates	0	(572)	0	0	(572)
Balance at 31.12.2025	**837**	**470**	**2,331**	**356**	**3,994**

In addition, the IBERDROLA Group has provisions for responsibilities arising from litigation in progress and from indemnity payments, obligations, collateral and other similar guarantees, and those aimed at covering environmental risks. The latter have been determined using a case-by-case analysis of the polluted assets status and the cost that will have to be incurred in cleaning them.

The IBERDROLA Group also maintains provisions to meet a series of costs needed for decommissioning at its nuclear and thermal power plants, its wind farms, and at other facilities.

The cost arising from decommissioning obligations is recalculated on a regular basis to incorporate how reasonable future cost estimates may be on past decommissioning carried out, or to include new bylaw or regulatory requirements.

The breakdown of provisions for plant closure costs is as follows (in millions of euros):

	31.12.2025	31.12.2024
Nuclear power plants	606	603
Wind farms	1,243	1,319
Photovoltaic power plants	301	284
Combined cycle power plants	78	103
Thermal power plants	37	42
Other facilities	54	61
Right-of-use assets	12	14
Total	**2,331**	**2,426**

The amount related to nuclear plants covers the costs which the plant operator will incur from the end of its useful life until ENRESA (Note 3.q) takes control of them.

The discount rates (minimum and maximum range) before taxes of the main countries in which the IBERDROLA Group operates used in the present value of the operating provisions are as follows:

Country	Currency	Discount rate 2025		Discount rate 2024	
		5 years	30 years	5 years	30 years
Spain	Euro	2.65 %	4.30 %	2.47 %	3.69 %
United Kingdom	Pound sterling	4.01 %	5.39 %	4.16 %	5.07 %
United States	US dollar	3.70 %	4.97 %	4.20 %	4.56 %

The estimated dates on which the IBERDROLA Group considers that it will have to meet the payments relating to the provisions, expressed in millions of euros and included in this heading of the consolidated statement of financial position at 31 December 2025, are as follows:

2026	737
2027	270
2028	155
2029 onwards	2,832
Total	**3,994**

29. Bank borrowings, bonds or other marketable securities

Bank borrowings, bonds and other marketable securities outstanding at 31 December 2025 and 2024, including the related foreign exchange hedges, expressed in millions of euros, and their respective maturities, are as follows:

sin dato	sin dato	Bank borrowings, bonds and other marketable securities at 31 December 2025 maturing in						
sin dato	sin dato	Current	Non-current					
	Balance at 31.12.2025 (*)	2026	2027	2028	2029	2030	2031 and beyond	Total non-current
In euros								
Obligaciones y bonos	11,032	1,728	731	1,621	296	494	6,162	9,304
Commercial paper	3,629	3,629	0	0	0	0	0	0
Loans and drawdowns of credit facilities	8,403	1,106	1,064	932	1,984	821	2,496	7,297
Other financing transactions	1,179	1,179	0	0	0	0	0	0
Unpaid accrued interest	178	178	0	0	0	0	0	0
	24,421	**7,820**	**1,795**	**2,553**	**2,280**	**1,315**	**8,658**	**16,601**
Foreign currency								
US dollars (**)	12,983	1,787	974	666	913	1,031	7,612	11,196
Pounds sterling	7,175	952	465	39	807	458	4,454	6,223
Brazilian reais	8,604	1,010	921	1,176	983	789	3,725	7,594
Otros	488	0	0	32	30	199	227	488
Unpaid accrued interest (**)	419	362	57	0	0	0	0	57
	29,669	**4,111**	**2,417**	**1,913**	**2,733**	**2,477**	**16,018**	**25,558**
Total	**54,090**	**11,931**	**4,212**	**4,466**	**5,013**	**3,792**	**24,676**	**42,159**

(*) At 31 December 2025, the balance included EUR 4,800 million of domestic commercial paper (USCP) and Euro Commercial Paper (ECP) issues.

The average balance under the *domestic commercial paper* (USCP) and *Euro Commercial Paper* (ECP) programme amounted to EUR 5,207 million and EUR 5,268 million, respectively, in 2025 and 2024.

(**) The balance includes the securitisation of regulatory assets in two SPVs that are 100% owned by the IBERDROLA Group in the United States, with an unconditional collection guarantee provided by the regulator, amounting to EUR 629 million (Note 22).

sin dato	sin dato	Bank borrowings, bonds and other marketable securities at 31 December 2024 maturing in						
sin dato	sin dato	Current	Non-current					
	Balance at 31.12.2024 (*)	2025	2026	2027	2028	2029	2030 and beyond	Total non-current
In euros								
Obligaciones y bonos	12,068	2,243	1,749	655	1,618	268	5,535	9,825
Commercial paper	3,829	3,829	0	0	0	0	0	0
Loans and drawdowns of credit facilities	8,535	1,138	970	1,058	1,068	2,167	2,134	7,397
Other financing transactions	1,204	1,204	0	0	0	0	0	0
Unpaid accrued interest	202	202	0	0	0	0	0	0
	25,838	**8,616**	**2,719**	**1,713**	**2,686**	**2,435**	**7,669**	**17,222**
Foreign currency								
US dollars	14,631	3,229	640	1,049	699	891	8,123	11,402
Pounds sterling	5,107	642	463	472	1	629	2,900	4,465
Brazilian reais	7,987	1,035	988	1,069	1,096	1,003	2,796	6,952
Otros	521	2	3	3	35	32	446	519
Unpaid accrued interest	306	281	0	0	0	0	25	25
	28,552	**5,189**	**2,094**	**2,593**	**1,831**	**2,555**	**14,290**	**23,363**
Total	**54,390**	**13,805**	**4,813**	**4,306**	**4,517**	**4,990**	**21,959**	**40,585**

(*) At 31 December 2024, the balance included EUR 5,584 million of domestic commercial paper (USCP) and *Euro Commercial Paper (*ECP) issues. At 31 December 2024 there were EUR 90 million of drawdowns under credit lines and facilities.

The structure of bank borrowings, bonds and other marketable securities at 31 December 2025 and 2024, including the corresponding interest rate hedges are considered and expressed in millions of euros, is as follows:

	31.12.2025	31.12.2024
Fixed interest rate	30,188	32,725
Floating interest rate	23,902	21,665
Total	**54,090**	**54,390**

At 31 December 2025 and 2024, 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, and consequently it had not been necessary to meet the early maturity of the debt or modify the cost related to the loans of which it is the holder.

The average cost of debt of the IBERDROLA Group in 2025 and 2024 was 4.76% and 5.02%, respectively.

The breakdown by maturity of future unaccrued interest payment commitments at 31 December 2025 and 2024, after factoring in the effect of exchange rate and interest rate hedges, expressed in millions of euros, and assuming that the prevailing interest rates and exchange rates remain constant through to maturity, is as follows:

	2026	2027	2028	2029	2030	2031 and beyond	Total
Euros	474	426	399	332	289	884	2,804
US dollars	535	495	478	414	383	2,193	4,498
Pounds sterling	250	214	194	191	166	660	1,675
Brazilian reais	846	683	608	486	389	1,619	4,631
Other	27	27	27	25	24	53	183
Total	**2,132**	**1,845**	**1,706**	**1,448**	**1,251**	**5,409**	**13,791**

	2025	2026	2027	2028	2029	2030 and beyond	Total
Euros	509	448	404	368	289	993	3,011
US dollars	555	523	495	478	403	2,719	5,173
Pounds sterling	181	170	144	123	123	524	1,265
Brazilian reais	668	506	631	408	282	769	3,264
Other	30	29	29	28	26	81	223
Total	**1,943**	**1,676**	**1,703**	**1,405**	**1,123**	**5,086**	**12,936**

Significant transactions carried out by the IBERDROLA Group during 2025 are as follows:

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
First quarter						
NYSEG Storm Funding	Public bond (Securitisation)	Feb-25	225	USD	4.71 %	May-31
NYSEG Storm Funding	Public bond (Securitisation)	Feb-25	225	USD	4.87 %	May-34
NYSEG Storm Funding	Public bond (Securitisation)	Feb-25	260.6	USD	5.16 %	May-37
RG&E Storm Funding	Public bond (Securitisation)	Feb-25	75.3	USD	4.93 %	May-37
Iberdrola Finanzas (6)	Green public bond	Mar-25	400	EUR	1.50 %	Mar-30
Iberdrola Financiación (3)	Green BEI loan	Jan-25	200	EUR	— %	To be determined
Iberdrola Financiación	Sustainable bilateral loan	Mar-25	140	EUR	— %	Mar-32
Second quarter						
Neoenergia Coelba (2)	Green public infrastructure bond (debenture)	Apr-25	700	BRL	CDI - 0,49%	Apr-32

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
Neoenergia Elektro (2)	Green public infrastructure bond (debenture)	Apr-25	700	BRL	CDI - 0,49%	Apr-32
Neoenergia Pernambuco (2)	Green public infrastructure bond (debenture)	Apr-25	700	BRL	CDI - 0,49%	Apr-32
Iberdrola Finanzas	Green public bond	May-25	750	EUR	3.50 %	May-35
Iberdrola Financiación (3)	Green BEI loan	Apr-25	58	EUR	— %	To be determined
Iberdrola Financiación (3)	Green BEI loan	Apr-25	50	EUR	— %	To be determined
Iberdrola Financiación	Syndicated green 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
Third quarter						
New York State Electric & Gas	Green Public bond	Aug-25	300	USD	5.05 %	Aug-35
The Southern Connecticut Gas	Mortgage-backed bond	Jul-25	90	USD	5.52 %	Dec-36
The United Illuminating	Green private bond	Jul-25	100	USD	5.57 %	Dec-35
Connecticut Natural Gas	Private Bond	Jul-25	20	USD	5.57 %	Dec-36
Rochester Gas & Electric	Green mortgage-backed security	Sept-25	125	USD	5.45 %	Dec-37
Central Maine Power	Green mortgage-backed security	Sept-25	125	USD	5.10 %	Dec-35
Central Maine Power	Green mortgage-backed security	Sept-25	125	USD	5.25 %	Dec-37

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
Rochester Gas & Electric	Green mortgage-backed security	Sept-25	75	USD	5.30 %	Dec-35
Neoenergia Elektro	Green public infrastructure bond (debenture)	Aug-25	300	BRL	IPCA+6,82%	Aug-35
Neoenergia Pernambuco	Green public infrastructure bond (debenture)	Aug-25	300	BRL	IPCA+6,79%	Aug-35
Neoenergia Pernambuco	Green public infrastructure bond (debenture)	Aug-25	300	BRL	IPCA+6,74%	Aug-40
Neoenergia Elektro	Green public infrastructure bond (debenture)	Aug-25	300	BRL	IPCA+6,76%	Aug-40
Neoenergia Alto Paranaíba	Green loan 4131	Sept-25	56	USD	— %	Dec-26
Iberdrola Financiación (5)	Sustainable syndicated credit facility	Jul-25	2,500	EUR	— %	Jul-30
Neoenergia Coelba (1) (3)	Green BEI loan	Jul-25	300	EUR	— %	To be determined
Iberdrola Financiación (3)	Green BEI loan	Jul-25	25	EUR	— %	To be determined
Iberdrola Financiación (3)	Green BEI loan	Jul-25	25	EUR	— %	To be determined
Rokas (3)	Green BEI loan	Sept-25	16	EUR	— %	To be determined
Rokas (3)	Green BEI loan	Sept-25	10	EUR	— %	To be determined
Neoenergia Alto Paranaíba	BNB loan	Jul-25	150	BRL	— %	Aug-45
Cuarto trimestre						
Neoenergia Elektro	Green public infrastructure bond (debenture)	Oct-25	500	BRL	CDI+0,0%	Oct-35
Neoenergia Coelba	Green public infrastructure bond (debenture)	Oct-25	500	BRL	CDI+0,0%	Oct-35
Neoenergia Coelba (2)	Green public infrastructure bond (debenture)	Nov-25	2,100	BRL	CDI-1,271%	Nov-32

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
Neoenergia Coelba	Green public infrastructure bond (debenture)	Nov-25	1,200	BRL	IPCA+6,3%	Nov-35
Neoenergia Cosern	Green public infrastructure bond (debenture)	Nov-25	300	BRL	IPCA+6,3%	Nov-35
Neoenergia Cosern (2)	Green public infrastructure bond (debenture)	Nov-25	400	BRL	CDI-1,265%	Nov-32
Leaning Juniper Wind Power II	Bilateral green loan	Nov-25	69	USD	— %	Nov-45
Avangrid Group companies (4)	Sustainable syndicated credit facility	Dec-25	1,500	USD	— %	Dec-30
Iberdrola Financiación (3)	Green BEI loan	Oct-25	500	EUR	— %	To be determined

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

(2) Terms and conditions of transactions including contracted interest rate swaps.

(3) Funding expected to be available in 2026-2027.

(4) Includes the following companies: New York State Electric & Gas, Rochester Gas and Electric, Central Maine Power, The United Illuminating, Connecticut Natural Gas, The Southern Connecticut Gas and The Berkshire Gas.

(5) AGR Inc is a co-borrower and may draw down up to a maximum limit of USD 500 million.

(6) Bond linked to the value of Iberdrola's shares

The main extensions arranged by the IBERDROLA Group in 2025 were as follows:

Borrower	Transaction	Maturity	Extension signature date	Millions	Currency	Option to extend
Rochester Gas & Electric	Tax exemption voucher	May-32	Jun-25	50	USD	0
Rochester Gas & Electric	Tax exemption voucher	May-32	Jun-25	11	USD	0
Rochester Gas & Electric	Tax exemption voucher	Aug-32	Jun-25	92	USD	0
Iberdrola Financiación	Sustainable bilateral credit facility	Jul-27	Nov-25	125	EUR	0
Iberdrola Financiación	Sustainable syndicated credit facility	Dec-30	Dec-25	5,300	EUR	0

Certain Group investment projects, mainly related to renewable energies, have been financed specifically through loans that include covenants such as the compliance with certain financial ratios or the obligation to pledge in benefit of creditors the shares of the project-companies (Note 46). The outstanding balance of this loan type at 31 December 2025 and 2024 was EUR 992 million and EUR 1,164 million, respectively. These loans also require that a deposit be set aside for the fulfilment of obligations under the loan agreements. If the ratios are not met and/or the security deposit does not reach the agreed amount, it is impossible to distribute dividends in the year in which they are not met.

At 31 December 2025, there were bond issuances denominated in pounds sterling in the US market amounting to EUR 737 million, secured by a pledge of shares (Note 46).

With respect to the clauses relating to credit ratings, the IBERDROLA Group had arranged financial transactions at 31 December 2025 and 2024 amounting to EUR 6,588 million and EUR 7,192 million, respectively. These arrangements would require renegotiation of their cost or additional guarantees in the event of a *rating* downgrade (if such a downgrade were to occur in the manner set out in each contract).

In addition, at 31 December 2025 there were bonds issued, borrowings and other agreements between financial institutions and the IBERDROLA Group whose maturity dates could be impacted or may require additional collateral or guarantees to those already existing should a control change take place in the manner and subject to the timeframes stipulated in each contract. The most significant changes are those described in the following paragraphs:

- Bond issuances amounting to EUR 13,579 million in various currencies in the European, United States and Australian markets.
- Loans arranged with the EIB and the ICO in various currencies, which together amount to EUR 5,809 million, bank loans in various currencies amounting to EUR 1,551 million, and loans with development banks in various currencies amounting to EUR 3,544 million.
- Lastly, bond issuances denominated in reais amounting to EUR 4,711 million and loans in various currencies amounting to EUR 3,916 million relating to the Brazilian subsidiary NEOENERGIA and its subsidiaries.

30. Derivative financial instruments

The breakdown of balances at 31 December 2025 and 2024, including valuation of derivative financial instruments at those dates, is as follows (in millions of euros):

	2025			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Interest rate hedges	**39**	**214**	**(41)**	**(87)**
Cash flow hedges	**39**	**206**	**(1)**	**(2)**
– Interest rate swap (1)	39	206	(1)	(2)
Fair value hedges	**0**	**8**	**(40)**	**(85)**
- Interest rate swap	0	8	(40)	(85)
Exchange rate hedges	**31**	**271**	**(95)**	**(164)**
Cash flow hedges	**(2)**	**250**	**(88)**	**(154)**
- Currency swap	(26)	240	(48)	(145)
- Exchange rate insurance	24	10	(40)	(9)
Fair value hedges	**9**	**21**	**(2)**	**(10)**
- Currency swap	9	21	(2)	(10)
Hedging of net investment abroad	**24**	**0**	**(5)**	**0**
- Exchange rate insurance	24	0	(5)	0
Commodities hedges	**151**	**257**	**(181)**	**(395)**
Fair value hedges	**0**	**0**	**0**	**0**
- Other	0	0	0	0
Cash flow hedges	**151**	**257**	**(181)**	**(395)**
- Futures	119	42	(145)	(32)
- Virtual PPAs (Note 2.a)	32	215	(36)	(363)
Price index hedging	**0**	**64**	**(24)**	**(145)**
- Other	0	64	(24)	(145)
Non-hedging derivatives	**112**	**607**	**(126)**	**(859)**
Shares derivatives	**0**	**260**	**0**	**(260)**
- Treasury shares derivatives	0	260	0	(260)
Exchange rate derivatives	**0**	**0**	**(10)**	**0**
- Exchange rate insurance	0	0	(10)	0
Derivatives on commodity prices	**100**	**109**	**(87)**	**(99)**
- Futures	100	108	(87)	(80)
- Other	0	1	0	(19)
Interest rate derivatives	**0**	**0**	**(9)**	**(30)**
Price index derivatives and others	**12**	**238**	**(20)**	**(470)**
Netted operations (Note 17)	**(89)**	**(25)**	**93**	**26**
Total	**244**	**1,388**	**(374)**	**(1,624)**

	2024			
	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Interest rate hedges	**25**	**486**	**(55)**	**(148)**
Cash flow hedges	**24**	**486**	**1**	**(7)**
– Interest rate swap [1]	24	486	1	(7)
Fair value hedges	**1**	**0**	**(56)**	**(141)**
- Interest rate swap	1	0	(56)	(141)
Exchange rate hedges	**168**	**255**	**(281)**	**(169)**
Cash flow hedges	**113**	**203**	**(241)**	**(169)**
- Currency swap	99	197	(84)	(141)
- Exchange rate insurance	14	6	(157)	(28)
Fair value hedges	**55**	**52**	**(5)**	**0**
- Currency swap	55	52	(5)	0
Hedging of net investment abroad	**0**	**0**	**(35)**	**0**
- Exchange rate insurance	0	0	(35)	0
Commodities hedges	**316**	**197**	**(177)**	**(338)**
Fair value hedges	**0**	**0**	**(1)**	**0**
- Other	0	0	(1)	0
Cash flow hedges	**316**	**197**	**(176)**	**(338)**
- Futures	316	197	(169)	(321)
- Other	0	0	(7)	(17)
Price index hedging	**0**	**0**	**(24)**	**(267)**
- Other	0	0	(24)	(267)
Non-hedging derivatives	**627**	**259**	**(465)**	**(221)**
Shares derivatives	**0**	**54**	**0**	**(54)**
- Treasury shares derivatives	0	54	0	(54)
Exchange rate derivatives	**38**	**0**	**0**	**0**
- Exchange rate insurance	38	0	0	0
Derivatives on commodity prices	**587**	**194**	**(465)**	**(166)**
- Futures	587	193	(465)	(160)
- Other	0	1	0	(6)
Price index derivatives and others	**2**	**11**	**0**	**(1)**
Netted operations (Note 17)	**(134)**	**(19)**	**135**	**19**
Total	**1,002**	**1,178**	**(867)**	**(1,124)**

The maturity schedule of the notional amounts of derivative instruments arranged by the IBERDROLA Group and outstanding at 31 December 2025 is as follows (in millions of euros):

	2026	2027	2028	2029	2030 and beyond	Total
Interest rate hedges	**2,039**	**1,048**	**50**	**2,071**	**1,448**	**6,656**
Cash flow hedges	**2,025**	**34**	**36**	**835**	**953**	**3,883**
– Interest rate swap (1)	2,025	34	36	835	953	3,883
Fair value hedges	**14**	**1,014**	**14**	**1,236**	**495**	**2,773**
- Interest rate swap	14	1,014	14	1,236	495	2,773
Exchange rate hedges	**6,623**	**1,556**	**736**	**881**	**3,034**	**12,830**
Cash flow hedges	**3,670**	**1,548**	**517**	**875**	**2,975**	**9,585**
- Currency swap	364	870	324	769	2,942	5,269
- Exchange rate insurance	3,306	678	193	106	33	4,316
Fair value hedges	**15**	**8**	**219**	**6**	**59**	**307**
- Currency swap	15	8	219	6	59	307
Hedging of net investment in foreign operation	**2,938**	**0**	**0**	**0**	**0**	**2,938**
- Exchange rate insurance	2,938	0	0	0	0	2,938
Commodities hedges	**2,440**	**873**	**374**	**324**	**3,067**	**7,078**
Fair value hedges	**95**	**33**	**2**	**0**	**0**	**130**
- Other	95	33	2	0	0	130
Cash flow hedges	**2,345**	**840**	**372**	**324**	**3067**	**6,948**
- Futures	2,010	437	86	33	59	2,625
- Virtual PPAs (Note 2.a)	335	403	286	291	3,008	4,323
Price index hedging	**22**	**15**	**119**	**0**	**460**	**616**
- Interest rate swap	22	15	119	0	460	616
Non-hedging derivatives	**2,469**	**1,712**	**1,358**	**1,139**	**7,313**	**13,991**
Shares derivatives	**0**	**900**	**0**	**0**	**800**	**1,700**
- Treasury shares derivatives	0	900	0	0	800	1,700
Exchange rate derivatives	**441**	**5**	**5**	**0**	**0**	**451**
- Exchange rate insurance	441	5	5	0	0	451
Derivatives on commodity prices	**1,889**	**704**	**654**	**656**	**5,602**	**9,505**
- Futures	1,873	693	614	608	5,602	9,390
- Other	16	11	40	48	0	115
Interest rate derivatives	**0**	**0**	**0**	**0**	**238**	**238**
- Interest rate swap	0	0	0	0	238	238
Price index derivatives and others	**139**	**103**	**699**	**483**	**673**	**2,097**
Total	**13,593**	**5,204**	**2,637**	**4,415**	**15,322**	**41,171**

(1) Includes the derivatives arranged by the IBERDROLA Group at 31 December 2025 to cover the interest rate risk of future financing for a nominal amount of EUR 3,619 million, thus helping to mitigate interest rate risk (EUR 4,596 million at 31 December 2024).

The information presented in the table above includes notional amounts of derivative financial instruments arranged in absolute terms (without offsetting assets and liabilities or purchase and sale positions). This does not reflect the risk assumed by the IBERDROLA Group since this amount only records the basis on which the calculations to settle the derivative are made.

The “Finance expense” heading of the 2025 and 2024 consolidated income statements includes EUR 346 million and EUR 129 million, respectively, in connection with derivatives linked to financial indices that fail to meet the conditions to qualify as hedging instruments or, having met the conditions, are partially ineffective, as explained in Notes 3.k and 44. Moreover, the line item “Finance income” in the consolidated income statements for those years includes EUR 722 million and EUR 107 million, respectively, relating to the items described above (Note 43), including the discontinuation of the hedges that the IBERDROLA Group had put in place to hedge the interest rate and inflation risk associated with the East Anglia 3 project, which resulted in financial income of EUR 277 million in 2025 (Note 7).

The nominal value of bank borrowings, bonds and other marketable securities subject to exchange rate hedging (Note 4) is as follows:

Type of hedge	2025				
	Millions of US dollars	Millions of Japanese yen	Millions of Norwegian kroner	Millions of Swiss francs	Millions of euros
Cash flows	1,827	22,127	3,300	335	87
Fair value	326	10,000	0	0	0

Type of hedge	2024				
	Millions of US dollars	Millions of Japanese yen	Millions of Norwegian kroner	Millions of Swiss francs	Millions of euros
Cash flows	1,673	38,400	3,300	335	127
Fair value	716	10,000	0	0	0

The nominal value of bank borrowings, bonds and other marketable securities subject to interest rate hedging (Note 4) is as follows:

Type of hedge	2025		
	Millions of euros	Millions of US dollars	Millions of Brazilian reais
Cash flows	1,770	0	0
Fair value	1,908	750	6,090

Type of hedge	2024		
	Millions of euros	Millions of US dollars	Millions of Brazilian reais
Cash flows	2,917	0	0
Fair value	1,721	750	1,471

31. Changes in financing activities shown on the statement of cash flows

In 2025 y 2024 liabilities classified as financing activities in the statement of cash flows and excluded from the "Equity", "Equity instruments having the substance of a financial liability" (Note 24) and "Leases" (Note 32) headings were as follows (in millions of euros):

		Cash flows			Non-cash exchanges							
	Balance at 01.01.2025	Issues and disposals (1)	Repayments/ Instalments paid	Interest paid	Interest accrued	Foreign currency exchange (2)	Changes in fair value	Accrual of transaction costs	Modification of the consolidation scope (Note 7)	Classification as held for sale (Note 18)	Potential treasury shares accumulated and other (3)	Balance at 31.12.2025
Obligations, bonds and promissory notes	35,843	7,586	(8,178)	0	61	(1,662)	60	25	2,189	0	0	35,924
Loans and other financing transactions	16,854	6,865	(4,427)	0	47	(398)	11	15	82	(89)	(2,569)	16,391
Unpaid accrued interest	513	0	0	(2,115)	2,185	(40)	0	0	59	(2)	0	600
Derivatives on the company's own shares with a physical settlement (Note 22)	1,180	0	(590)	0	0	0	0	0	0	0	585	1,175
TOTAL (Note 29)	**54,390**	**14,451**	**(13,195)**	**(2,115)**	**2,293**	**(2,100)**	**71**	**40**	**2,330**	**(91)**	**(1,984)**	**54,090**
Derivative financial instruments associated with financing	(376)	290	124	(256)	248	(145)	(29)	0	0	0	0	(144)
Total	**54,014**	**14,741**	**(13,071)**	**(2,371)**	**2,541**	**(2,245)**	**42**	**40**	**2,330**	**(91)**	**(1,984)**	**53,946**

sin dato	sin dato	Cash flows			Non-cash exchanges							
	Balance at 01.01.2024	Issues and disposals [1]	Repayments/ Instalments paid	Interest paid	Interest accrued	Foreign currency exchange [2]	Changes in fair value	Accrual of transaction costs	Modification of the consolidation scope (Note 7)	Classification as held for sale (Note 18)	Potential treasury shares accumulated and other	Balance at 31.12.2024
Obligations, bonds and promissory notes	31,507	11,146	(7,366)	0	316	180	14	46	0	0	0	35,843
Loans and other financing transactions	16,039	6,228	(5,096)	0	0	(355)	21	17	0	0	0	16,854
Unpaid accrued interest	486	0	1	(1,898)	1,951	(27)	0	0	0	0	0	513
Derivatives on the company's own shares with a physical settlement (Note 22)	246	0	(84)	0	0	0	0	0	0	0	1,018	1,180
Total Financial debt - loans and other (Note 29)	**48,278**	**17,374**	**(12,545)**	**(1,898)**	**2,267**	**(202)**	**35**	**63**	**0**	**0**	**1,018**	**54,390**
Derivative financial instruments associated with financing	32	167	43	(260)	95	(109)	(344)	0	0	0	0	(376)
Total	**48,310**	**17,541**	**(12,502)**	**(2,158)**	**2,362**	**(311)**	**(309)**	**63**	**0**	**0**	**1,018**	**54,014**

[1] Issues net of expenses.

[2] Includes translation differences.

[3] Includes the derecognition of "Loans and other financing transactions" amounting to EUR 2,569 million as a result of the loss of control of East Anglia 3 (Note 7).

32. Leases

Lessee

Changes in lease liabilities in 2025 and 2024 are as follows (in millions of euros):

	2025	2024
Opening balance	**2,799**	**2,592**
Modification of the consolidation scope (Note 7)	21	0
Translation differences	(150)	71
New lease contracts (Note 12)	117	217
Discount to present value (Note 44)	104	104
Payments made from principal	(178)	(182)
Interest paid	(101)	(96)
Restatement/changes of lease liabilities (Note 12)	81	124
Derecognitions and other	(34)	(31)
Classification as held for sale (Note 18)	(65)	0
Closing balance	**2,594**	**2,799**

The breakdown of undiscounted lease liabilities at 31 December 2025 and 2024 is as follow (in millions of euros):

	31.12.2025
2026	178
2027	291
2028	219
2029	195
2030	183
2031 And beyond	2,879
Total	**3,945**
Financial cost	1,351
Present value of the payments	2,594
Total	**3,945**

	31.12.2024
2025	180
2026	293
2027	207
2028	211
2029	186
2030 And beyond	3,333
Total	**4,410**
Financial cost	1,611
Present value of the payments	2,799
Total	**4,410**

Furthermore, the IBERDROLA Group is potentially exposed to future cash outflows that are not reflected in the lease liability measurement mainly due to variable lease payment commitments. During 2025 y 2024, the IBERDROLA Group accrued an amount of EUR 42 and 50 million for variable lease recognised under the “External services” heading of the consolidated income statement. Said amounts correspond mainly to lease rents depending on output and operating income from wind farms located in leased lands.

Expenses in 2025 related to current leases excluded from the scope of IFRS 16 amounted to EUR 19 million, as recognised under “External services” in the consolidated income statement (EUR 16 million in 2024).

No revenues from subleases of the right-of-use assets were obtained in 2025 or 2024.

Operating lessor

The IBERDROLA Group acts as lessor under certain operating leases consisting essentially of the rental of investment property (Note 10) and items of property, plant and equipment. The breakdown by type is as follows (in millions of euros):

	31.12.2025	31.12.2024
Buildings	312	294
Land	154	150
Other	49	56
Total	**515**	**500**

The “Revenue” and “Other operating income” headings of the consolidated Income statement for 2025 include EUR 32 and 15 million, respectively (EUR 28 and 16 million, respectively, in 2024).

The estimate of non-deducted future minimum payments for contracts in force at 31 December 2025 and 2024 is as follows (in millions of euros):

	31.12.2025
2026	39
2027	36
2028	34
2029	32
2030	31
2031 And beyond	173
Total	**345**

	31.12.2024
2025	36
2026	33
2027	32
2028	31
2029	29
2030 And beyond	173
Total	**334**

33. Other financial liabilities

The breakdown of the “Other non-current financial assets” and “Other current financial assets” headings of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2025	31.12.2024
Non-current		
Non-current deposits and guarantees (Note 15.b.)	163	152
Concessional guarantee of tariff sufficiency in Brazil (Note 13)	187	173
Payment obligation from regulated activities in the United States (Note 15.b)	63	51
Financial lease suppliers	73	87
PIS/COFINS Brazil (Notes 16 and 36)	256	341
Other	530	477
Total	**1,272**	**1,281**
Current		
Current deposits and guarantees (*)	290	248
Concessional guarantee of tariff sufficiency in Brazil (Note 13)	21	190
Payment obligation from regulated activities in the United States (Note 15.b)	96	7
Loans with equity-accounted investees	94	142
Financial lease suppliers	2,428	2,332
Payment deferral agreements with suppliers	495	225
PIS/COFINS Brazil (Notes 16 and 36)	111	107
Dividend payable (Note 22)	170	199
CSA derivatives value guarantee deposits (Note 22)	69	100
Staff pending remuneration	479	488
Other	356	352
Total	**4,609**	**4,390**

(*) This item includes the collateral required for the operation of the business in the markets (see Note 15.b).

Payment deferral agreements with suppliers

In 2025 and 2024, the IBERDROLA Group negotiated the extension of payment periods with certain suppliers (mainly in respect of PP&E) with which the relevant IBERDROLA Group companies operate. In 2025, the average payment period for these suppliers was approximately 214 days (210 days in 2024), with the normal payment period being 34 days (39 days in 2024). As at 31 December 2025 and 2024, the amount drawn amounted to EUR 495 million and EUR 225 million, respectively.

Due to deferrals beyond the normal payment period in the applicable economic environment, the IBERDROLA Group has determined that the original liabilities have been discharged or substantially modified.

Therefore, these balances are reclassified in the consolidated statement of financial position from “Other current financial liabilities – Suppliers of fixed assets” and “Trade payables” to “Other current financial liabilities – Payment deferral agreements with suppliers”. The cash flows associated with these payments are included in Cash flows from investing and from operating activities, respectively, in the consolidated statement of cash flows.

Reverse *factoring* arrangements

The IBERDROLA Group has entered into payment management operations with various credit institutions to enable creditors/suppliers to settle their invoices in advance with a bank. This is a form of reverse *factoring* with the purpose of providing financing services through which creditors/suppliers can collect payment from a bank prior to the due date of their invoices issued to the IBERDROLA Group.

Under these arrangements, the IBERDROLA Group has no economic interest in whether the creditors/suppliers enter into reverse *factoring* agreements. The payment terms agreed by the IBERDROLA Group with its creditors/suppliers are not affected by the decision of those creditors/suppliers to opt for early collection under these arrangements.

At 31 December 2025, the amount paid by the credit institutions amounted to EUR 53 million in relation to the liability classified under the heading “Trade payables” and EUR 456 million in relation to the liability classified under the heading “Other current financial liabilities – Payment deferral agreements with suppliers”.

34. Other liabilities

The breakdown of the “Other non-current liabilities” and “Other current liabilities” headings of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2025	31.12.2024
Non-current		
Contract liabilities	211	221
Adjustments for market price deviations (Vadjm) (Notes 3.t and 16)	4	192
Other liabilities	20	21
Total	**235**	**434**
Current		
Contract liabilities	482	391
Other liabilities	708	637
Total	**1,190**	**1,028**

35. Deferred taxes and income tax

Income tax

Due to the multinational nature of the IBERDROLA Group, it is subject to the regulations in force in other tax jurisdictions.

Taxes in Spain

Iberdrola S.A. is the parent company of two tax consolidation groups in Spain: group 2/86 for the whole of Spain and group 02415BSC in the independently taxed province of Bizkaia, of which the parent company itself is a member.

Group 2/86 consists of 98 companies, while group 02415BSC consists of 23 companies.

The other entities resident in Spain that do not form part of either of the two aforementioned groups form part of Group 453/22, whose parent company is Energías Renovables Ibermap, S.L. (comprising 11 companies); Group 581/24, whose parent company is Energías Renovables Romeo, S.L. (comprising three companies), or otherwise pay corporate income tax on an individual basis.

Companies taxed under the common tax system were subject to a 25% rate in 2025, while in the fiscally autonomous Basque Country, it was 24%.

Taxation in other countries

Other Group companies located outside Spain are subject to the income tax rate applicable in their respective countries of residence. In the United States, the United Kingdom, France, Australia, Italy, Portugal and Germany, companies that qualify apply a joint taxation regime. In other jurisdictions, group entities with a tax presence are taxed individually.

The nominal tax rates applicable in jurisdictions where the IBERDROLA Group operates are as follows, based on OECD data and including both federal/general and, where relevant, state/local rates.

Country	2025	2024	Domestic Top-Up Tax (a)
Germany	30.2	31.9	Yes
Algeria	23.0	23.0	No
Australia	30.0	30.0	Yes
Brazil	34.0	34.0	Yes
Bulgaria	10.0	10.0	Yes
Canada	27.0	27.0	Yes
Cyprus	12.5	12.5	Yes (*)
South Korea	26.4	26.4	Yes (*)
Egypt	22.5	22.5	No
Spain	25-24	25-24	Yes
United States	26.6	26.5	No
France	25.8	25.8	Yes
Greece	22.0	22.0	Yes
Honduras	25.0	25.0	No
Hungary	9.0	9.0	Yes
Ireland	12.5	12.5	Yes
Italy	28.8	28.8	Yes
Japan	30.6	32.3	Yes
Latvia	25.0	25.0	No
Luxembourg	23.8	24.9	Yes
Malta	35.0	35.0	No
Morocco	34.0	33.0	No
Mexico	30.0	30.0	No
Montenegro	9.0	9.0	Yes (*)
Norway	22.0	22.0	Yes
Netherlands	25.8	25.8	Yes
Poland	19.0	19.0	Yes
Portugal	29.7	30.7	Yes
Qatar	10.0	10.0	Yes
United Kingdom	25.0	25.0	Yes
Romania	16.0	16.0	Yes
Singapore	17.0	17.0	Yes
South Africa	27.0	27.0	Yes
Sweden	20.6	20.6	Yes
Taiwan	20.0	20.0	No
Vietnam	20.0	20.0	Yes

(a) Jurisdictions with approved Domestic Top-Up Tax (see "Global Minimum Tax - Top-Up Tax" section in this note). Jurisdictions with an approved Domestic Top-Up Tax but not yet included in the OECD's Qualified Domestic Top-Up Tax list (published on 1 December 2025) are marked with an asterisk (*).

Income tax expense

Income tax expense for 2025 and 2024 is as follows (in millions of euros):

	31.12.2025	31.12.2024
Consolidated profit/(loss) for the year from continuing operations before tax	**8,097**	**5,812**
Consolidated profit/(loss) for the year from discontinued operations before tax	**395**	**2,281**
Consolidated profit/(loss) before tax	**8,492**	**8,093**
Non-deductible expenses and non-eligible income (*) :		
- From individual companies	92	106
- From consolidation adjustments	(622)	(422)
Profit of equity-accounted investees	(96)	37
Adjusted accounting profit (a)	**7,866**	**7,814**
Gross tax calculated at the tax rate in force in each country (b)	**2,048**	**2,114**
Tax credits deductions due to reinvestment of extraordinary profits and other tax credits (c)	(136)	(169)
Adjustment of prior years' income tax expense (**)	(101)	(45)
Net change in litigation, claims, indemnities and similar, and other provisions	18	18
Adjustment of deferred tax assets and liabilities (***)	(153)	188
Other	26	39
Income tax (income)/expense	**1,702**	**2,145**
Accrued income tax expense/(income) in the consolidated income statement	**1,671**	**1,343**
Accrued income tax from discontinued operations (income)/expense	**31**	**802**
Effective tax rate (b+c)/a	**24.32 %**	**24.90 %**

(*) Includes, in 2025 and 2024, adjustments arising from the exemption of dividends and share of profit received and the transfer of interests; from the application of tax credit in the tax base in certain jurisdictions; and from the deductibility of impairment on equity instruments and other accounting expenses.

(**) This mainly includes the tax impact arising from the exclusion, from the Corporate Income Tax tax base, of the financial updating corresponding to the PIS/COFINS receivables recognised by the Neoenergia Group's distribution companies and generated by the exclusion of ICMS from the tax base of those taxes.

(***) In 2025, this largely relates to a reversal of the deferred tax liability in accordance with corporate income tax law for the region of Bizkaia.

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

	31.12.2025	31.12.2024
Current taxes	947	2,434
Deferred taxes	755	(289)
Expense/(income) from continuing and discontinued operations	**1,702**	**2,145**

Deferred taxes

The breakdown of the “Deferred tax assets” and “Deferred tax liabilities” headings of the consolidated statement of financial position is as follows:

	Balance at 01.01.2025	Modification of the consolidation scope (Note 7)	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Credit (charge) to “Other reserves”	Classification as held for sale (Note 18)	Other	Balance at 31.12.2025
Deferred tax assets:									
Measurement of derivative financial instruments	500	107	(10)	(16)	147	0	(15)	(83)	630
Balance sheet revaluation 16/2012	880	0	0	(73)	0	0	0	0	807
Pensions and similar commitments	380	0	(37)	(47)	0	13	(1)	5	313
Allocation of non-deductible negative goodwill arising on consolidation	60	0	0	(9)	0	0	0	0	51
Provision for facility closure costs	344	0	(31)	(9)	0	0	(28)	7	283
Lease liability	450	0	(26)	96	0	0	(22)	2	500
Tax credits for losses and deductions	3,582	(8)	(294)	79	0	0	(80)	(9)	3,270
Other deferred tax assets	1,773	1	(59)	(111)	0	0	(85)	147	1,666
Total	**7,969**	**100**	**(457)**	**(90)**	**147**	**13**	**(231)**	**69**	**7,520**

	Balance at 01.01.2024	Modification of the consolidation scope (Note 7)	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Credit (charge) to "Other reserves"	Classification as held for sale (Note 18)	Other	Balance at 31.12.2024
Deferred tax assets:									
Measurement of derivative financial instruments	467	0	(11)	(1)	100	0	0	(55)	500
Balance sheet revaluation 16/2012	950	0	0	(70)	0	0	0	0	880
Pensions and similar commitments	427	0	(2)	(30)	0	(8)	0	(7)	380
Allocation of non-deductible negative goodwill arising on consolidation	58	0	0	2	0	0	0	0	60
Provision for facility closure costs	347	0	15	(18)	0	0	0	0	344
Lease liability	413	0	6	32	0	0	0	(1)	450
Tax credits for losses and deductions	3,008	0	112	477	0	0	0	(15)	3,582
Other deferred tax assets	1,475	0	(21)	303	0	0	0	16	1,773
Total	**7,145**	**0**	**99**	**695**	**100**	**(8)**	**0**	**(62)**	**7,969**

	Balance at 01.01.2025	Modification of the consolidation scope (Note 7)	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Classification as held for sale (Note 18)	Other	Balance at 31.12.2025
Deferred tax liabilities:								
Measurement of derivative financial instruments	659	23	(72)	12	90	(5)	(63)	644
Accelerated depreciation	6,462	459	(592)	405	0	19	(67)	6,686
Overprice assigned in business combinations	3,798	432	(373)	133	0	(100)	3	3,893
Asset for facility closure costs	236	0	(24)	(13)	0	(15)	0	184
Right-of-use assets	447	0	(23)	(5)	0	(20)	1	400
Other deferred tax liabilities	1,960	19	(153)	133	0	(70)	131	2,020
Total	**13,562**	**933**	**(1,237)**	**665**	**90**	**(191)**	**5**	**13,827**

	Balance at 01.01.2024	Modification of the consolidation scope (Note 7)	Translation differences	Credit (charge) to the consolidated income statement	Credit (charge) to Valuation adjustments	Classification as held for sale (Note 18)	Other	Balance at 31.12.2024
Deferred tax liabilities:								
Measurement of derivative financial instruments	491	0	9	(24)	220	0	(37)	659
Accelerated depreciation	5,995	0	303	172	0	0	(8)	6,462
Overprice assigned in business combinations	3,756	0	181	(144)	0	0	5	3,798
Asset for facility closure costs	229	0	12	(22)	0	0	17	236
Right-of-use assets	394	0	7	48	0	0	(2)	447
Other deferred tax liabilities	1,650	0	(53)	376	0	0	(13)	1,960
Total	**12,515**	**0**	**459**	**406**	**220**	**0**	**(38)**	**13,562**

Deferred tax assets and liabilities offset in the consolidated statement of financial position at 31 December 2025 and 2024 amounted to EUR 5,832 million and EUR 6,017 million, respectively.

Minimum Global Tax – Supplementary Tax

As a large multinational group, the IBERDROLA Group is subject to the Global Anti-Base Erosion (GloBE) Model Rules (Pillar Two). These were approved by the Organization for Economic Co-operation and Development (OECD)/G20 in the context of the Inclusive Framework on BEPS (*Base Erosion and Profit Shifting*) on 14 December 2021. The plan was endorsed by, among many others, the EU Member States.

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

Legislation implementing the model rules has been approved in many jurisdictions in which IBERDROLA is present.

In Spain, where the group's ultimate parent company is located, Council Directive (EU) 2022/2523 of 15 December 2022 has been incorporated into national law, particularly affecting IBERDROLA through Law 7/2024, of 20 December, and the Provincial Law of the Historical Territory of Bizkaia 6/2025, of 12 December.

According to these regulations, the first year in which the new minimum global taxation obligations applied to the IBERDROLA Group was 2024, and the Group was subject to Biscayan regional regulations (although the regulations contained in Law 7/2024 applied to the Group on an interim basis in 2024, pending final agreement of the tax). The self-assessment tax return for this initial period is due in July 2026.

The Group has assessed the impact of global minimum taxation regulations based on its latest tax returns, *country-by-country report*, and the financial statements of its constituent entities. As a result of this valuation, IBERDROLA does not expect a significant economic impact from the application of the model rules in 2024 and 2025. This results from the alternative or simultaneous existence of the following circumstances in each of the jurisdictions in which it operates: an effective tax rate equal to or higher than that established under the minimum taxation rules; 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 consolidated income statement for 2025 does not include any impact on current income tax expense arising from this regulation.

The “Income Tax” section of this note includes a list of the jurisdictions where IBERDROLA operates, along with information on whether they have an approved Domestic Top-up Tax.

There are currently widespread uncertainties about the impact of the GloBE rules on the deferred tax assets and liabilities of entities subject to the rules, so the amendments to IAS 12 — Income Taxes issued in May 2023 by the IASB to bring it into line with the model rules provide for a temporary exception to the new requirements of IAS 12 — Income Taxes In this respect. The IBERDROLA Group has applied this temporary exception in its 2025 financial statements.

Administrative proceedings

Among its principles, IBERDROLA seeks to build stronger ties with the tax authorities, based on the respect for the law, loyalty, trust, professionalism, collaboration, reciprocation and good faith, notwithstanding any legitimate disputes that may arise due to the interpretation of tax rules. When such disputes do arise, IBERDROLA strives to ensure cooperative dealings with the authorities, in accordance with the principles of transparency and mutual trust.

All IBERDROLA actions have been analysed by its internal and external advisers, both for this year and for preceding years, and these advisers have determined that these actions have been carried out in accordance with the Law and are based on the reasonable interpretation of tax law. The existence of contingent liabilities is also scrutinised. IBERDROLA's general approach is to recognise provisions for tax litigation when it is likely that IBERDROLA will be handed an unfavourable decision or ruling, while no recognition is required when the risk is possible or remote.

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

Administrative proceedings in Spain

On 25 January 2024, the Tax and Customs Control Unit of the Central Delegation for Large Taxpayers at the State Tax Administration Agency informed Iberdrola, S.A. that it was beginning checks and investigations into the Temporary Energy Tax for 2023. This is in line with Iberdrola's role as the main operator in the energy sector, as stipulated by the resolutions of the National Commission of Markets and Competition dated 10 December 2020, 16 December 2021, and 9 June 2020, referenced in Article 1, section 1 of Law 38/2022.

During the inspection, IBERDROLA was asked to remove certain income from the taxable base. This mainly involved expenses borne by the distributors' retail suppliers for passing on to the end customer, which are similar to those from regulated activities that are tax-exempt. The Company also sought to adjust the self-assessments submitted for this tax, arguing that the regulation establishing and governing it is unconstitutional and breaches European Union law, requesting a refund of all the amounts paid along with the applicable late payment interest. As a result of the audit, a refund of EUR 33 million, plus default interest, was ordered. The revenue associated with this rebate reduced the actual expense for this tax in 2024.

The Temporary Energy Levy expense for 2024 was recorded by already excluding from the tax base the amounts accepted in the inspection report for the 2023 levy.

In January 2025, the Company received notification of the settlement agreement, which confirmed the disputed tax assessment initiated in July 2024. The agreement accepted the request to exclude certain income from the tax base and agreed to refund the amounts paid, including the related interest. However, it denied the request for total rectification, as the Tax Administration determined that it lacks the authority to evaluate whether the rule creating the tax is consistent with domestic and/or EU law, or to submit issues of unconstitutionality to the Constitutional Court or preliminary questions to the Superior Court of Justice. In February 2025, an economic-administrative claim was filed with the Central Tax Appeals Board, and the corresponding submissions were presented in April, with a decision pending at the end of 2025.

IBERDROLA also filed a request for rectification of the self-assessments filed and paid in relation to the levy for the 2024 financial year, similar to that filed for 2023. The rectification procedure initiated following that request concluded upon notification, on 17 March 2025, of the commencement of general verification and investigation proceedings in respect of the 2024 Temporary Energy Levy. In October 2025, a tax assessment decision was notified upholding the disputed tax settlement delivered in June, as the inspection body did not accept the request for rectification of self-assessments made, again arguing that it lacked jurisdiction to assess whether the regulation that created the tax was consistent with the law.

In October 2025, an economic-administrative claim against that decision was filed with the Central Tax Appeals Board, presenting the corresponding submissions in the first days of 2026.

In early May 2024, Iberdrola Energía España S.A. received notification of the commencement of general verification and investigation proceedings concerning the Corporate Tax for fiscal years 2018 to 2020 of Tax Group 2/86, where the company acts as the representative and Iberdrola, S.A. is the parent company.

On the same day, Iberdrola, S.A. was also notified about the initiation of general checks and investigations related to the Value Added Tax of financial years 2018 to 2020 for the group of entities under VAT 0220/08 for the same years, in its role as the group's representative and leading entity.

By the end of 2025, the proceedings relating to these cases had already come to light and are not expected to have a material impact on the Group.

<u>Administrative proceedings in other countries</u>

In those countries where the Group has a significant presence, the main ongoing inspections are as follows:

- In the United States, the AVANGRID Group, given its status as a large taxpayer at both federal and state level, has various tax inspection processes ongoing in relation to several taxes.
- In the United Kingdom, HMRC has classified Scottish Power as a *low risk* taxpayer. There are currently no general inspection procedures in progress.
- In Mexico, the Mexican tax authority (SAT) began several inspection procedures during 2020 and the following years concerning various companies within the Group.

  On 26 February 2024, after obtaining authorisation from the Mexican Federal Economic Competition Commission (COFECE) and satisfying the remaining conditions precedent agreed by the parties, the transaction to transfer electricity generation assets—comprising 12 combined cycle power plants and a wind farm with a total installed capacity of 8,539 MW—to Grupo Financiero Actinver, as trustee, was completed under the Irrevocable Trust Agreement managed by Mexico Infrastructure Partners FF, S.A.P.I. de C.V. The buyer has taken on responsibility for the outcomes of both ongoing and future inspections related to the transferred companies. During the first half of 2025, significant progress was made in most of the inspections and revocation appeals that remained open at year-end 2024. Where appropriate, the revocation appeals were upheld and new tax assessment notices were issued without observations following minor self-corrections made by certain companies, with no material impact on results.

  Only the assessment notices issued by the tax inspection in respect of the 2017 income tax of the engineering subsidiary and the 2020 sales tax of Iberdrola Renovables Noroeste remain in dispute through appeals for revocation, and no material impacts on results are expected to arise from them.

- Lastly, Brazil is known for being a jurisdiction with a high risk of litigation and there are multiple investigation actions in progress, given Brazil's tax and administrative structure and the usual procedure followed by the tax authorities. However, in general, very few of these proceedings are settled in favour of the tax administrations.

The IBERDROLA Group's directors and their tax consultants consider that the current inspection process will not give rise to further material liabilities for the IBERDROLA Group beyond those already recognised at 31 December 2025.

Tax litigation

Tax litigation in Spain

Tax litigation for years 2008 to 2011

In June 2020, IBERDROLA was notified of the decisions made by the Central Tax Appeals Board (TEAC) concerning the claims related to the assessments that were signed in protest by IBERDROLA in 2016. These claims pertain to the general inspection proceeding carried out on the tax consolidation group in the common territory (no. 2/86) for financial years 2008 to 2011.

As regards VAT, the TEAC ruling was favourable to the interests of IBERDROLA (thus annulling the assessments and settlements carried out by the inspectors), while the decisions on income tax were unfavourable.

On 7 July 2020 IBERDROLA appealed these rulings to the Spanish National High Court (Audiencia Nacional).

The main adjustments included in the settlement agreements resulting from contested tax assessments related to the quantification of goodwill subject to tax amortisation and depreciation, for the acquisition of SCOTTISH POWER, the elimination of the exemption applicable to SCOTTISH POWER's dividends received, as the Tax Authority considers that this exemption is incompatible with valuation adjustments for net investment hedges, differences in tax consolidation criteria and the possible existence of the circumstances envisaged in Section 15.1 of Spain's General Tax Law in a debtor-swap operation in a number of debt issues.

In relation to this particular matter, on 17 February 2026 notification was received from the Supreme Court that it had ruled the cassation appeal lodged by the Tax Agency as inadmissible, in connection with the judgment delivered by the National Court handed down in November 2024, which had ruled in Iberdrola's favour regarding the declaration of a conflict in the application of the tax rules in relation to the bond reallocation transaction and subsequent financing of Iberdrola USA.

While no further ordinary appeal may be lodged against the aforementioned order of inadmissibility, it may be challenged by means of an incidente de nulidad (procedural challenge seeking the annulment of the decision due to a fundamental procedural defect).

The processing of other appeals related to this issue was suspended pending the final decision of the Court of Justice of the European Union concerning the amortisation of financial goodwill. On 26 June 2025, the CJEU delivered a final ruling dismissing the appeal by the European Commission and accepting Iberdrola's arguments, thereby lifting the suspension, and the case is now ready to be voted on and ruled on when the time comes. In any case, decisions of the National High Court may be appealed before the Supreme Court.

Tax litigation for years 2012 to 2020

Additionally, in December 2020 IBERDROLA was notified of the rulings of the TEAC on the appeals lodged in relation to the income tax assessments signed in protest arising from the limited tax inspection of the years 2012 to 2014. The dispute with the Tax Administration essentially had to do with the applicability or inapplicability of the rules on timing of accounting recognition as established in a large number of rulings of the Supreme Court, in relation to the income received by the Group based on payments unlawfully made.

The December 2020 ruling partially upheld IBERDROLA's claims, accepting its criteria insofar as the taxes declared to be unconstitutional are concerned. On 25 January 2021, IBERDROLA filed an appeal for judicial review before the Audiencia Nacional on the other matters in dispute. All claims and arguments were submitted in due course during 2021 and the case is now awaiting a hearing date ahead of a final ruling on the matter.

In relation to the same issue, on 6 September 2021 IBERDROLA filed a claim with the TEAC against the enforcement by the technical department of the central large taxpayers' office of the decision of that court partially upholding the aforementioned assessment. That body did not limit itself to acknowledging the effects of that assessment in the years affected (2012 to 2014), but extended its effects to other prior years. Said years had already undergone general inspection proceedings, with a final ruling rendered in some cases, thus constituting res judicata. On 3 January 2024, IBERDROLA received notification that the TEAC had rejected its claims. The Company subsequently filed a contentious-administrative appeal with the National High Court and submitted the lawsuit in June 2024.

In December 2021 and in July 2022, economic-administrative claims were filed with the Central Tax Appeals Board. These were against the settlement agreements that upheld the disputed corporate income tax assessments involving Iberdrola Energía España, S.A., acting as the representative of Tax Group 2/85, for the financial years 2012 to 2014 and 2015 to 2020, respectively. The issues under dispute are largely the same as those debated for the 2008 to 2011 financial years. On 5 June 2024, the decision of the Central Tax Appeals Board was notified on the claim for the years 2012 to 2014 and in April 2025, the decision for the years 2015 to 2020, partially upholding the group's claims by recognising the deductibility of directors' remuneration and dismissing the other matters. The company filed the corresponding appeals for review with the National High Court. The claims relating to these appeals were filed in November 2024 and October 2025 respectively and were still pending resolution at the end of the financial year. In any case, decisions of the National High Court may be appealed before the Supreme Court.

With regard to Value Added Tax, in July 2022 tax appeals were filed with the TEAC against the settlement agreement confirming the report signed in protest initiated against Iberdrola, S.A, as representative of the Tax Group 0220/08BVA, in relation to the financial years 2015 to 2017, following certain adjustments made by the AEAT arising from the inclusion in the denominator of the pro-rata amount of the capital gains arising on portfolio transfers or on corporate restructurings. The TEAC dismissed the company's claims, whereupon the company lodged the corresponding contentious-administrative appeal before the National Court in April 2025; the statement of claim was filed in early January 2026. In any case, the decision of the National High Court may be appealed before the Supreme Court.

Tax litigation related to the Temporary Energy Levy

Lastly, and with respect to significant tax litigation for IBERDROLA, on 21 February 2023, the Association of Electrical Energy Companies (AELEC) lodged an appeal against Ministry Order HFP/94/2023, approving self-assessment forms of the new temporary energy tax created by Law 38/2022. On 23 February 2023, IBERDROLA also filed a judicial review appeal against the same Ministerial Order, in similar terms to the one filed by AELEC.

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

The amount payable is calculated by applying a percentage of 1.2% to the net turnover generated by the activity in Spain in the calendar year preceding the year in which the obligation arises. In 2023, IBERDROLA paid a levy of EUR 213 million (Note 41). However, following verification actions mentioned in the previous section, a refund of EUR 33 million, plus default interest, was ordered. The revenue associated with this rebate reduced the actual expense for this tax in 2024.

In 2024, IBERDROLA paid EUR 132 million (Note 41), having already excluded from that year's tax base the income whose exclusion was acknowledged during the general inspection of the 2023 levy.

The appeal for judicial review filed by AELEC and by IBERDROLA and which are currently pending resolution are based on defects in the ordinary legality of the Ministerial Order under appeal as well as on defects of unconstitutionality and infringement of Council Regulation (EU) 2022/1854 of 6 October 2022, found in Law 38/2022, which creates the levy.

Tax litigation in other countries

In the United States, the most significant process is the appeal brought before the *Appeals Tribunal* in relation to the *income tax* inspection for 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 under discussion concerns the deductibility of certain payments made as required by the electric regulator (OFGEM). The *First Tier Tax Tribunal* ruled in favour of HMRC in February 2022. The company appealed to the Upper Tribunal, which also ruled in HMRC's favour. Scottish Power then obtained permission to take the case to the *Court of Appeal*. In January 2025, the Court of Appeal issued a ruling in favour of the company, although HMRC applied for and was granted permission to appeal the decision to the Supreme Court. The hearing is scheduled for 18 May 2026.

As a general rule, no significant tax litigation is currently undergoing in the other jurisdictions where the Group operates, except for Brazil, where a large number of litigation and administrative and judicial proceedings are ongoing. The Group considers it probable that the final rulings will be favourable (Note 45).

The IBERDROLA Group's directors and their tax consultants consider that the current inspection process will not give rise to further material liabilities for the IBERDROLA Group beyond those already recognised at 31 December 2025.

Further developments in relation to financial goodwill (Section 12.5 of the consolidated text of the Income Tax Law)

In financial year 2017, the Spanish authorities applied the aid and grants recoupment procedure established in the General Tax Act, thus recovering from the IBERDROLA Group, in accordance with Article 12.5 of the TRLIS, the sum of EUR 665 million (EUR 576 million as principal and EUR 89 million as late payment interest) in years 2002 to 2015. IBERDROLA settled the required amount by (i) offsetting part of it against the EUR 363 million received under the 2016 income tax rebate, and (ii) paying EUR 302 million in February 2018. All of the foregoing by virtue of Decision Three of the European Commission.

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

The Judgment of the General Court of the European Union (GCEU) of 27 September 2023 (joined cases T-256/15 and T-260/15) rendered null and void Commission Decision (EU) 2015/314 of the European Commission of 15 October 2014 (Third Decision), upholding all the arguments submitted by the affected entities, among them the IBERDROLA Group,

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

The amounts recouped by the AEAT must be refunded, together with the corresponding additional late payment interest, and are recognised, amounting to EUR 780 million, under “Current tax assets” within current assets in the consolidated statement of financial position as at 31 December 2025. As at 31 December 2024 they were recognised 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.

At year-end 2025, the effects arising from the request for recognition of the goodwill deduction that could not be applied by the Group in Income Tax for 2016 to 2019 are also recorded, as the Third Decision, which has now been definitively annulled, was enforceable until September 2023.

These amounts, together with the related default interest, amounting to EUR 310 million, are recognised in “Current tax assets” under non-current assets in the consolidated statement of financial position at 31 December 2025 and the associated deferred tax liability has also been recognised.

36. Public entities

The breakdown of the headings “Current tax assets/liabilities” and “Other public administration receivables/payables” on the asset and liability sides, respectively, of the consolidated statement of financial position is as follows (in millions of euros):

	31.12.2025	31.12.2024
Taxes receivable		
Public Treasury, corporate income tax receivable [(a)]	1,027	692
VAT	293	315
Tax withholdings and prepayments	94	154
Public Treasury, PIS/COFINS Brazil (Notes 16 and 33)	111	107
Public Treasury, other receivables	286	347
Total	**1,811**	**1,615**
Taxes payable		
Public Treasury, corporate income tax payable [(a)]	289	1,137
VAT	111	90
Withholdings	58	61
Other taxes	1,263	1,265
Social Security	43	38
Total	**1,764**	**2,591**

[(a)] The divestment in Mexico (see Note 7) gave rise in 2024 to corporate income tax payable to the Mexican tax office (Servicio de Administración Tributaria) amounting to MXN 13,573 million (EUR 731 million at the exchange rate on the transaction date), of which MXN 4,979 million (EUR 275 million) was paid in advance during 2024, with the remainder paid in 2025. In 2025, it also includes the rebate associated with the state aid recovery proceedings relating to the application of Article 12(5) of the TRLIS, for a total amount of EUR 780 million.

37. Information on average payment period to suppliers Third Additional Provision – “Reporting Requirement” of Law 15/2010 of 5 July

The required information for 2025 and 2024 breaks down as follows (in millions of euros):

	Number of days	
	2025	2024
Average payment period to suppliers	14	14
Paid transactions ratio	14	14
Outstanding transactions ratio	27	25

	2025	2024
Total payments made	12,671	11,909
Total payments due	312	316

Information on invoices paid in a period shorter than the maximum period set out in Law 15/2010 is as follows:

	2025	2024
Monetary volume in millions of euros paid within the maximum period established	12,530	11,833
Percentage of total monetary amount of payments to suppliers	98.89 %	99.36 %
Number of invoices paid within the maximum period established	26,388,851	26,210,883
Percentage of total number of invoices paid to suppliers	99.96 %	99.98 %

The information shown in the above tables has been prepared in accordance with Law 15/2010 of 5 July, amending Law 3/2004 of 29 December, establishing measures to combat late payments in commercial operations; in accordance with Law 18/2022 of 28 September, on the creation and growth of companies; and in accordance with the Resolution of 29 January 2016 of the Instituto de Contabilidad y Auditoría de Cuentas (Spanish Institute of Accounting and Auditing) on the information to be included in the Notes to the financial statements in relation to late payments to suppliers in commercial transactions.

This information has been drawn up on the basis of the following specifications:

- Ratio of paid operations: amount in days of the ratio between the sum of the products of each of the transactions paid by the number of payment days, and the total amount of payments made during the year.
- Ratio of outstanding payment operations: amount in days of the ratio between the sum of the amount of the outstanding payment transaction and the number of unpaid days, and the total amount of outstanding payments.
- Suppliers: trade payables included in current liabilities in the consolidated statement of financial position generated from debts of goods or services with suppliers.
- Property, plant and equipment and finance lease suppliers are excluded from this information.
- Taxes, levies, indemnifications and certain other headings are likewise excluded from this information since they do not qualify as trade transactions.
- The table below shows information corresponding to Spanish companies included in the consolidated group once the credits and debits between the subsidiary companies are eliminated.

38. Revenue

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

2025	Spain	United Kingdom	United States	Mexico (Note 18)	Brazil	IEI	Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
In regulated markets										
Electricity	3,819	2,454	5,523	785	7,010	0	(3)	19,588	(785)	18,803
Gas	0	0	1,635	0	0	0	0	1,635	0	1,635
In non-regulated markets										
Electricity	11,448	3,449	1,259	627	383	2,616	(909)	18,873	(686)	18,187
Gas	703	1,577	0	0	0	15	20	2,315	0	2,315
Other	718	71	264	0	10	34	46	1,143	0	1,143
Income from construction contracts (Note 13)	**1**	**0**	**0**	**0**	**1,825**	**0**	**0**	**1,826**	**0**	**1,826**
Income from lease contracts	**0**	**0**	**1**	**0**	**0**	**0**	**29**	**30**	**0**	**30**
Valuation and inefficiencies of commodities derivatives	**156**	**0**	**21**	**0**	**0**	**76**	**(116)**	**137**	**0**	**137**
Total	**16,845**	**7,551**	**8,703**	**1,412**	**9,228**	**2,741**	**(933)**	**45,547**	**(1,471)**	**44,076**

Restated (Note 2.c) 2024	Spain	United Kingdom	United States	Mexico (Note 18)	Brazil	IEI	Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
In regulated markets										
Electricity	3,382	1,792	4,833	707	6,929	0	(3)	17,640	(707)	16,933
Gas	0	0	1,387	0	0	0	0	1,387	0	1,387
In non-regulated markets										
Electricity	11,834	4,165	1,216	1,014	364	1,783	(413)	19,963	(1,044)	18,919
Gas	771	1,705	0	0	0	4	(88)	2,392	0	2,392
Other	704	56	247	0	8	31	29	1,075	0	1,075
Income from construction contracts (Note 13)	**1**	**0**	**0**	**0**	**1,838**	**0**	**0**	**1,839**	**0**	**1,839**
Income from lease contracts	**0**	**0**	**1**	**0**	**0**	**0**	**27**	**28**	**0**	**28**
Valuation and inefficiencies of commodities derivatives	**290**	**0**	**68**	**0**	**0**	**57**	**0**	**415**	**0**	**415**
Total	**16,982**	**7,718**	**7,752**	**1,721**	**9,139**	**1,875**	**(448)**	**44,739**	**(1,751)**	**42,988**

2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
Supplies In regulated markets							
Electricity	17,441	471	2,336	(661)	19,587	(784)	18,803
Gas	1,635	0	0	0	1,635	0	1,635
In non-regulated markets							
Electricity	0	8,896	16,017	(6,040)	18,873	(686)	18,187
Gas	0	0	2,812	(497)	2,315	0	2,315
Other	18	852	922	(649)	1,143	0	1,143
Income from construction contracts	**1,826**	**0**	**0**	**0**	**1,826**	**0**	**1,826**
Income from lease contracts	**1**	**0**	**0**	**29**	**30**	**0**	**30**
Valuation and inefficiencies of commodities derivatives	**0**	**96**	**40**	**2**	**138**	**(1)**	**137**
Total	**20,921**	**10,315**	**22,127**	**(7,816)**	**45,547**	**(1,471)**	**44,076**

Restated (Note 2.c) 2024	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Subtotal	Discontinued operation (Notes 2.c and 18)	Total
Supplies In regulated markets							
Electricity	15,641	480	2,281	(762)	17,640	(707)	16,933
Gas	1,387	0	0	0	1,387	0	1,387
In non-regulated markets							
Electricity	0	8,577	17,329	(5,943)	19,963	(1,044)	18,919
Gas	0	0	2,808	(416)	2,392	0	2,392
Other	16	874	838	(653)	1,075	0	1,075
Income from construction contracts	**1,839**	**0**	**0**	**0**	**1,839**	**0**	**1,839**
Income from lease contracts	**1**	**0**	**0**	**27**	**28**	**0**	**28**
Valuation and inefficiencies of commodities derivatives	**0**	**124**	**291**	**0**	**415**	**0**	**415**
Total	**18,884**	**10,055**	**23,547**	**(7,747)**	**44,739**	**(1,751)**	**42,988**

The main activities for which IBERDROLA generates ordinary revenue from customer contracts are as follows:

- Transmission and distribution of electricity and gas

IBERDROLA Group's performance obligation is to make transmission and distribution facilities available to customers. This performance obligation is recognised in a linear manner over time, since the customer receives and consumes simultaneously the benefits from IBERDROLA Group's performance insofar the transmission or distribution network is available.

In the countries where IBERDROLA Group operates, the remuneration on transmission and distribution activities is basically determined by the regulated margin recognised by the corresponding regulator. For certain regulated activities carried out by the IBERDROLA Group, any discrepancies between costs estimated when setting the annual tariff and costs actually incurred are recognised as income or expense for the year in which they arise only if its proceed or payment is certain, regardless of future sales (Note 15.b).

- Gas and electricity sales

The amount of electricity and gas sales is recognised as income at the time the energy is delivered to the customer based on the amounts supplied and includes an estimate of unbilled supplied energy (Note 5). Where relevant, depending on the applicable legislation in each country, this item includes incentives received to support vulnerable consumers or to mitigate the effects of the energy crisis.

By countries:

- In Spain, income includes the amount of both sales in the gas regulated market at Tariff of Last Resort (TLR) and of electricity at Voluntary Price for the Small Consumer (VPSC) as well as the sales in the liberalised market.

- In the United States and Brazil income from electricity and gas supply to end customers are based on tariffs rates subject to the corresponding state regulatory authorities, which determine the prices and other terms of service through the fixing of rates.

- In the United Kingdom, gas and electricity are traded in the liberalised market.

- In Mexico, electricity energy is supplied at liberalised conditions for consumers with a demand of 1 MW or above.

IBERDROLA Group's retail supply companies act as principal. Purchase and sale of energy between the Group's generation and retail supply companies are left out of the consolidation process.

- Assignment of electricity generation capacity

The electricity generation capacity assignment is an obligation independent from electricity supply whose income is recognised through the term of the contract.

IBERDROLA Group maintains electricity generation capacity assignment agreements for some of its plants that set predetermined collection schedules for assigning energy supply capacity. Until the divestment of the plants that formed part of the divestment agreement signed with MIP (Note 7), the Group had power capacity transfer agreements in effect in Mexico in 2024 with the Federal Electricity Commission (CFE) for its combined cycle plants.

- Verification, connection and assignment of use of metering equipment

The registration of customers, income for connecting to the receiving electricity and gas grid, as well as income from the verification of installations, are recognised at the time the actions take place since the customer benefits from the service provided and there is no associated future fulfilment obligation. Income for the right of use of meters is recognised as income throughout the period of use.

- Sale of renewables obligation certificates

In the sale of renewables obligation certificates from the Renewables business associated with supplied energy (joint sale of energy and green certificates), income for the sale is recognised at the time the energy is delivered. When the sale of said certificates takes place separately from the energy produced, the income is recognised at the time the certificate is delivered to the customer.

- Incentives for renewable business

The amount of the turnover of the renewable energy and sustainable generation segment corresponding to the different geographical areas in which the Group operates includes the incentives received according to the applicable legislation in each country, given that the amount of these incentives is granted on an individual basis based on the units of products sold and they are received recurrently.

- Construction contracts

Income from transmission and distribution concession agreements for electric energy IBERDROLA Group has executed in Brazil include two compliance obligations: (1) construction services and (2) following operation and maintenance of built facilities. The consideration for each compliance obligation is assigned once the independent sale price at the beginning of the contract is estimated, using IBERDROLA Group's experience in the provision of similar services, of bidding terms and conditions, as well as any other internal or external information available.

Income from construction projects is recognised through the length of the construction process, since the control of the asset is transferred to the customer on an ongoing basis.

When revenue related to construction contracts can be reliably estimated, it is recognised at an amount equal to the proportion that the costs incurred to date represent of the total costs required to complete the contract. These costs are reviewed periodically to reflect deviations, if any. When the income from a contract cannot be reliably estimated, all such income is recognised to the extent that costs are incurred, provided that such costs are recoverable. Profit on the contract is only recognised when it is certain, based on budgeted costs and income.

Changes to construction work and any claims are included within contract revenue if amendments to the contract are legally demanded.

- Real property sales

The IBERDROLA Group follows the principle of recognising income on sales of property when legal title is transferred to the purchaser, which is usually the date the respective contracts are notarised.

39. Supplies

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2025	Restated (Note 2.c) 31.12.2024
España	7,978	8,002
Reino Unido	2,465	2,881
Estados Unidos	2,882	2,441
México (Note 18)	690	1,086
Brasil	6,066	5,962
IEI	1,623	948
Corporation and adjustments	(986)	(457)
Discontinued operation (Notes 2.c and 18)	(690)	(1,086)
Total	**20,028**	**19,777**

	31.12.2025	Restated (Note 2.c) 31.12.2024
Networks	8,650	8,239
Renewable Energy and Sustainable Generation	1,736	1,627
Customers	18,136	18,716
Other business, Corporation and adjustments	(7,804)	(7,719)
Discontinued operation (Notes 2.c and 18)	(690)	(1,086)
Total	**20,028**	**19,777**

40. Personnel expenses

The breakdown of this heading in the consolidated income statement is as follows (in millions of euros):

	31.12.2025	Restated (Note 2.c) 31.12.2024
Wages and salaries	3,099	2,860
Social security payable by the company	464	416
Additional provisions for pensions and similar obligations and defined contributions to the external pension plan (Notes 3.o and 27)	162	270
Attendance allowances art. 49.1 (Note 47)	11	10
Remuneration stipulated in Art. 49.4 of the By-Laws	7	10
Other employee expenses	310	300
	4,053	**3,866**
Capitalised personnel expenses		
Intangible assets (Note 9)	(36)	(31)
Property, plant and equipment (Note 3.d)	(1,119)	(892)
Nuclear fuel and inventories	(18)	(15)
	(1,173)	**(938)**
Total	**2,880**	**2,928**

The average number of the IBERDROLA Group employees in 2025 and 2024 has increased to 43,555 and 40,775 employees, of which 10,920 and 10,095 are women, respectively.

The average number of employees in the consolidated group corresponds to all the employees in those consolidated companies that have been integrated using the global integration method, as well as the employees of the joint ventures determined based on the participation share.

41. Taxes

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2025	Restated (Note 2.c) 31.12.2024
Spain	1,612	1,255
Reino Unido	459	559
Estados Unidos	644	617
México (Note 18)	8	8
Brasil	7	6
IEI	36	13
Corporation and adjustments	7	108
Discontinued operation (Notes 2.c and 18)	(8)	(7)
Total	**2,765**	**2,559**

	31.12.2025	Restated (Note 2.c) 31.12.2024
Networks	848	781
Renewable Energy and Sustainable Generation	1,407	1,313
Customers	503	353
Other business, corporation and adjustments	15	119
Discontinued operation (Notes 2.c and 18)	(8)	(7)
Total	**2,765**	**2,559**

This heading includes various tax measures imposed by the authorities, the most relevant of which are described below.

On 28 December 2012, Law 15/2012 on tax measures for the sustainability of the energy sector came into force in Spain. The Law introduced the following taxes, the impact of which was recognised as a charge to "Taxes other than income tax" in the consolidated income statement for 2025 and 2024:

The Tax on the Value of Electricity Output is governed by Law 15/2012

The tax base is determined by the total amount a taxpayer is entitled to receive for producing and feeding electricity into the grid, measured at power station busbars, with a tax rate of 7%.

Royal Decree-Law 12/2021 implemented a temporary suspension of this tax. Which was extended throughout the 2022 and 2023 financial years. Royal Decree-Law 8/2023 ended the suspension effective from 1 January 2024, introducing a 50% reduction in the first quarter and a 25% reduction in the second quarter.

In 2025, the tax was fully applicable.

The expenditure entered in the accounts for financial year 2025 amounted to EUR 376 million; in 2024, it was EUR 268 million.

Tax on the production of spent nuclear fuel and radioactive waste from nuclear power generation, as outlined in Law 15/2012.

Amounted to EUR 113 million in 2025 and EUR 119 million in 2024.

Levy for using inland waters to produce electrical energy, regulated by Royal Legislative Decree 1/2001

Generally, the tax base is based on the economic value of the hydroelectric energy produced, with an applicable tax rate of 25.5%.

The Supreme Court annulled the application of this levy for the financial years 2013 to 2021 through several rulings in 2021. After a regulatory reform by Law 7/2022, the levy was reintroduced for the financial year 2022. However, from the beginning, there were doubts about its effective application during that period due to the lack of transitional provisions for reintroduction. To address this, the Ministry for Ecological Transition and the Demographic Challenge published a clarification on its website, stating that the tax period for 2022 would run from 10 April to 31 December 2022. However, the IBERDROLA Group did not agree with this interpretation and considered that the levy should not have been applied in 2022, and therefore appealed against its application.

In 2024, several administrative rulings were issued, supporting the non-application of the levy in 2022 and therefore confirming the IBERDROLA Group's position.

The expense recognised under this item amounted to EUR 185 million in 2024, broken down into an expense of EUR 264 million in respect of the accrual of the tax and a credit of EUR 79 million arising from the cancellation of the 2022 self-assessments (the full refund of which was obtained in 2025), and to EUR 266 million in 2025.

Financing the costs of the "Bono Social"

Royal Decree-Law 7/2016 imposed the financing of the social bonus on the retail suppliers or the parent companies of groups that include retail suppliers. The judgment delivered by the Supreme Court on 31 January 2022 in respect of IBERDROLA's appeal against the Social Bonus found the financing system to be discriminatory and, therefore, null and void, and ordered that compensation be paid to the financing companies for the amounts not passed on to customers.

A little while later, Royal Decree-Law 6/2022 ushered in a new funding distribution regime among all electricity sector agents, which came into force on 31 March 2022. The amounts recorded in this connection in 2025 and 2024 amounted to EUR 82 million and EUR 40 million, respectively. Additionally, in 2024, EUR 183 million in income was recognised due to the ruling on the 2016-2021 Social Bonus related to Iberdrola Clientes.

Management of radioactive waste

This section includes the fees for financing the costs managed by ENRESA for radioactive waste and spent fuel from nuclear power plants, as regulated by Law 54/1997 and Royal Decree-Law 6/2009.

Among the various charges applied to cover these costs, the most significant is imposed on operational nuclear power plants. The tax base is the gross nuclear power generated by each plant each month, measured in gross kilowatt hours (kWh) and rounded down to the nearest whole number.

With the implementation of Royal Decree 589/2024, this charge increased from 0.798 euro cents per kWh to 1.036 euro cents per kWh (+29.82%).

The best available estimates of expenditure due to these fees are EUR 238 million for the 2025 financial year and EUR 226 million for 2024 (Note 3.q).

Temporary energy levy

This levy, which resulted from applying the 1.2% rate to the net amount of revenue arising from the activity carried out in Spain in the calendar year preceding the year in which the obligation arose, was discontinued in 2025. The amount recognised by the IBERDROLA Group in the six-month period ended 30 June 2024 amounted to EUR 157 million, while the amount ultimately paid amounted to EUR 132 million, following the exclusion from the tax base of certain income recognised in the course of the general tax audit relating to the levy paid in 2023.

Special Tax on Hydrocarbons applied to natural gas used in the combined generation of electricity and heat

In 2013, a levy was introduced on natural gas used for electricity production and for the combined generation of electricity and heat. It was ultimately discontinued in 2018.

The IBERDROLA Group challenged the application of that tax by citing the exemption provided for in Article 14(1)(a) of Directive 2003/96/EC in respect of energy products used in the production of electricity, and the interpretation of that article given by the Court of Justice of the European Union.

The IBERDROLA Group's position was upheld by Spain's Supreme Court through several judgments delivered between July and September 2024, as a result of which the IBERDROLA Group recognised income from this tax in the amount of EUR 101 million under the heading "Supplies" in the consolidated income statement for 2024, corresponding to the tax amounts previously paid and in respect of which reimbursement had been claimed.

In response to those judgments, the State Legal Service filed various applications for annulment of proceedings, all of which were dismissed by the Supreme Court.

The State Legal Service prepared a constitutional appeal (recurso de amparo) against the rulings of the Supreme Court. However, by order dated 30 May 2025, the Constitutional Court ruled the constitutional appeal inadmissible, thereby bringing the dispute to an end and confirming IBERDROLA's position.

National Energy Efficiency Fund

The National Energy Efficiency Fund (FNEE) is a public financing instrument created to promote energy efficiency measures in Spain, with the aim of contributing to the achievement of national and European final energy savings targets.

The fund is financed mainly through mandatory financial contributions from electricity, gas and petroleum product suppliers, which may be reduced by furnishing Energy Savings Certificates. In respect of the IBERDROLA Group's total business activities, the amounts recognised in 2025 and 2024 amounted to EUR 79 million and EUR 61 million, respectively.

42. Amortisation, depreciation and provisions

The breakdown of this heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2025	Restated (Note 2.c) 31.12.2024
Depreciation charges for:		
Intangible assets (Note 9)	1,148	1,148
Investment property (Note 10)	9	9
Property, plant and equipment (Note 11)	3,783	3,566
Right-of-use assets (Note 12)	182	176
Allowances for impairments and write-offs of non-financial assets (Note 14):		
Write-down of intangible assets (Note 9)	2	28
Write-offs for property, plant and equipment (Note 11)	182	59
Charge/(reversal) of impairment in PPE (Note 11)	340	1,444
Charges/(reversal) of impairment on right-of-use assets (Note 12)	0	37
Changes in provisions	157	68
Total	**5,803**	**6,535**

43. Finance income

The breakdown of the “Finance income” heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2025	Restated (Note 2.c) 31.12.2024
Income from equity investments	1	1
Finance income related to assets at amortised cost	519	594
Non-hedge derivatives and inefficiencies (Note 30)	722	107
Exchange gains in foreign currency for financing activities	462	361
Other exchange losses in foreign currency	36	14
Capitalised finance costs	474	544
Discount to present value of provisions for pensions and similar obligations (Note 27)	15	13
Total	**2,229**	**1,634**

The average capitalisation rates used in 2025 and 2024 for external financing of property, plant and equipment was 5.95% and 6.17%, respectively (Note 3.d).

44. Finance expense

The breakdown of the “Finance expense” heading of the consolidated income statement is as follows (in millions of euros):

	31.12.2025	Restated (Note 2.c) 31.12.2024
Finance expenses related to liabilities at amortised cost:		
Finance expenses and similar financing expenses	2,558	2,429
Other finance and similar expenses	265	168
Finance expenses from lease liabilities (Note 32)	89	83
Equity instruments having the substance of a financial liability (Note 24)	46	48
Non-hedge derivatives and inefficiencies (Note 30)	346	129
Valuation adjustments of financial assets	2	4
Exchange losses in foreign currency for financing activities	462	364
Other exchange losses in foreign currency	32	10
Discount to present value of other provisions (Note 28)	127	130
Discount to present value of provisions for pensions and similar obligations (Note 27)	56	59
Total	**3,983**	**3,424**

45. 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 advisers believe that the outcome of these disputes will have no material impact on its financial position.

In relation to said disputes, the IBERDROLA Group's main contingent assets and liabilities not recognised in these consolidated financial statements because the pertinent accounting criteria are not met, are as follows:

Contingent liabilities

- In 2022, the remuneration for 2017, 2018 and 2019 was approved by Order TED/749/2022, of 27 July. The Company lodged an appeal against the Order, as it incorporated inspection results from the regulatory information of the financial years 2015 to 2017. These results reduced remuneration for those years by failing to recognise investments and expenses incurred during operations, in violation of current regulations. The proceedings are being heard before the Contentious-Administrative Chamber of the Supreme Court. On 20 February 2026, notification was received of the Supreme Court judgment partially upholding the appeal, with no order as to costs, and which may be subject to a motion to annual proceedings in respect of those claims not upheld.

- Appeals for review lodged on 7 July 2020 before the National High Court against unfavourable decisions of which IBERDROLA was notified by the Central Tax Appeals Board in June in connection with the assessments signed in protest by the Group in 2016, pertaining to the years 2008 to 2011. The main disputes relate to 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 Section 15.1 of the General Tax Act. On 28 November 2024, the National Court ruled in favour of the appeal concerning the settlements dated 30 September 2016, issued by the Central Delegation of Large Taxpayers for Corporate Income Tax for the years 2009, 2010, and 2011. The judgment annuls the AEAT's referral to the tax evasion procedure and fully upholds the appeal in relation to the tax adjustments resulting from that procedure, although it has been appealed before the Supreme Court by the Solicitor General of the State. At the close of 2025, the remaining appeals were pending the announcement of the vote and ruling. In any case, the decisions of the National High Court may be appealed before the Supreme Court.

- Appeals for review brought before the National High Court on 30 July 2024 and 4 June 2025 in relation to the decisions of the Central Tax Appeals Board that only partially upheld the tax claims filed on 17 December 2021 and 29 July 2022, respectively, against the settlement decisions on Income tax notified to Iberdrola Energía España, S.A. as representative of the 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 adjustments in dispute are substantially the same as those discussed in relation to the years 2008 to 2011. In the appeal for the years 2012 to 2014, submissions were made in November 2024, and a summary of conclusions was filed in February 2025. The appeal relating to the financial years 2015 to 2020 was admitted for processing by the National High Court in the first half of 2025, and the claim was filed in October 2025.

- Appeal for review brought before the National Court on 7 April 2024, in relation to the decision of the Central Tax Appeals Board dismissing the economic-administrative claim filed on 29 July 2022 against the settlement decision on Value Added Tax for financial years 2015 to 2017, notified to Iberdrola, S.A. as representative of the Group of Entities 0220/08BVA. The main adjustment in dispute arises from the inclusion by the tax authorities, in the denominator of Iberdrola, S.A.'s VAT pro rata, of the gains on portfolio transfers and/or corporate restructuring transactions, reducing the input VAT deductible in 2015 and its effect in subsequent years due to the adjustment of the input VAT on the acquisition of investment assets. The appeal has been admitted by the National High Court. At the end of December 2025, the Company was notified of the deadline to file its statement of claim, which was submitted in January 2026.

- Appeal for review lodged on 25 January 2021 before the National High Court against the decision of the Central Tax Appeals Board notified to IBERDROLA in December 2020. The claim, which was filed against the tax settlement decisions upholding the disputed tax assessments delivered to the Company under limited tax inspection proceedings in relation to income tax for the years 2012 to 2014, was partially upheld. The dispute with the Tax Administration essentially had to do with the applicability or inapplicability of the rules on timing of accounting recognition as established in a large number of rulings of the Supreme Court, in relation to the income received by the Group based on payments unlawfully made. The ruling partially upheld IBERDROLA's claims, accepting its position on taxes that were declared unconstitutional. An appeal has been lodged with the National Court regarding the remaining disputed issues, although a decision date cannot be estimated.

- Appeal lodged by IBERDROLA, S.A. on 6 September 2021 before the Central Tax Appeals Board (Tribunal Económico-Administrativo Central) (TEAC) against the enforcement by the Technical Office of the Central Large Taxpayers Delegation of the aforementioned decision of the TEAC partially upholding its interests, which not only recognised the effects of the favourable decision in the pertinent years (2012 to 2014), but also extended its effects to the previous years. Said years had already undergone general inspection proceedings, with a final ruling rendered in some cases, thus constituting res judicata. On 3 January 2024, the Central Tax Appeals Board (TEAC) issued a decision rejecting the company's claims, against which a corresponding administrative appeal has been filed with the National Court, with no estimated decision date available.

- A tax appeal was filed on 23 February 2024 with the TEAC against the settlement decision that confirmed the disputed tax assessments delivered to Iberdrola, S.A., the representative of VAT Group 0220/08 in relation to VAT for the 2018 and 2019 financial years. This agreement rejected requests for rebates submitted by two group companies, namely Curenergía Comercializador de Último Recurso, S.A.U. and Iberdrola Clientes, S.A.U. These applications sought refunds of VAT on debts primarily unpaid by natural persons, older than a year, and with a tax base of less than EUR 300. The rejection was based on the view that Spanish VAT regulations regarding unpaid invoices contradict EU law. The decision of the Court dismissing the appeal was notified in December 2025. The appropriateness of lodging an appeal for review before the National High Court, or enforcing this right by other means covered by current VAT legislation, is currently being analysed.
- On 24 November 2015, the CNMC fined Iberdrola Generación (now Iberdrola Energía España) EUR 25 million for a very serious offence, as outlined in Article 60(a)(15) of Law 54/1997, of 27 November, on the electricity sector. An administrative appeal was lodged against this sanction with the National Court. However, processing was suspended due to criminal proceedings on the same facts before Examining Court No. 4 of the National Court. On 4 January 2024, the Central Criminal Court of the National Court ordered an acquittal in summary proceedings No. 11/2022. By order of 1 February 2024, this acquittal was declared final. With the criminal case concluded, the suspension of the administrative proceedings before the National Court was lifted. The company is now contesting the sanction, arguing that no legal provisions were violated, as confirmed by the acquittal. The enforcement of the sanction has been suspended, secured by a bank guarantee. The proceedings before the National Court have concluded, and the case has been scheduled for deliberation and judgment on 11 April 2026.
- Iberdrola Castilla y León (IBERCYL) has been summoned as a party subsidiarily liable alongside the Regional Government of Castilla y León in the proceedings taking place before Valladolid Preliminary Examining Court no. 4 in relation to alleged irregularities in awarding certain wind power operating permits in Castilla y León. The order states that IBERCYL must guarantee payment of an amount of EUR 11.2 million in this respect. The trial hearings have been scheduled to take place from September 2025 through to the end of January 2026, so the judgment will be known next year, and the parties may choose to appeal against it. In the course of the trial, the charges against two of the persons for whom the subsidiary civil liability of IBERCYL was sought have been withdrawn from the accusations, leaving accusations against only one of the defendants linked to the company, without changing the petition and the amount of the subsidiary civil liability. A ruling is expected for the first half of 2026.
- Various labour, civil and tax claims are ongoing against several companies of the NEOENERGIA Group in Brazil in relation to their ordinary course of business. The IBERDROLA Group considers that the risk of potential losses at such companies has been assessed by them in line with the opinions of the authorities and the external tax advisers, and the relevant provisions have been made based on the likelihood of loss as per 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 provider companies (subcontractors) with requests for overtime, wage equalisation and other labour rights. Of particular note is the class action ongoing at the company 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. Under those proceedings, the claimants are seeking payment of wage differences for the last five years and past-due social security contributions. Meanwhile, the civil proceedings involve commercial claims and actions for economic or non-economic damages, arbitration proceedings on issues related to engineering and energy contracts, and various environmental actions and actions for condemnation of real property associated with the performance of projects.

The most significant tax disputes in Brazil are those brought against the claims upholding the infringement proceedings instituted in relation to:

- amortised gain/goodwill expense (agio) is not tax deductible 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, several decisions in favour of the company had been issued both at the first and second judicial instances concerning several fiscal years challenged by the Brazilian Treasury with respect to Neoenergia Pernambuco and Neoenergia Cosern. However, the underlying issue awaited a final ruling from the Supreme Court. January 2025, a definitive favourable decision was delivered by the Supreme Court concerning the amortised gain (agio) tax benefit utilised by Neo Pernambuco from 2001 to 2006. In September 2025, we obtained a favourable decision from the Supreme Court of Justice in the Termopernambuco cases relating to the agio for 2007 and 2008. A final favourable ruling was granted in November in the Pernambuco 2001-2006 agio case and a final ruling was obtained in January 2026 in relation to the 2018 agio involving Neo Elektro;

- failure to make income tax withholdings on the payment of interest on own 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 was assessed. An administrative decision, unfavourable to the company, was issued at the end of the year by the Administrative Council of Tax Appeals (CARF) due to the casting vote of the Administration. An 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– from dismissal of expenses with payment of regulatory compensation at Neo Pernambuco and Neo Coelba; and

- questions concerning alleged failure to collect ICMS, registering debit cancellations without proof of origin or with procedural errors, against Neoenergia Brasília.

Turning to regulatory proceedings, distribution companies Neoenergia Pernambuco, Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro and Neoenergia Brasília are party to various suits and claims, notably: (I) proceedings to calculate individual and collective technical service continuity indicators; (ii) trade matters; (iii) financial compensation 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 instituted by ANEEL. Among said actions, the following are particularly noteworthy:

- Elektro's Energy Social 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 restore tariff differences, the cost of which should ultimately be met by the CDE sector fund;
- The free or for-consideration 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, in the tariff part, tax income resulting from the favourable outcome obtained by suppliers in the legal dispute concerning the exclusion of the ICMS tax from the federal contributions calculation base for PIS/COFINS (currently undergoing preliminary discussions at the administrative level);
- The action brought by Neoenergia Coelba to annul Infringement Notice no. 0035/2025-SFT/ANEEL, relating to alleged failures to meet deadlines for responding to supply requests requiring works, and for drawing up connection studies and budgets, as set out in article 88 of ANEEL Regulatory Resolution no. 1000 of 7 December 2021.

- Avangrid Power, through some of its subsidiaries, has engineering, procurement, and construction (EPC) contracts in effect with Sterling and Wilson Solar Solutions, Inc. (SWSS) for the construction of two solar farms: Lund Hill in Klickitat, WA, and Pachwáywit Fields in Gillam County, OR (Montague). Renewables believes that SWSS has failed to meet several obligations under the EPC contracts, including construction defects and non-payment to certain subcontractors. As a result, Renewables used letters of credit for both projects. In response, SWSS filed liens on both projects, claiming that approximately USD 105 million is owed under the EPC contracts. Renewables has 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 has also started foreclosure proceedings in Washington State. On 26 February 2024, SWSS filed a lawsuit in a New York State court against the Lund Hill project company and Avangrid Power, based on the same facts as the earlier foreclosure proceedings, and is 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 set forth, 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 in 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. 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. Rulings have been received granting the *motions to dismiss* filed by AVANGRID and IBERDROLA, as the judgments held that all applicable legal requirements were satisfied. The plaintiffs in the state actions have announced that they plan to appeal the ruling on the *motion to dismiss.*

- Encon Monterrey, a company within the IBERDROLA Group and the current owner of the Dulces Nombres II Combined Cycle Thermal Power Plant in Pesquería, Nuevo León, northern Mexico, has initiated arbitration proceedings against General Electric Global Services GmbH, Mexico branch. The dispute arises from General Electric's alleged breach of financial obligations stemming from a previous settlement between the parties. Encon Monterrey is seeking compensation for damages, holding General Electric responsible for an unscheduled shutdown of the plant. During this arbitration process, the defendant filed a statement of opposition and a counterclaim to IBERDROLA's claim, seeking USD 16.5 million 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.

- Lastly, in Mexico, Iberdrola Cogeneración Bajio, SA de CV filed a claim for injunctive relief before the District Courts for Civil, Administrative and Employment Protection in the State of Querétaro, in connection with the regulation approving a Gas Emission Tax in the State of Querétaro in 2024. On 15 April 2025, the company was granted this injunction and protection by the Federal Court, to the effect that the law would not be applied and that the amounts paid would be returned to the company. However, the competent authorities filed an appeal for review, which is pending decision by the Collegiate Circuit Courts of the State of Querétaro.

  On 6 August 2025, the company filed a new petition for injunctive relief before the same court claiming the unconstitutionality of the tax declared for 2024 and 2025, which has run the same course. Given that various arguments were declared to be unsubstantiated, on 12 November 2025 the company filed an appeal for review, and subsequently the competent authority filed its appeal accordingly. The appeals for review will be decided by the Second Collegiate Court in Administrative and Civil Matters of the Twenty-Second Circuit.

- With regard to the divestment in Iberdrola México, on 24 February 2025, the buyer México Infrastructure Partners (MIP); filed a series of claims for alleged breaches of the Stock Purchase Agreement (SPA) related to alleged damage at the plants being sold. MIP has quantified the damages in the amount of USD 357 million, of which USD 116 million corresponds to alleged loss of earnings. IBERDROLA has responded to the claims by denying liability, pointing out that it has fulfilled all its obligations under the SPA and that loss of earnings is excluded from the contractual liabilities. It also stated that all information on the sold plants had been transferred to the buyer prior to the sale, and that the buyer had performed due diligence, visiting all the plants to check their physical condition, permits, and situation at the time of sale. Based on the above, IBERDROLA is not considered to be liable for the subject matter of the claim.

- 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 been cleaned, while in others the soil has been assessed and classified, but has yet to be cleaned. In some other cases, the extent of the pollution has yet to be determined. For the last group, at 31 December 2025 no provisions had been recognised because the cost cannot reasonably be estimated as the matter requires the regulators' intervention and approval. In the past, the gas companies have received authorisation to recover cleaning expenses from customers through tariffs and they expect to recover such expenses for the remaining soil.

Contingent assets

- AVANGRID initiated legal proceedings against the former owners of certain sites in order to recover the costs of environmental restoration work it was 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 year.

46. Guarantee commitments to third parties and other contingent liabilities

IBERDROLA and its subsidiaries are required, in the ordinary course of their operations, to post guarantees in accordance with the regulatory, contractual and operational requirements of the markets in which the Group operates.

In electricity generation and retail activities, the Group provides guarantees to secure compliance with obligations arising from power purchase agreements, network access arrangements and participation in organised markets. Among the main operators and markets for which these guarantees are provided are MEFF, OMIE, MIBGAS, National Grid, Comisión Federal de Electricidad (CFE), Red Eléctrica de España (REE) and EDP Distribución.

At the renewable generation business, guarantees are posted to secure the construction and commissioning of facilities, decommissioning commitments, and obligations under long-term power purchase agreements (PPAs).

The Group has guarantees in place with the tax authorities in respect of corporate income tax assessments issued on a disputed basis. These guarantees remain in force until the appeals lodged against them are finally resolved (Note 35).

As at 31 December 2025 and 2024, there were bond issuances in the United States amounting to approximately EUR 3,441 million and EUR 3,449 million, respectively, secured by items of property, plant and equipment belonging to the AVANGRID subgroup.

IBERDROLA considers that any further liability at 31 December 2025 and 2024 arising from the guarantees posted at those dates would not be significant.

Likewise, in compliance with certain contractual obligations associated with bank loans, IBERDROLA has pledged, in whole or in part, shares in certain of its subsidiary companies.

A breakdown of the shares pledged is as follows, by company (in millions of euros):

	2025			2024		
Company	**Carrying amount**	**Percentage of ownership of the IBERDROLA Group**	**Carrying amount multiplied by % of ownership**	**Carrying amount**	**Percentage of ownership of the IBERDROLA Group**	**Carrying amount multiplied by % of ownership**
United States	**1,995**		**1,353**	**2,136**		**1,416**
Vineyard Wind TE Partners 1 LLC [1]	1,285	50.00 %	643	1,441	50.00 %	721
Avangrid Vineyard Wind Holdings, LLC	710	100.00 %	710	695	100.00 %	695
Brazil	**2,893**		**1,420**	**3,420**		**1,146**
Belo Monte Participacoes, S.A.	121	83.79 %	101	123	53.50 %	66
Energetica Aguas da Pedra, S.A. (Note 18)	0	0.00 %	0	106	53.50 %	57
Geração Céu Azul S.A (Notes 18 and 51)	0	0.00 %	0	199	53.50 %	106
Santana 2 Energía Renovável, S.A.	108	83.79 %	90	18	53.50 %	10
Norte Energia [1]	1,232	10.00 %	123	1,556	10.00 %	156
Neoenergia Guanabara Transmissão de Energia, S.A.	195	83.79 %	163	175	53.50 %	94
Neoenergia Vale do Itajaí Transmissão de Energia S.A.	283	83.79 %	237	223	53.50 %	120
Neoenergia Morro do Chapéu Transmissão e Energia S.A.	139	83.79 %	116	148	53.50 %	79
Other	815		590	872		458
Mexico (Note 18)	**63**		**27**	**90**		**45**
United Kingdom	**385**		**275**	**0**		**0**
East Anglia Three, Ltd. (Note 7) [1]	169	50.00 %	85	0	— %	0
NWEN Group Limited (Note 7)	209	88.00 %	184	0	— %	0
Other	7		6	0		0
ROW	**0**		**0**	**26**		**26**
Total	**5,336**		**3,075**	**5,672**		**2,633**

[1] Companies recognised as equity-accounted investees.

47. Remuneration of the Board of Directors

At the proposal of the Remuneration Committee, the Board of Directors has agreed for 2025 the allocation within the provisions of Article 49.1 to be charged to “Personnel expenses” in the income statement (Note 40).

47.1 Remuneration of the Board of Directors

The fixed annual remuneration and attendance fees of directors for membership of the Board of Directors and its committees, based on the position held in each case, are those approved at the 2024 General Shareholders' Meeting, as set out in the “Director Remuneration Policy” (Director Remuneration Policy – Iberdrola). Meanwhile, the information required by Spanish Law 11/2018, on the average remuneration of directors, is disclosed in this note.

The remuneration paid to and accrued by each member of the Board of Directors during financial years 2025 and 2024, respectively, is shown below (in millions of euros):

	Board of Directors	Executive Committee	The following committees:				Fixed remuneration (1)	Attendance bonus	Remuneration in kind	Total 2025	Total 2024	
			Audit and Risk Oversight Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee						
José Ignacio Sánchez Galán	Chairman	Chairman					0.700	0.138	0.002	0.840	0.834	
Pedro Azagra Blázquez	Chief Executive Officer	Member					0.150	0.044	0.001	0.195	0.000	On 24 June 2025, he was appointed Chief Executive Officer (CEO) and member of the Executive Committee.
Juan Manuel González Serna	First vice-chair	Member			Chairman		0.680	0.124	0.002	0.806	0.812	
Anthony L. Gardner	Second vice-chair	Member		Member			0.680	0.120	0.004	0.804	0.800	
Angel Jesús Acebes Paniagua	Member and lead independent director	Member		Chairman			0.640	0.134	0.006	0.780	0.776	
Iñigo Víctor de Oriol Ibarra	Member				Member		0.300	0.064	0.005	0.369	0.366	
Manuel Moreu Munaiz	Member	Member			Member		0.400	0.120	0.003	0.523	0.520	
Xabier Sagredo Ormaza	Member		Chairman				0.540	0.120	0.005	0.665	0.527	On 20 June 2024, he was appointed Chair of the Audit and Risk Supervision Committee.

	Board of Directors	Executive Committee	The following committees: Audit and Risk Oversight Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee	Fixed remuneration (1)	Attendance bonus	Remuneration in kind	Total 2025	Total 2024	
Sara de la Rica Goiricelaya	Member					Member	0.415	0.072	0.003	0.490	0.614	On 24 June 2025, she stepped down as chair of the Sustainable Development Committee.
Nicola Mary Brewer	Member					Chair	0.425	0.070	0.001	0.496	0.361	On 24 June 2025, she was appointed chair of the Sustainable Development Committee.
Regina Helena Jorge Nunes	Member		Member				0.300	0.092	0.002	0.394	0.386	
María Ángeles Alcalá Díaz	Member		Member				0.300	0.092	0.002	0.394	0.514	On 20 June 2024, her term as Chair of the Audit and Risk Supervision Committee came to an end.
Isabel García Tejerina	Member					Member	0.300	0.064	0.002	0.366	0.362	
Ana Colonques García-Planas	Member			Member			0.300	0.064	0.005	0.369	0.011	On 17 December 2024, she was appointed as a member of the Board of Directors and the Appointments Committee.

	Board of Directors	Executive Committee	The following committees:				Fixed remuneration (1)	Attendance bonus	Remuneration in kind	Total 2025	Total 2024	
			Audit and Risk Oversight Committee	Appointments Committee	Remuneration Committee	Sustainable Development Committee						
Total Board members at 31.12.2025							**6.130**	**1.318**	**0.043**	**7.491**	**6.883**	
Directors who ceased to hold office in 2024 and 2025:												
María Helena Antolín Raybaud	Member			Member			0.000	0.000	0.000	0.000	0.356	On 17 December 2024, she stepped down as a member of the Board of Directors and the Appointments Committee.
Armando Martínez Martínez	Chief Executive Officer	Member					0.150	0.044	0.001	0.195	0.390	On 24 June 2025, he stepped down as Chief Executive Officer (CEO) and member of the Executive Committee.
Total							**6.280**	**1.362**	**0.044**	**7.686**	**7.629**	

(1) Remuneration accrued in 2025 in relation to the time effectively spent in office. This amount will not be paid until the approval of 2025 annual financial statements at the 2026 General Shareholders' Meeting.

47.2 Other expenses of the Board of Directors

In addition, the aforementioned allocation has covered other expenses related to the Board of Directors:

a. The premium paid to cover directors' civil liability insurance amounted to EUR 0.147 million and EUR 0.168 million in 2025 and 2024, respectively.

b. The premium for adjusting the insurance policy for benefits related to retired members of the Board of Directors amounted to EUR 0.068 million in 2025, compared to EUR 0.122 million in 2024 .

c. The amount for external services and other policies stood at EUR 1.235 million in 2025, while in 2024 it was EUR 1.736 million.

The unused amount of the bylaw allocation for financial year 2025 amounts to EUR 1.664 million, which, together with the unused amount for 2024, gives rise to a balance of EUR 2.165 million to be applied to the bylaw allocation for 2026.

48. Remuneration payable to executive officers

Executive officers who are also directors

The Board of Directors decided that annual fixed remuneration to the executive chairman in 2025 was to remain unchanged, at EUR 2.250 million. The Board further decided to retain in 2025 the existing cap on variable annual remuneration at EUR 3.250 million. Fixed and annual variable remuneration have remained unchanged for the past fifteen financial years.

For the financial year 2025, the Board of Directors set the chief executive officer's annual fixed remuneration at EUR 1 million and capped his annual variable remuneration at EUR 1.5 million.

In both cases, the annual variable remuneration will be paid, if and to the extent agreed, in 2026, based on the targets set,

The remuneration paid to and accrued by the executive chairman and the chief executive officer[1] during financial years 2025 and 2024 are as follows (in millions of euros):

	Salaries	Short-term variable remuneration	Remuneration in kind and Social Security	Total 2025	Total 2024
José Ignacio Sánchez Galán	2.250	3.248	0.425	5.923	5.669
Pedro Javier Azagra Blázquez (since 24 June 2025)	0.517	0.000	0.244	0.761	0.000
Total	**2.767**	**3.248**	**0.669**	**6.684**	**5.669**

[1] Total remuneration paid to the chief executive officer from 1 January 2025 until his replacement on 24 June 2025 amounted to EUR 1.943 million (EUR 2.869 million in 2024). In addition, on 24 June 2025, the items payable corresponding to the termination of his services were paid, including a severance payment equivalent to two years' remuneration (including one-year's remuneration for the non-compete clause), for a total amount of EUR 4,435 million.

Article 49.4 of the By-Laws states that the remuneration of the executive chairman and of the chief executive officer may also consist of the delivery of shares.

At the General Shareholders' Meeting held on 2 April 2020, shareholders approved the 2020-2022 Strategic Bonus for executive directors, executive personnel and other Group employees, subject to a maximum of 300 beneficiaries, as a long-term incentive pegged to the Company's performance in relation to certain key parameters (Note 23).

The third and last of the three annual settlements was made during the first half of 2025. El executive chairman received 633,334 shares. The chief executive officer in office from 1 January 2025 until his replacement on 24 June 2025 received 80,000 shares, which were allocated to him in 2020 when he was a member of senior management.

The 2023-2025 Strategic Bonus was approved at the General Shareholders' Meeting held on 28 April 2023, details of which are disclosed in Note 23.

The executive chairman served, in 2025 and 2024, as a director of Neoenergia, S.A. and AVANGRID, Inc., receiving in aggregate from those companies a total of EUR 0.529 million and EUR 0.566 million, respectively, in those years.

Other executive officers

According to the Group's governance structure, business operations are effectively managed in various countries or territories by the country *subholding* companies, head of business companies, or their subsidiaries. As of 31 December 2025, senior management consisted of four members (the same number as in 2024), along with the executive chairman and the chief executive officer.

Senior management includes those members of the Company's senior management who perform global functions – except when these are support, advisory or *staffing* functions – and who report directly to the Board of Directors, the chairman or the chief executive officer of the Company, as well as any other person to whom the Board of Directors, at the proposal of the chairman, grants such status and, in all cases, the Chief Internal Audit and Risk Officer.

Senior management costs were EUR 4.936 million in 2025 and EUR 5.013 million in 2024, recorded under "Personnel expenses" in the consolidated income statements.

Below is a breakdown of remuneration and other benefits for the financial years 2025 and 2024, in millions of euros:

	Senior Management (4 members) (1)	
	31.12.2025	31.12.2024
Remuneration in cash (2)	2.404	2.054
Variable remuneration (2)	1.349	1.895
Remuneration in kind and payments on account not charged	0.234	0.204
Social Security	0.138	0.068
Employer's contribution to pension plan / employee benefits insurance	0.275	0.272
Risk policy (death and permanent disability)	0.536	0.520
Total	**4.936**	**5.013**

Second instalment of the three annual settlements relating to the 2020-2022 Strategic Bonus (shares)	0	228,332
Third instalment of the three annual settlements relating to the 2020-2022 Strategic Bonus (shares)	228,336	0
Other items (3)	0.645	0.696

(1) In addition to the executive chairman and the chief executive officer.

(2) In the interest of fostering the necessary autonomy and independence and to avoid conflicts linked to variable remuneration linked to the Company's performance, as of 1 January 2025, senior management and other professionals of the IBERDROLA group assigned to divisions or areas that report functionally to the Audit and Risk Supervision Committee or the Sustainable Development Committee, including the Internal Audit and Risk and Compliance Committees, do not participate in annual variable remuneration systems and are not beneficiaries of the long-term incentive.

(3) Includes the remuneration of senior executives who have held the position of director of the companies Neoenergia, S.A. and AVANGRID, Inc.

The 2023-2025 Strategic Bonus was approved at the General Shareholders' Meeting held on 28 April 2023, details of which are disclosed in Note 23.

The indemnity clauses are detailed in sections 6.3 and C.1.39 of the Annual Corporate Governance Report, which is part of the Management Report.

Meanwhile, no transactions were concluded with the executive team in 2025 or 2024.

The fixed and variable remuneration for executives and other professionals with management responsibilities, who are not part of IBERDROLA's senior management, amounted to EUR 171,705 million in 2025 (covering 791 people) and EUR 171,337 million in 2024 (covering 800 people), influenced by exchange rate fluctuations.

49. Information regarding compliance with Section 229 of the Spanish Companies Act

As established in Section 229 of the Spanish Companies Act (Ley de Sociedades de Capital), as introduced by Royal Decree-Law 1/2010 of 2 July 2010, and in Law 31/2014 of 3 December 2014, amending the Spanish Companies Act to improve corporate governance, set forth below are the conflicts of interest that the directors encountered during the period.

The executive chairman and the chief executive officer left the meeting during the deliberations on all resolutions relating to their respective remuneration and, in the case of the chief executive officer, to his contract.

Mr Sagredo Ormaza abstained from taking part in those resolutions relating to Kutxabank, S.A. and, specifically, in the renewal of the line of general transactions with the Kutxabank group and in the engagement of one of its companies as agent entity for matters related to capital increases.

50. Related-party transactions and balances

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

Transactions carried out by IBERDROLA with significant shareholders (Note 22)

In 2025 there were no significant shareholders that met the definition of Section 529 vicies of the Spanish Companies Act because they did not hold 10% of the voting rights or were not represented on the Board of Directors.

Transactions carried out with equity-accounted investees

The breakdown of transactions with equity-accounted investees that are related parties and that were not eliminated on consolidation is as follows (in millions of euros):

	2025						2024					
	Acquisition of assets	Accounts payable	Accounts receivable	Sales and services provided	Supplies	Services received	Acquisition of assets	Accounts payable	Accounts receivable	Sales and services provided	Supplies	Services received
Norte Energia S.A. [(1)]	0	25	1	4	203	0	0	22	1	3	211	0
Morecambe Wind, Ltd.	0	1	1	1	17	0	0	2	1	1	16	0
Enercrisa, S.A.	0	0	0	19	0	0	0	0	0	2	0	0
East Anglia Three, Ltd.	0	1	19	20	**0**	0	0	0	0	0	0	0
Charging Together, S.L.	0	8	22	10	5	0	0	78	1	7	1	0
Vineyard Wind Management Company, LLC	0	0	2	9	0	0	0	(1)	3	9	0	0
Peninsular Cogeneración, S.A.	0	3	0	5	0	0	0	2	0	27	0	0
Vineyard Wind 1, LLC	1	7	1	2	0	0	1	8	2	2	0	0
Vineyard Wind Sponsor Partners 1, LLC (Note 15.a)	0	0	273	0	0	0	0	0	0	0	0	0
Other companies	6	92	131	15	40	2	3	66	79	16	24	2
Total	**7**	**137**	**450**	**85**	**265**	**2**	**4**	**177**	**87**	**67**	**252**	**2**

(1) Supplies relate mainly to purchases of electrical power.

51. Events subsequent to 31 December 2025

The main events subsequent to 31 December 2025 were as follows:

Iberdrola Retribución Flexible

On 8 January 2026, the following terms governing the second scrip issue (*Iberdrola Retribución Flexible*) were approved by shareholders at the General Shareholders' Meeting of IBERDROLA held on 30 May 2025, under item ten of the agenda:

- The maximum number of new shares to be issued under the increase in capital is 91,523,662.
- The number of free-of-charge allocation rights required to receive one new share is 73.
- The maximum par value of the increase in capital is EUR 68,642,747.
- The gross *Interim dividend* per share amounts to EUR 0.253.

At the end of the trading period for the free-of-charge allocation rights:

- During the period established for this purpose, the holders of 1,088,096,797 shares in the Company opted to receive the *Interim dividend*. Thus, the gross amount paid out under the Interim Dividend was EUR 275 million. As a result, those shareholders have expressly waived 1,088,096,797 free-of-charge allocation rights and, therefore, the right to receive 14,905,436 new shares.
- Furthermore, the final number of new common shares with a par value of EUR 0.75 issued will be 76,618,226, yielding a nominal capital increase (under this issue) of EUR 57 million and adding 1.147% to IBERDROLA's pre-issue share capital.
- Following this share capital increase, IBERDROLA's share capital amounts to EUR 5,068,384,202, represented by 6,757,845,603 common shares, each with a par value of EUR 0.75 and all fully subscribed for and paid up.
- Following fulfilment of the pertinent legal requirements (especially verification of those requirements by the Spanish National Securities Market Commission), the new shares were admitted for trading on the continuous market of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), on 3 February 2026. Ordinary trading of the new shares commenced on 4 February 2026.

Sale of Energyworks and Hungary (Note 18)

In January 2026, the sale of the equity interests in Energyworks Milagros, S.L., Energyworks San Millán, S.L., Energyworks Fonz, S.L. and Energyworks Monzón, S.L., as well as the equity interest in Iberdrola Renovables Magyarország KFT, was completed. These interests were classified under "Assets held for sale" and "Liabilities held for sale" as at 31 December 2025.

Co-investment framework agreement with NBIM Iberian Reinfra AS (Note 7)

Based on the co-investment alliance between the IBERDROLA Group and Norges Bank Investment Management, the IBERDROLA Group has incorporated 646 MW of solar photovoltaic capacity in February 2026 corresponding to the Caparacena and Ciudad Rodrigo projects, reaching 1,500 MW of renewable installed capacity.

Bank market

The most significant financing transactions carried out by the IBERDROLA Group after 31 December 2025 were as follows:

Borrower	Transaction	Amount (millions)	Currency	Maximum maturity
Neoenergia Elektro	4131 loan	32	EUR	Jan-29
Iberdrola Financiación (1)	Green BEI loan	175	EUR	To be determined

(1) Funding expected to be available in 2026.

52. Fees for services provided by the statutory auditors

Fees paid for services provided in 2025 and 2024 by KPMG Auditores, S.L. and the other affiliates of KPMG International are as follows (in millions of euros):

	2025		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Auditing services	7.35	16.20	23.55
Other non-audit services	2.88	1.72	4.60
Services required of the statutory auditor under the applicable regulations	0	0.10	0.10
Other services	2.88	1.62	4.50
Total	**10.23**	**17.92**	**28.15**

Other services include the rendering of the following services:

	2025		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Limited assurances of interim information	1.28	0.00	1.28
Comfort letters for debt issues	0.29	0.64	0.93
Services for the issuance of agreed-upon procedures reports, assurance or other reports required by industry regulators	0.63	0.73	1.36
Other reports on agreed-upon procedures (*)	0.68	0.25	0.93
Total	**2.88**	**1.62**	**4.50**

(*) Mainly agreed-upon procedures reports required by the regulator in each country, as well as reports additional to the audit report required by current legislation in certain countries where the Group operates.

	2024		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Auditing services	7.16	19.69	26.85
Other non-audit services	3.08	1.48	4.56
Services required of the statutory auditor under the applicable regulations	0	0.15	0.15
Other services	3.08	1.33	4.41
Total	**10.24**	**21.17**	**31.41**

Other services include the rendering of the following services:

	2024		
	Services rendered by KPMG Auditores, S.L.	Services provided by other entities affiliated with KPMG International	Total
Limited assurances of interim information	1.29	0	1.29
Comfort letters for debt issues	0.58	0.32	0.90
Services for the issuance of agreed-upon procedures reports, assurance or other reports required by industry regulators	0.91	0.53	1.44
Other reports on agreed-upon procedures (*)	0.30	0.48	0.78
Total	**3.08**	**1.33**	**4.41**

(*) Mainly agreed-upon procedures reports required by the regulator in each country, as well as reports additional to the audit report required by current legislation in certain countries where the Group operates.

In addition, in financial year 2025, other auditors provided auditing services amounting to EUR 1.34 million and other services amounting to EUR 0.38 million (EUR 1.36 million and EUR 0.33 million in 2024, respectively).

53. Earnings per share

The weighted average number of common shares used to calculate basic and diluted earnings per share at 31 December 2025 and 2024 is as follows:

	2025		2024	
	Basic	Diluted	Basic	Diluted
Average number of shares during the year	6,837,893,093	6,851,627,003	6,718,930,275	6,734,936,980
Average number of treasury shares held	(104,235,650)	(104,235,650)	(91,945,467)	(91,924,403)
Number of shares outstanding	**6,733,657,443**	**6,747,391,353**	**6,626,984,808**	**6,643,012,577**

Basic earnings per share are calculated by dividing (a) the profit for the year attributable to the Parent Company's shareholders, adjusted for the net coupon allocated for subordinated perpetual bonds (see Note 22), by (b) the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the adjusted profit for the year attributable to the Parent Company's shareholders by the weighted average number of ordinary shares, as mentioned above, plus the weighted average number of potentially dilutive ordinary shares that would be issued if converted into ordinary shares during the period.

Basic and diluted earnings per share for 2025 and 2024 are as follows:

	2025		2024	
	Basic	Diluted	Basic	Diluted
Net profit from continuing operations at the Parent (*) (millions of euros)	5,921	5,921	4,133	4,133
Accrued interest on subordinated perpetual bonds (millions of euros) (Note 22)	(230)	(230)	(219)	(219)
Adjusted net profit from continuing operations (millions of euros)	**5,691**	**5,691**	**3,914**	**3,914**
Net profit from discontinued operations (millions of euros)	**364**	**364**	**1,479**	**1,479**
Number of shares outstanding	**6,733,657,443**	**6,747,391,353**	**6,626,984,808**	**6,643,012,577**
Earnings per share (euros) from continuing operations	**0.845**	**0.843**	**0.590**	**0.589**
Earnings per share (euros) from discontinued operations	**0.054**	**0.054**	**0.223**	**0.223**

(*) Profit for the year from discontinued operations net of non-controlling interests.

In calculating basic and diluted earnings per share, the denominators have been adjusted to account for transactions that led to an increase in the number of shares in circulation without impacting resources, treating them as if they had occurred at the beginning of the first period presented.

As outlined in Notes 22 and 51 of these consolidated financial statements, two scrip issues were carried out in July 2025 and January 2026 as part of the Iberdrola Retribución Flexible flexible remuneration programme. Following IAS 33: Earnings per Share, these scrip issues led to an adjustment of the earnings per share for the 2024 financial year in the consolidated financial statements, and have been factored into the basic and diluted earnings per share calculations for the 2025 financial year.

54. Authorisation for issue of financial statements

The consolidated financial statements for the year ended 31 December 2025 were authorised for issue by the directors of IBERDROLA on 24 February 2026.

55. Explanation added for translation to English

These Consolidated Financial statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to IFRS may not conform to other generally accepted accounting principles in other countries.

Appendix I

ADDITIONAL INFORMATION FOR 2025 IN RELATION TO GROUP COMPANIES, JOINT ARRANGEMENTS AND ASSOCIATES OF THE IBERDROLA GROUP

The percentages of direct or indirect stakes that Iberdrola, S.A. holds in its subsidiaries across its different businesses are shown below. The percentage of votes on the decision-making bodies of those subsidiaries, which are controlled by IBERDROLA, essentially corresponds to the percentage of ownership.

(*) The accounting method used in each company is as follows:

G: Full consolidation.

E: Equity method.

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
SPAIN					
Aixeindar, S.A.	Spain	Energy	75	60	G
Alfajarín Renovables, S.L.	Spain	Energy	30.63		EM
Anselmo León Distribución, S.L.	Spain	Energy	100	100	G
Anselmo León Hidráulica, S.L. (1)	Spain	Energy	100	100	EM
Balantia Energy Solutions & Technologies S.L.	Spain	Services	100	100	G
Biocantaber, S.L.	Spain	Energy	50	50	EM
Biomilagros Tech, S.L.U.	Spain	Energy	100		G
Bionor Eólica, S.A.	Spain	Energy	57	57	G
Biovent Energía, S.A.	Spain	Energy	95	95	G
Boreas Wind, S.L.	Spain	Energy	100	100	G
Cantaber Generación Eólica, S.L.	Spain	Energy	69.01	69.01	G
Castellón Green Hydrogen, S.L.	Spain	Energy	50	50	EM
Cerezo Wind, S.L.	Spain	Energy	100	100	G
Charging Together, S.L.	Spain	Services	50	50	EM
Ciener, S.A.U.	Spain	Energy	100	100	G
Cogeneración Gequisa, S.A.	Spain	Energy	50	50	EM
Curenergía Comercializador de Último Recurso, S.A.U.	Spain	Retail supplier	100	100	G
Dehesa Solar Sur, S.L.	Spain	Energy	51	100	G
Desarrollo de Energías Renovables de La Rioja, S.A. (2)	Spain	Energy	63.55	63.55	EM
Desarrollos Fotovoltaicos Fuentes, S.L.	Spain	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Desarrollos Renovables Alcoi, S.L.	Spain	Energy	100		G
Desarrollos Renovables Alhorines, S.L.	Spain	Energy	100		G
Desarrollos Renovables Ayora, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Biar, S.L.	Spain	Energy	100		G
Desarrollos Renovables Caparacena, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Ciudad Rodrigo, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Villamanrique, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Escatrón, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Fuendetodos, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables FV Laguna, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables FV Lanza, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables FV Olmedillla, S.L.	Spain	Energy	51	51	G
Desarrollos Renovables FV Romeral, S.L.	Spain	Energy	51	51	G
Desarrollos Renovables Peñarubia, S.L.	Spain	Energy	51	51	G
Desarrollos Renovables Peralta, S.L.	Spain	Energy	100		G
Desarrollos Renovables Santiponce, S.L.	Spain	Energy	100		G
Desarrollos Renovables Tagus, S.L.	Spain	Energy	51	100	G
Desarrollos Renovables Trinidad, S.L.	Spain	Energy	100	100	G
Desarrollos Renovables Virgen de Areños III, S.L. (formerly Desarrollos Renovables Villamanrique, S.L.)	Spain	Energy	100	100	G
Ekienea, S.L.	Spain	Energy	75	75	G
Electra Energía. S.A.U.	Spain	Energy	100		G
Electra Sierra de los Castillos, S.L.	Spain	Energy	97	97	G
Eléctrica Conquense Distribución, S.A.	Spain	Energy	53.59	53.59	G
Eléctrica Conquense, S.A.	Spain	Holding company	53.59	53.59	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Enercrisa, S.A.	Spain	Energy	50	50	EM
Energía de Castilla y León, S.A.	Spain	Energy	85.5	85.5	G
Energía Portátil Cogeneración, S.A.	Spain	Energy	50	50	EM
Energías Ecológicas de Tenerife, S.A. (3)	Spain	Energy	50	50	G
Energías Eólicas de Cuenca, S.A.U.	Spain	Energy	51	51	G
Energías Renovables Cespedera, S.L.	Spain	Energy	100	100	G
Energías Renovables Cornicabra, S.L.	Spain	Energy	100	100	G
Energías Renovables de Belona, S.L.	Spain	Energy	100	100	G
Energías Renovables de Circe, S.L.	Spain	Energy	100	100	G
Energías Renovables de Febe, S.L.	Spain	Energy	100	100	G
Energías Renovables de Hermes, S.L.	Spain	Energy	100	100	G
Energías Renovables de la Región de Murcia, S.A.U.	Spain	Energy	100	100	G
Energías Renovables de Tione, S.L.	Spain	Energy	100	100	G
Energías Renovables Espliego, S.L.	Spain	Energy	100	100	G
Energías Renovables Ibermap, S.L.	Spain	Energy	51	51	G
Energías Renovables Jungla Verde, S.L.	Spain	Energy	51	51	G
Energías Renovables Poleo, S.L.	Spain	Energy	100	100	G
Energías Renovables Romeo, S.L.	Spain	Energy	51	51	G
Energías Renovables Velilla. S.L. (formerly Desarrollos Renovables FV Teruel, S.L.)	Spain	Energy	100	100	G
Energías Verdes de Tenerife, S.L. (3)	Spain	Energy	50	50	G
Energyworks Aranda, S.L.	Spain	Energy	99	99	G
Energyworks Carballo, S.L.	Spain	Energy	99	99	G
Energyworks Cartagena, S.L.	Spain	Energy	99	99	G
Energyworks Fonz, S.L.	Spain	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Energyworks Milagros, S.L.	Spain	Energy	100	100	G
Energyworks Monzón, S.L.	Spain	Energy	100	100	G
Energyworks San Millán, S.L.	Spain	Energy	100	100	G
Energyworks Villarrobledo, S.L.	Spain	Energy	99	99	G
Energyworks Vit-Vall, S.L.	Spain	Energy	99	99	G
Eólica 2000, S.L.	Spain	Energy	51	51	G
Eólica Campollano, S.A. (2)	Spain	Energy	25	25	EM
Eólica San Cristobal, S.L.	Spain	Energy	100		G
Eólicas de Euskadi, S.A.U.	Spain	Energy	100	100	G
Fincalia Agropecuaria siglo XXI, S.A.	Spain	Energy	100	100	G
Fincalia Agropecuaria, S.A.	Spain	Energy	100	100	G
Fotovoltaica Varadero, S.L.	Spain	Energy	100	100	G
Fudepor, S.L.	Spain	Energy	50	50	EM
Fuendetodos Promotores 400, S.L. (5)	Spain	Energy	12.99	12.99	
Gestión de Evacuación de la Serna, S.L. (4)	Spain	Energy	11.18	11.18	EM
Hidroeléctrica del Guadalope, S.A.U.	Spain	Energy	100		G
Iberdrola Clientes Internacional, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Clientes, S.A.U.	Spain	Retail supplier	100	100	G
Iberdrola Cogeneración, S.L.U.	Spain	Holding company	100	100	G
Iberdrola Energía España, S.A.U.	Spain	Energy	100	100	G
Iberdrola Energía Sostenible España, S.L.	Spain	Holding company	100	100	G
Iberdrola Generación Nuclear, S.A.U.	Spain	Energy	100	100	G
Iberdrola Generación Térmica, S.L.U.	Spain	Energy	100	100	G
Iberdrola Generación, S.A.U.	Spain	Energy	100	100	G
Iberdrola Green2Next, S.L.	Spain	Services	100	100	G
Iberdrola Operación y Mantenimiento, S.A.U.	Spain	Services	100	100	G
Iberdrola Redes España, S.A.	Spain	Holding company	100	100	G
Iberdrola Renovables Galicia, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Andalucía, S.A.U.	Spain	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Iberdrola Renovables Aragón, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Canarias, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Castilla – La Mancha, S.A.U.	Spain	Energy	100	100	G
Iberdrola Renovables Castilla y León, S.A.	Spain	Energy	95	95	G
Iberdrola Renovables Energía, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Renovables Internacional, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Renovables La Rioja 2, S.A.	Spain	Energy	63.55	63.55	G
Iberdrola Renovables La Rioja, S.A. (2)	Spain	Energy	63.55	63.55	E
Iberdrola Servicios Energéticos, S.A.U.	Spain	Retail supplier	100	100	G
Iberduero, S.L.U.	Spain	Energy	100	100	G
Iberenova Promociones, S.A.U.	Spain	Energy	100	100	G
Iberjalón, S.A.	Spain	Energy	80	80	G
ICARO Renovables. S.A.	Spain	Energy	100	100	G
ICE Balsicas Promotores, S.L. (2)	Spain	Energy	51	51	E
I-DE Redes Eléctricas Inteligentes, S.A.U.	Spain	Energy	100	100	G
Iesa Intermalta Energía, S.A.	Spain	Energy	50	50	EM
Infraestructuras de Evacuación Los Arenales, S.L.	Spain	Energy	50	50	E
Iniciativas Eólicas Cantabria, S.L.	Spain	Energy	60	60	G
Ir Redes de Calor y Frío, S.L.	Spain	Services	50	50	EM
Linea Curacavas, S.L.	Spain	Energy	24.04	24.05	E
Llanos Pelaos Fotovoltaica, S.L.	Spain	Energy	75	75	G
Maestrazgo Distribución Eléctrica, S.L.U.	Spain	Energy	100		G
Molinos de la Rioja, S.A. (2)	Spain	Energy	63.55	63.55	E
Molinos del Cidacos, S.A.	Spain	Energy	63.55	63.55	G
Nuclenor, S.A.	Spain	Energy	50	50	E
Nuevas Energías del Maestrazgo, S.L.	Spain	Energy	50		E

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Parque Eólico Capiechamartin, S.L.	Spain	Energy	100	100	G
Parque Eólico Cordel y Vidural, S.L.	Spain	Energy	100	100	G
Parque Eólico Cruz de Carrutero, S.L.	Spain	Energy	76	76	G
Parque Eólico Encinillas, S.L.	Spain	Energy	100	100	G
Parque Eólico Panondres, S.L.	Spain	Energy	100	100	G
Parque Eólico Verdigueiro, S.L.	Spain	Energy	100	100	G
Parque Solar Cáceres, S.L.	Spain	Energy	100	100	G
Parques Eólicos Alto de Layna, S.L.	Spain	Energy	51	51	G
Peache Energías Renovables, S.A.	Spain	Energy	95	95	G
Peninsular Cogeneración, S.A.	Spain	Energy	50	50	E
Peñaflor Renovables, S.L.	Spain	Energy	26.50		E
Producciones Energéticas Asturianas, S.L.	Spain	Energy	80	80	G
Productos y Servicios de Confort, S.A.	Spain	Services	100	100	G
Promoció D'Energies Renovables de Morella, S.L.	Spain	Energy	24.50		E
Promotores Caparacena 400, S.L.	Spain	Energy	45.62	45.62	E
Promotores Renovables Fuentes de la Alcarria, S.L. (5)	Spain	Energy	39.95	39.95	
Proyecto Nuñez de Balboa, S.L.	Spain	Energy	100	100	G
Proyecto Solar Francisco Pizarro, S.L.	Spain	Energy	100	100	G
Proyectos Renovables de Caparacena, S.L. (formerly Desarrollos Renovables Alcocero de Mola, S.L.)	Spain	Energy	100	100	G
Puerto Rosario Solar 2, S.L.	Spain	Energy	75	75	G
Puerto Rosario Solar 3, S.L.	Spain	Energy	75	75	G
PV I Ataulfo, S.L.	Spain	Energy	100	100	G
Renovables de Buniel, S.L.	Spain	Energy	75	75	G
Renovables de la Ribera, S.L. (3)	Spain	Energy	50	50	G
Sistemas Energéticos Altamira, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos Chandrexa, S.A.	Spain	Energy	96.07	96.07	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Sistemas Energéticos de la Linera, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos del Moncayo, S.A.	Spain	Energy	75	75	G
Sistemas Energéticos Finca San Juan, S.L.	Spain	Energy	100	100	G
Sistemas Energéticos Jaralón, S.A.	Spain	Energy	100	100	G
Sistemas Energéticos La Gomera, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos La Higuera, S.A.	Spain	Energy	55	55	G
Sistemas Energéticos La Muela, S.A.	Spain	Energy	80	80	G
Sistemas Energéticos Loma del Viento, S.A.	Spain	Energy	51	51	G
Sistemas Energéticos Mas Garullo, S.A.	Spain	Energy	78	78	G
Sistemas Energéticos Nacimiento, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos Serra de Lourenza, S.A.	Spain	Energy	100	100	G
Sistemas Energéticos Tacica de Plata, S.A.U.	Spain	Energy	51	51	G
Sistemas Energéticos Torralba, S.A.	Spain	Energy	60	60	G
Sistemas Eólicos de Muño, S.L.	Spain	Energy	75	75	G
Sistemes Energetics Savalla del Comtat, S.A.U.	Spain	Energy	51	51	G
Solar Majada Alta, S.L.	Spain	Energy	50.1	50.1	G
Sotavento Galicia, S.A. (4)	Spain	Energy	8	8	EM
Tarragona Power, S.L.U.	Spain	Energy	100	100	G
UNITED KINGDOM					
Blaenau Gwent Solar, Ltd.	United Kingdom	Energy	100	100	G
Bryn Henllys SF, Ltd.	United Kingdom	Energy	100	100	G
Celtpower, Ltd.	United Kingdom	Energy	50	50	EM
CLASS Electricity, Ltd.	United Kingdom	Energy	88	88	G
Coldham Windfarm, Ltd.	United Kingdom	Energy	80	80	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Cumberhead West Wind Farm, Ltd.	United Kingdom	Energy	100	100	G
Derryherk, Ltd.	United Kingdom	Asset management services	100	100	G
Down Barn Farm SF, Ltd.	United Kingdom	Energy	100	100	G
East Anglia Offshore Wind, Ltd.	United Kingdom	Energy	50	50	EM
East Anglia One North Ltd.	United Kingdom	Energy	100	100	G
East Anglia One, Ltd.	United Kingdom	Energy	60	60	G
East Anglia Three, Ltd.	United Kingdom	Energy	50	100	EM
East Anglia Three Holdings, Ltd.	United Kingdom	Energy	50	100	EM
East Anglia Two Ltd.	United Kingdom	Energy	100	100	G
Electralink, Ltd. (5)	United Kingdom	Energy	20.24	13.36	
Electricity North East (Construction & Maintenance), Ltd.	United Kingdom	Energy	88	88	G
Electricity North West (Construction & Maintenance), Ltd.	United Kingdom	Energy	88	88	G
Electricity North West (ESPS) Pensions Trustees, Ltd.	United Kingdom	Energy	88	88	G
Electricity North West Number 1 Company, Ltd.	United Kingdom	Energy	88	88	G
Electricity North West Property, Ltd.	United Kingdom	Energy	88	88	G
Electricity North West Services, Ltd.	United Kingdom	Energy	88	88	G
Electricity North West, Ltd.	United Kingdom	Energy	88	88	G
Electricity North West (Holdings), Ltd. (Formerly North West Electricity Networks (Jersey), Ltd.)	United Kingdom	Energy	88	88	G
Elexon, Ltd. (4)	United Kingdom	Energy	7.7	7.7	EM
ENW Capital Finance, plc	United Kingdom	Energy	88	88	G
ENW Finance, plc	United Kingdom	Energy	88	88	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Grafton Underwood Solar, Ltd.	United Kingdom	Energy	100	100	G
Hagshaw Hill Repowering, Ltd.	United Kingdom	Energy	100	100	G
Longney Solar, Ltd.	United Kingdom	Energy	100	100	G
MachairWind, Ltd.	United Kingdom	Energy	100	100	G
MarramWind, Ltd.	United Kingdom	Energy	100	50	G
Milltown Airfiled Solar PV, Ltd.	United Kingdom	Energy	100	100	G
Morecambe Wind, Ltd.	United Kingdom	Energy	50	50	EM
NGET/SPT Upgrades, Ltd.	United Kingdom	Energy	50	50	EM
North West Electricity Networks (Finance), Ltd.	United Kingdom	Energy	88	88	G
North West Electricity Networks (Holdings), Ltd.	United Kingdom	Energy	88	88	G
North West Electricity Networks (UK), Ltd.	United Kingdom	Energy	88	88	G
North West Electricity Networks, plc	United Kingdom	Energy	88	88	G
NWEN Finance, plc	United Kingdom	Energy	88	88	G
NWEN Group, Ltd.	United Kingdom	Energy	88	88	G
Pipplepen Solar, Ltd.	United Kingdom	Energy	100	100	G
Ranksborough Solar, Ltd.	United Kingdom	Energy	100	100	G
Scottish Power Energy Networks Holdings, Ltd.	United Kingdom	Holding company	100	100	G
Scottish Power Retail Holdings Ltd.	United Kingdom	Holding company	100	100	G
ScottishPower (DCL), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower (SCPL), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Energy Management (Agency), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Energy Management, Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Energy Retail, Ltd.	United Kingdom	Retail supplier	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
ScottishPower Generation (Assets), Ltd	United Kingdom	Energy	100	100	G
ScottishPower Renewable Energy, Ltd.	United Kingdom	Holding company	100	100	G
ScottishPower Renewables (WODS), Ltd.	United Kingdom	Energy	100	100	G
ScottishPower Renewables UK, Ltd.	United Kingdom	Energy	100	100	G
SP Dataserve, Ltd.	United Kingdom	Debt management	100	100	G
SP Distribution, Plc.	United Kingdom	Energy	100	100	G
SP Green Hydrogen, Ltd.	United Kingdom	Energy	100	100	G
SP Manweb, Plc.	United Kingdom	Energy	100	100	G
SP Power Systems, Ltd.	United Kingdom	Asset management services	100	100	G
SP Manweb, Plc.	United Kingdom	Energy	100	100	G
Sparrow Lodge Solar, Ltd.	United Kingdom	Energy	100	100	G
Speyslaw Solar, Ltd.	United Kingdom	Energy	100	100	G
Steel River Power, Ltd.	United Kingdom	Energy	44		EM
Thurlaston Solar, Ltd.	United Kingdom	Energy	100	100	G
Tuckey Farm Solar, Ltd.	United Kingdom	Energy	100	100	G
Wood Lane Solar, Ltd.	United Kingdom	Energy	100	100	G
UNITED STATES					
12 Mile Solar, LLC	US	Energy	100	100	G
Aeolus IX Class B Member, LLC, LLC	US	Holding company	100		G
Aeolus Power IX, LLC	US	Holding company	100		G
Aeolus Wind Power VII, LLC	US	Energy	100	100	G
Aeolus Wind Power VIII, LLC	US	Energy	100	100	G
AGP Sponsor Partners, LLC	US	Holding company	100		G
APHI TE Owner, LLC	US	Holding company	100		G
Atlantic Renewable Energy Corporation	US	Holding company	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Atlantic Renewable Projects II, LLC	US	Holding company	100	100	G
Atlantic Renewable Projects, LLC	US	Holding company	100	100	G
Atlantic Wind, LLC	US	Holding company	100	100	G
Aurora Solar, LLC	US	Energy	100	100	G
Avangrid Arizona Renewables, LLC	US	Energy	100	100	G
Avangrid Enterprises, Inc.	US	Holding company	100	100	G
Avangrid Logistic Services, LLC	US	Services	100	100	G
Avangrid Management Company, LLC	US	Services	100	100	G
Avangrid Networks. Inc.	US	Holding company	100	100	G
Avangrid New York TransCo, LLC	US	Holding company	100	100	G
Avangrid Power, LLC (formerly Avangrid Renewables, LLC)	US	Holding company	100	100	G
Avangrid Power Holdings, Inc. (formerly Avangrid Renewables Holdings, Inc.)	US	Holding company	100	100	G
Avangrid Service Company	US	Services	100	100	G
Avangrid Solutions, Inc.	US	Other	100	100	G
Avangrid Texas Renewables, LLC	US	Energy	100	100	G
Avangrid Vineyard Wind Holdings, LLC	US	Holding company	100	100	G
Avangrid Vineyard Wind, LLC	US	Holding company	100	100	G
Bakeoven Solar, LLC	US	Energy	100	100	G
Barton Windpower, LLC	US	Energy	100	100	G
Berkshire Energy Resources	US	Holding company	100	100	G
Big Horn II Wind Project, LLC	US	Energy	100	100	G
Big Horn Wind Project, LLC	US	Energy	100	100	G
Blue Creek Wind Farm, LLC	US	Energy	100	100	G
Bluebird Solar Power, LLC	US	Energy	100	100	G
Bright Mountain Solar, LLC	US	Energy	100	100	G
Buffalo Ridge I, LLC	US	Energy	100	100	G
Buffalo Ridge II, LLC	US	Energy	100	100	G
Camino Solar, LLC	US	Energy	100	100	G
Casselman Wind Power, LLC	US	Energy	100	100	G
Central Maine Power Company	US	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Chester SVC Partnership (3)	US	Energy	50	50	G
CMP Group, Inc.	US	Holding company	100	100	G
CNE Energy Services Group, LLC	US	Services	100	100	G
Colorado Green Holdings, LLC	US	Energy	100	100	G
Commonwealth Wind, LLC	US	Energy	100	100	G
Connecticut Energy Corporation	US	Holding company	100	100	G
Connecticut Natural Gas Corporation	US	Gas	100	100	G
Coyote Ridge Wind, LLC (4)	US	Energy	18.44	20	EM
CTG Resources, Inc.	US	Holding company	100	100	G
Daybreak Solar, LLC	US	Energy	100	100	G
Deer River Wind, LLC	US	Energy	100	100	G
Deerfield Wind, LLC	US	Energy	100	100	G
Desert Wind Farm, LLC	US	Energy	100	100	G
Dillon Wind, LLC	US	Energy	100	100	G
El Cabo Partners, LLC	US	Energy	100	100	G
El Cabo Wind Holdings, LLC	US	Holding company	100	100	G
El Cabo Wind, LLC	US	Energy	100	100	G
Elk River Wind Farm, LLC	US	Energy	100	100	G
Elm Creek Wind II, LLC	US	Energy	100	100	G
Elm Creek Wind, LLC	US	Energy	100	100	G
Empire Solar Power, LLC	US	Energy	100	100	G
Farmers City Wind, LLC	US	Energy	100	100	G
Flat Rock Windpower II, LLC	US	Energy	50	50	EM
Flat Rock Windpower, LLC	US	Energy	50	50	EM
Flying Cloud Power Partners, LLC	US	Energy	100	100	G
Flying Cow Wind, LLC	US	Energy	100	100	G
Fountain Wind, LLC	US	Energy	100	100	G
Frogtown Solar, LLC (formerly Eagle Solar Energy Center, LLC)	US	Energy	100	100	G
GCE Holding, LLC	US	Holding company	50	50	E
GenConn Devon, LLC	US	Energy	50	50	E
GenConn Energy, LLC	US	Holding company	50	50	E
GenConn Middletown, LLC	US	Energy	50	50	E
Golden Hills Wind Farm, LLC	US	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Goodland Wind, LLC	US	Energy	100	100	G
Great Bear Linka, LLC	US	Energy	100	100	G
Great Bear Solar, LLC	US	Energy	100	100	G
Groton Wind, LLC	US	Energy	100	100	G
Hardscrabble Wind Power, LLC	US	Energy	100	100	G
Hay Canyon Wind, LLC	US	Energy	100	100	G
Heartland Wind, LLC	US	Energy	100	100	G
Helix Wind Power Facility, LLC	US	Energy	100	100	G
Imperial Wind, LLC	US	Energy	100	100	G
Juniper Canyon Wind Power II, LLC	US	Energy	100	100	G
Juniper Canyon Wind Power, LLC	US	Energy	100	100	G
Jupiter Hydrogen. LLC	US	Energy	100	100	G
Kalina Solar, LLC	US	Energy	100	100	G
Karankawa Wind, LLC	US	Energy	100	100	G
Kitty Hawk Wind, LLC	US	Energy	100	100	G
Klamath Energy, LLC	US	Energy	100	100	G
Klamath Generation, LLC	US	Energy	100	100	G
Klondike Wind Power II, LLC	US	Energy	100	100	G
Klondike Wind Power III, LLC	US	Energy	100	100	G
Klondike Wind Power, LLC	US	Energy	100	100	G
La Joya Bond, LLC	US	Other	100	100	G
La Joya Wind, LLC	US	Energy	100	100	G
Lakeview Cogeneration, LLC	US	Energy	100	100	G
Leaning Juniper 2B, LLC	US	Energy	100		G
Leaning Juniper Wind Power II, LLC	US	Energy	100	100	G
Leipsic Wind, LLC	US	Energy	100	100	G
Lempster Wind, LLC	US	Energy	100	100	G
Locust Ridge II, LLC	US	Energy	100	100	G
Locust Ridge Wind Farms, LLC	US	Energy	100	100	G
Loma Vista, LLC	US	Energy	100	100	G
Loowit Battery Storage, LLC	US	Batteries	100	100	G
Lund Hill Solar, LLC	US	Energy	100	100	G
Maine Electric Power Company, Inc.	US	Energy	78.28	78.28	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Maine Yankee Atomic Power Company (5)	US	Other	38	38	
MaineCom Services	US	Telecoms	100	100	G
Manzana Wind, LLC	US	Energy	100	100	G
Midland Wind, LLC	US	Energy	100	100	G
Milky Way Solar, LLC	US	Energy	100	100	G
Minndakota Wind, LLC	US	Energy	100	100	G
Mohawk Solar, LLC	US	Energy	100	100	G
Montague Solar, LLC	US	Energy	100	100	G
Montague Wind Power Facility, LLC	US	Energy	100	100	G
Moraine Wind II, LLC	US	Energy	100	100	G
Moraine Wind, LLC	US	Energy	100	100	G
Mount Pleasant Wind, LLC	US	Energy	100	100	G
Mountain View Power Partners III, LLC	US	Energy	100	100	G
NECEC Transmission, LLC	US	Energy	100	100	G
New England Wind, LLC	US	Energy	100	100	G
New Harvest Wind Project, LLC	US	Energy	100	100	G
New York State Electric & Gas Corporation	US	Electricity and Gas	100	100	G
NM Green Holdings, Inc	US	Holding company	100	100	
Northern Iowa WindPower II, LLC	US	Energy	100	100	G
Northern Maine Transmission Line, LLC	US	Energy	100	100	G
NORVARCO	US	Holding company	100	100	G
NYSEG Storm Funding, LLC	US	Electricity and Gas	100	100	G
Oregon Trail Solar, LLC	US	Energy	100	100	G
Osagrove Flat Solar, LLC	US	Energy	100	100	G
Osagrove Flats Wind, LLC	US	Energy	100	100	G
Otter Creek Wind Farm, LLC	US	Energy	100	100	G
Pacific Wind Development, LLC	US	Energy	100	100	G
Park City Wind, LLC	US	Energy	100	100	G
Patriot Wind Farm, LLC	US	Energy	100	100	G
Patriot Wind Holdings, LLC	US	Holding company	100	100	G
Patriot Wind TE Holdco, LLC	US	Holding company	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Pebble Springs Wind, LLC	US	Energy	100	100	G
Phoenix Wind Power, LLC	US	Energy	100	100	G
Pontotoc Wind, LLC	US	Energy	100	100	G
Poseidon Solar, LLC	US	Energy	50	50	EM
Poseidon Wind, LLC	US	Energy	50	50	EM
Powell Creek Linka, LLC	US	Energy	100	100	G
Powell Creek Solar, LLC	US	Energy	100	100	G
PPM Colorado Wind Ventures, Inc.	US	Holding company	100	100	G
PPM Roaring Brook, LLC	US	Energy	100	100	G
PPM Technical Services, Inc.	US	Services	100	100	G
PPM Wind Energy, LLC	US	Energy	100	100	G
Providence Heights Wind, LLC	US	Energy	100	100	G
NYSEG Storm Funding, LLC	US	Electricity and Gas	100	100	G
RGS Energy Group, Inc.	US	Holding company	100	100	G
Rochester Gas and Electric Corporation	US	Electricity and Gas	100	100	G
Rugby Wind, LLC	US	Energy	100	100	G
San Luis Solar, LLC	US	Energy	100	100	G
ScottishPower Financial Services, Inc.	US	Dormant	100	100	G
ScottishPower Group Holdings Company	US	Holding company	100	100	G
Shiloh I Wind Project, LLC	US	Energy	100	100	G
Shutler Energy Storage, LLC	US	Batteries	100		G
Solar Star Oregon II, LLC	US	Energy	100	100	G
Solis Solar Power I, LLC	US	Energy	100	100	G
Solis Solar Power II, LLC	US	Energy	100		G
South Chestnut, LLC	US	Energy	100	100	G
St. Croix Valley Solar, LLC	US	Energy	100	100	G
Stagecoach Sunshine, LLC	US	Energy	100	100	G
Star Point Wind Project, LLC	US	Energy	100	100	G
Streator Cayuga Ridge Wind Power, LLC	US	Energy	100	100	G
Summit Solar PA, LLC	US	Energy	100	100	G
Sunset Solar, LLC	US	Energy	100	100	G
Tatanka Ridge Wind. LLC (4)	US	Energy	14.41	15	EM
The Berkshire Gas Company	US	Gas	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
The Southern Connecticut Gas Company (SCG)	US	Gas	100	100	G
The Union Water Power Company	US	Services	100	100	G
The United Illuminating Company	US	Energy	100	100	G
Tower Solar, LLC	US	Energy	100	100	G
Trimont Wind I, LLC	US	Energy	100	100	G
True North Solar, LLC	US	Energy	100	100	G
Tule Wind, LLC	US	Energy	100	100	G
Twin Buttes Wind, LLC	US	Energy	100	100	G
Twin Buttes Wind II, LLC	US	Energy	100	100	G
UIL Distributed Resources	US	Services	100	100	G
UIL Group, LLC	US	Holding company	100	100	G
UIL Holdings Corporation	US	Holding company	100	100	G
United Resources, Inc.	US	Holding company	100	100	G
Victory landing Solar, LLC	US	Energy	100	100	G
Vineyard Wind 1 Pledgor, LLC	US	Energy	50	50	EM
Vineyard Wind 1, LLC	US	Energy	50	50	EM
Vineyard Wind Management Company, LLC	US	Holding company	50	50	EM
Vineyard Wind Shareco, LLC	US	Energy	50	50	EM
Vineyard Wind Sponsor Partners 1, LLC	US	Energy	50	50	EM
Vineyard Wind TE Partners, LLC	US	Holding company	50	50	EM
West Valley Leasing Company, LLC (5)	US	Energy	100	100	
Wild Grains Solar, LLC	US	Energy	100	100	G
Winnebago Windpower II, LLC	US	Energy	100	100	G
Winnebago Windpower, LLC	US	Energy	100	100	G
Wyeast Solar, LLC	US	Energy	100	100	G
MEXICO					
BII NEE Stipa Energía Eólica, S.A. de C.V.	Mexico	Energy	99.99	99.99	G
Corporativo Iberdrola Renovables México, S.A. de C.V.	Mexico	Services	100	100	G
Encon Monterrey, S.A. de C.V.	Mexico	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Eólica Dos Arbolitos S.A. de C.V.	Mexico	Energy	100	100	G
Generación de Energía Base, S.A. de C.V.	Mexico	Energy	100	100	G
Green Park Energy, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Clientes, S.A. de C.V.	Mexico	Retail supplier	100	100	G
Iberdrola Cogeneración Altamira, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Cogeneración Bajío, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Cogeneración Ramos, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Energía Altamira de Servicios, S.A. de C.V.	Mexico	Services	100	100	G
Iberdrola Generación México, S.A. de C.V.	Mexico	Holding company	100	100	G
Iberdrola Generación, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola México, S.A. de C.V.	Mexico	Holding company	100	100	G
Iberdrola Renovables Centro, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Renovables del Bajío, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Renovables México, S.A. de C.V.	Mexico	Holding company	100	100	G
Iberdrola Renovables Noroeste, S.A. de C.V.	Mexico	Energy	100	100	G
Iberdrola Servicios Corporativos, S.A. de C.V.	Mexico	Services	100	100	G
Iberdrola Soporte a Proyectos Liberalizados, S.A. de C.V.	Mexico	Services	100	100	G
Iberdrola Soporte a Proyectos Renovables, S.A. DE C.V.	Mexico	Services	100	100	G
Infraestructura de Energía Limpia, S.A. de C.V.	Mexico	Energy	100	100	G
Parque de Generación Renovable, S.A. de C.V.	Mexico	Energy	100	100	G
Parque Industrial de Energía Renovables, S.A. de C.V.	Mexico	Energy	51	51	G
Parques Ecológicos de México, S.A. de C.V.	Mexico	Energy	99.99	99.99	G
Pier II Quecholac Felipe Ángeles, S.A. de C.V.	Mexico	Energy	51	51	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Servicios de Operación Eoloeléctrica de México, S.A. de C.V.	Mexico	Services	100	100	G
Soluciones Inteligentes de Descarbonización, S.A. de C.V.	Mexico	Energy	100	100	G
Soporte de Generación Eficiente, S.A. de C.V	Mexico	Energy	100	100	G
BRAZIL					
Afluente Transmissao de Energia Elétrica, S.A.	Brazil	Energy	84.06	56.72	G
Arizona 1 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Bahia PCH II, S.A. Bahía Pequeña C. Hidroeléctrica	Brazil	Energy	83.79	53.5	G
Belo Monte Participações S.A	Brazil	Holding company	83.79	53.5	G
Bonito 1 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Bonito 10 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Bonito 11 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Bonito 2 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Bonito 3 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Bonito 4 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Bonito 5 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Bonito 6 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Bonito 7 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Bonito 8 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Bonito 9 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Caetité 1 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Caetité 2 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Caetité 3 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Calango 1 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Calango 2 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Calango 3 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Calango 4 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Calango 5 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Calango 6 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Calango Solar 1 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Calango Solar 2 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Canoas 2 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Canoas 3 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Canoas 4 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Canoas Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 1 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 2 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 3 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 4 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 5 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 6 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Chafariz 7 Energia renovavel, S.A.	Brazil	Energy	83.79	53.5	G
Companhia de Eletricidade do Estado do Bahia, S.A.	Brazil	Energy	82.94	52.93	G
Companhia Energética de Pernambuco, S.A.	Brazil	Energy	83.79	53.5	G
Companhia Energetica do Rio Grande do Norte, S.A.	Brazil	Energy	83.79	53.5	G
EKTT 10 Serviços de Transmissão de Energia Elétrica SPE S/A	Brazil	Energy	83.79	53.5	G
EKTT 8 Serviços de Transmissão de Energia Elétrica SPE S/A	Brazil	Energy	83.79	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
EKTT 9 Serviços de Transmissão de Energia Elétrica SPE S/A	Brazil	Energy	83.79	53.5	G
Elektro Operaçao e Manutençao, Ltda.	Brazil	Services	83.79	53.5	G
Elektro Redes, S.A.	Brazil	Energy	83.52	53.33	G
Elektro Renováveis do Brasil, S.A.	Brazil	Energy	83.79	53.5	G
Energias Renováveis do Brasil, S.A.	Brazil	Energy	83.79	53.5	G
Energética Águas da Pedra, S.A.	Brazil	Energy	83.79	53.5	G
Energética Corumbá III, S.A.	Brazil	Energy	20.95	13.38	E
FE Participaçoes, S.A.	Brazil	Energy	83.79	53.5	G
Gameleira 11 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Itapebí Geraçao de Energia S.A.	Brazil	Energy	83.79	53.5	G
Lagoa 1 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Lagoa 2 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Lagoa 3 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Lagoa 4 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Luzia 2 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Luzia 3 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
Mel 2 Energia Renovável, S.A.	Brazil	Energy	83.79	53.5	G
NC Energia, S.A.	Brazil	Retail supplier	83.79	53.5	G
Neoenergia Atibaia Transmissão de Energía, S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia Biguaçu Transmissão de Energía S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia Comerc GD S.A. (5)	Brazil	Energy	41.90	26.75	
Neoenergia DistribuiçÃo Brasília S.A.	Brazil	Energy	83.79	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Neoenergia Dourados Transmissão de Energía S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia Guanabara Transmissão de Energía S.A.	Brazil	Energy	83.79	53.5	G
Neoenergia Investimentos S.A.	Brazil	Holding company	83.79	53.5	G
Neoenergia Itabapoana Transmissão de Energía S.A.	Brazil	Energy	41.90	53.5	E
Neoenergia Jalapão Transmissão de Energía S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia Lagoa dos Patos Transmissão de Energía S.A.	Brazil	Energy	83.79	53.5	G
Neoenergia Morro do Chapéu Transmissão de Energia S.A.	Brazil	Energy	83.79	53.5	G
Neoenergia Operaçao e Manutençao S.A.	Brazil	Services	83.79	53.5	G
Neoenergia Renováveis S.A.	Brazil	Holding company	83.79	53.5	G
Neoenergia Rio Formoso Transmissão e Energia S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia S.A.	Brazil	Holding company	83.79	53.5	G
Neoenergia Santa Luzia Transmissão de Energía S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia Servicios, Ltd.	Brazil	Services	83.79	53.5	G
Neoenergia Smart Ltda.	Brazil	Retail supplier	83.79	53.5	G
Neoenergia Sobral Transmissão de Energía S.A.	Brazil	Energy	41.90	26.75	E
Neoenergia Soluções Verdes S.A.	Brazil	Services	83.79	53.5	G
Neoenergia Transmissora 11 SPE S.A.	Brazil	Energy	83.79	53.5	G
Neoenergia Transmissão S.A	Brazil	Energy	41.90	26.75	E
Neoenergia Vale do Itajaí Transmissão de Energía S.A.	Brazil	Energy	83.79	53.5	G
Norte Energia S.A. (4)	Brazil	Energy	8.38	5.35	E
Oitis 1 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 10 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 2 Energia Renovável S.A.	Brazil	Energy	81.35	53.5	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Oitis 21 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 22 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 23 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Oitis 24 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Oitis 25 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 26 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 3 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 4 Energia Renovável S.A.	Brazil	Energy	77.99	53.5	G
Oitis 5 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 6 Energia Renovável S.A.	Brazil	Energy	79.28	53.5	G
Oitis 7 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 8 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Oitis 9 Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Potiguar Sul Transmissao de Energia S.A.	Brazil	Energy	83.79	53.5	G
Riachão 1 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Riachão 2 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Riachão 3 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Riachão 4 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Riachão 5 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Riachão 6 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Riachão 7 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Rio Formoso 1 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Rio Formoso 2 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Rio Formoso 3 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Rio Formoso 4 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
Rio Formoso 5 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Rio Formoso 6 Energia Renovável S.A. (5)	Brazil	Energy	83.79	53.5	
S.E. Narandiba S.A.	Brazil	Energy	41.90	26.75	E
Santana 1, Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Santana 2, Energia Renovável S.A.	Brazil	Energy	83.79	53.5	G
Termopernambuco S.A.	Brazil	Energy	83.79	53.5	G
Ventos de Arapuá 1 Energia renovavel S.A.	Brazil	Energy	83.79	53.5	G
Ventos de Arapuá 2 Energia renovavel S.A.	Brazil	Energy	83.79	53.5	G
Ventos de Arapuá 3 Energia renovavel S.A.	Brazil	Energy	83.79	53.5	G
ROW					
Aalto Power, GmbH.	Germany	Energy	100	100	G
Baltic Eagle, GmbH & Co KG (formerly Baltic Eagle, GmbH)	Germany	Energy	51	51	G
Baltic Eagle Verwaltungs, GmbH.	Germany	Energy	51		G
Iberdrola Deutschland, GmbH.	Germany	Holding company	100	100	G
Iberdrola Energy Deutschland, GmbH.	Germany	Retail supplier	100	100	G
Iberdrola Projektgesellschaft 1, GmbH & Co KG	Germany	Energy	100	100	G
Iberdrola Projektgesellschaft 2, GmbH & Co KG	Germany	Energy	100	100	G
Iberdrola Renovables Deutschland, GmbH.	Germany	Energy	100	100	G
Iberdrola Renovables Development Deutschland, GmbH.	Germany	Energy	100	100	G
Iberdrola Strom, GmbH.	Germany	Energy	100	100	G
Solarpark Boldekow, GmbH & Co KG	Germany	Energy	100	100	G
Solarpark Kleinfurra, GmbH & Co KG	Germany	Energy	100	100	G
Solarpark Schadewohl, GmbH & Co KG	Germany	Energy	100	100	G
Solarpark ZaD, GmbH & Co KG	Germany	Energy	100	100	G
Wikinger Offshore Deutschland Verwaltungs, GmbH.	Germany	Energy	51	51	G
Wikinger Offshore Deutschland, GmbH & Co KG	Germany	Energy	51	51	G
Windanker, GmbH.	Germany	Energy	51	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Avonlie Solar Project Co PTY, Ltd.	Australia	Energy	100	100	G
Balranald Wind Farm PTY, Ltd.	Australia	Energy	100		G
Bluff Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Bodangora Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Bogan River Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Bowen Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Broadsound Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
BWF Finance PTY, Ltd.	Australia	Financial	100	100	G
BWF Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Capital East Solar PTY, Ltd.	Australia	Energy	100	100	G
Capital Solar Farm PTY, Ltd.	Australia	Energy	100	100	G
Capital Wind Farm (BB), Trust	Australia	Dormant	100	100	G
Capital Wind Farm 2 PTY, Ltd.	Australia	Energy	100	100	G
Capital Wind Farm Holdings PTY, Ltd.	Australia	Holding company	100	100	G
CREP Land Holdings PTY, Ltd.	Australia	Holding company	100	100	G
CS CWF, Trust	Australia	Dormant	100	100	G
Flyers Creek Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Forsayth Wind Farm, PTY, Ltd.	Australia	Energy	50	50	E
Four Mile Creek Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Gin Gin Bess (qld) PTY, Ltd.	Australia	Batteries	100		G
Iberdrola Australia (NSW) Power Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia (SA) Power Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia (US) 2 PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia (US) PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Custodian Services PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia Development Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Development PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia Energy Markets PTY, Ltd.	Australia	Retail supplier	100	100	G
Iberdrola Australia Europe 2 PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Europe 4 PTY, Ltd.	Australia	Dormant	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Iberdrola Australia Finance PTY, Ltd.	Australia	Financial	100	100	G
Iberdrola Australia Holdings 2 PTY, Ltd. (formerly Iberdrola Renewables Australia PTY, Ltd)	Australia	Energy	100	100	G
Iberdrola Australia Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Investments 2 PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Investments 3 PTY, Ltd.	Australia	Holding company	100		G
Iberdrola Australia Investments 4 PTY, Ltd.	Australia	Holding company	100		G
Iberdrola Australia Investments 5 PTY, Ltd.	Australia	Holding company	100		G
Iberdrola Australia Investments PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia Networks PTY, Ltd. (formerly Iberdrola Australia Enterprises PTY, Ltd.)	Australia	Energy	100	100	G
Iberdrola Australia OW Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia OW PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia OW 2 Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia OW 2 PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia RE PTY, Ltd. (formerly Iberdrola Australia RE, Ltd.)	Australia	Services	100	100	G
Iberdrola Australia SAGT PTY, Ltd.	Australia	Gas	100	100	G
Iberdrola Australia Services Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Services PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia Smart Energy Solutions PTY, Ltd.	Australia	Energy	100	100	G
Iberdrola Australia Smithfield Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia T Services PTY, Ltd.	Australia	Services	100	100	G
Iberdrola Australia US Holdings PTY, Ltd.	Australia	Dormant	100	100	G
Iberdrola Australia Wallgrove Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia Wallgrove PTY, Ltd.	Australia	Batteries	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Iberdrola Australia, Ltd.	Australia	Holding company	100	100	G
Iberdrola Australia, Trust	Australia	Dormant	100	100	G
Infigen Suntech Australia PTY, Ltd.	Australia	Energy	50	50	E
Kingswood Bess PTY, Ltd.	Australia	Energy	100		G
Lake Bonney BESS PTY, Ltd.	Australia	Batteries	100	100	G
Lake Bonney Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Lake Bonney Wind Power PTY, Ltd.	Australia	Energy	100	100	G
Mullion Creek Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Parep 1 PTY, Ltd.	Australia	Energy	100	100	G
Parep Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Renewable Power Ventures PTY, Ltd.	Australia	Energy	100	100	G
RPV Developments PTY, Ltd. (2)	Australia	Energy	32	32	E
Smithfield BESS PTY, Ltd.	Australia	Batteries	100	100	G
Smithfield Land Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Smithfield Power Generation PTY, Ltd.	Australia	Gas	100	100	G
Tungkillo South BESS PTY, Ltd.	Australia	Batteries	100		G
Walkaway Wind Power PTY, Ltd.	Australia	Energy	100	100	G
Woakwine Wind Farm PTY, Ltd.	Australia	Energy	100	100	G
Woodlawn Wind PTY, Ltd.	Australia	Energy	100	100	G
WWCS Finance PTY, Ltd.	Australia	Financial	100	100	G
WWCS Holdings PTY, Ltd.	Australia	Holding company	100	100	G
WWP Holdings PTY, Ltd.	Australia	Holding company	100	100	G
Iberdrola Renewables Bulgaria, EOOD.	Bulgaria	Energy	100	100	G
Rokas Aeoliki Cyprus, Ltd.	Cyprus	Energy	74.94	74.94	G
Iberdrola Renewables Korea Co, Ltd.	Korea	Energy	100	100	G
Infigen Energy US Corporation	US	Dormant	100	100	G
Infigen Energy US Development Corporation	US	Dormant	100	100	G
Infigen Energy US Holdings, LLC	US	Dormant	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Infigen Energy US Partnership	US	Dormant	100	100	G
NPP LB2, LLC	US	Dormant	100	100	G
NPP Projects I, LLC	US	Dormant	100	100	G
NPP Projects V, LLC	US	Dormant	100	100	G
Aalto Power GmbH France, S.A.R.L.	France	Energy	100	100	G
Aerodis Bussière, S.A.S.	France	Energy	100	100	G
Aerodis Herbitzheim, S.A.S.	France	Energy	100	100	G
Aerodis les Chaumes, S.A.R.L.	France	Energy	100	100	G
Aerodis Pays de Boussac, S.A.R.L.	France	Energy	100	100	G
Ailes Marine, S.A.S.	France	Energy	100	100	G
Centrale Solaire AMDA I, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA II, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA III, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA IV, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA V, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA VI, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA VII, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA VIII, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA XI, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA XV, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA XVI, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA XVIII, S.A.S.	France	Energy	100		G
Centrale Solaire AMDA XIX, S.A.S.	France	Energy	100		G
Energies du Champs des Sœurettes, S.A.S.	France	Energy	100	100	G
Iberdrola Développement Renouvelable Agrivoltaïque, S.A.S.	France	Energy	100	100	G
Iberdrola Développement Renouvelable, S.A.R.L.	France	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Iberdrola Energie France, S.A.S.	France	Retail supplier	100	100	G
Iberdrola France, S.A.S.	France	Energy	100	100	G
Iberdrola Renouvelables, S.A.S.	France	Energy	100	100	G
La Croix Didier, S.A.R.L.	France	Energy	100	100	G
La Pièce du Roi, S.A.R.L.	France	Energy	100	100	G
SEPE Aerodis Chambonchard, S.A.S.	France	Energy	100	100	G
SEPE de Beauchamps, S.A.S.	France	Energy	100	100	G
SEPE de Bougueneuf, S.A.S..	France	Energy	100	100	G
SEPE de Kerien, S.A.S.	France	Energy	51	51	G
SEPE de Plemy, S.A.S.	France	Energy	100	100	G
SEPE de Plouguenast Langast, S.A.S.	France	Energy	100	100	G
SEPE de Sevigny, S.A.S.	France	Energy	100	100	G
SEPE du Rocher de Mementu, S.A.S.	France	Energy	100	100	G
SEPE le Florembeau, S.A.R. L.	France	Energy	100	100	G
SEPE le Fond d’Etre, S.A.R.L.	France	Energy	100	100	G
SEPE les Coutures, S.A.S.	France	Energy	100	100	G
Societe D'exploitation Du Parc Eolien les Neufs Champs, S.A.S.	France	Energy	100	100	G
Societe D'exploitation Eolienne D’Orvilliers, S.A.S.	France	Energy	100	100	G
Aeliared Energy Aetolias Single Member S.A.	Greece	Energy	99.92	99.92	G
C. Rokas Industrial Commercial Company, S.A.	Greece	Holding company	99.92	99.92	G
PPC Renewables Rokas, S.A.	Greece	Energy	50.96	50.96	G
Rokas Aeoliki Thraki III, S.A.	Greece	Energy	99.9	99.9	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Rokas Construction, S.A.	Greece	Energy	99.92	99.92	G
Rokas Hydroelectric, S.A.	Greece	Energy	99.92	99.92	G
Iberdrola Renovables Magyarorszag, KFT.	Hungary	Energy	100	100	G
Clarus Offshore Wnd Farm. Ltd.	Ireland	Energy	90	90	G
DP Irish Offshore Wind Ltd.	Ireland	Energy	90	90	G
Iberdrola Ireland, Ltd	Ireland	Retail supplier	100	100	G
Iberdrola Renewables Ireland, Ltd.	Ireland	Energy	100	100	G
Inis Ealga Marine Energy Park, Ltd.	Ireland	Energy	90	90	G
Shelmalere Offshore Wind Farm, Ltd.	Ireland	Energy	90	90	G
Eneradmiral 2, S.R.L.	Italy	Energy	100		G
Fattoria Solare Sarmato, S.R.L	Italy	Energy	100	100	G
Green Frogs Montalto, S.R.L.	Italy	Energy	100	100	G
Green Frogs Tarquinia, S.R.L.	Italy	Energy	100	100	G
Iberdrola Italia, S.R.L. (Formerly Iberdrola Clienti Italia, S.R.L.)	Italy	Retail supplier	100	100	G
Iberdrola Renovables Italia, S.p.A.	Italy	Holding company	100	100	G
IBVI 1, S.R.L.	Italy	Energy	100	100	G
Icube Renewables, S.R.L.	Italy	Energy	50	50	E
Innovo Development 9 S.R.L.	Italy	Energy	100		G
Limes 10, S.R.L.	Italy	Energy	100	100	G
Limes 15, S.R.L.	Italy	Energy	100	100	G
Montelungo Energía, S.R.L.	Italy	Energy	100		G
Montenero Green Energy, S.R.L.	Italy	Energy	100		G
Societá Energie Rinnovabili 2, S.p.A.	Italy	Energy	50	50	E
GK Happo Noshiro Offshore Wind	Japan	Energy	39.90	39.90	E

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Iberdrola Renewables Japan, K.K.	Japan	Energy	100	100	G
Infigen Energy Finance (Lux), SARL	Luxembourg	Dormant	100	100	G
Infigen Energy Holdings, SARL	Luxembourg	Dormant	100	100	G
Infigen Energy (Malta), Ltd.	Malta	Dormant	100	100	G
Iberdrola Renouvelables Maroc, S.A.R.L.	Morocco	Energy	100	100	G
Iberdrola Renewables Norway, AS	Norway	Energy	100	100	G
Fotowoltaika HIG XV, SP Z O.O.	Poland	Energy	100	100	G
Fotowoltaika HIG XVI, SP Z O.O.	Poland	Energy	100	100	G
Iberdrola Renewables Polska, Z.O.O.	Poland	Energy	100	100	G
Monsoon Energy, SP Z.O.O.	Poland	Energy	100	100	G
Passat Energy, SP Z.O.O.	Poland	Energy	100	100	G
Pon-Therm Farma Wólka Dobryńska, SP Z.O.O.	Poland	Energy	100	100	G
PV Biskupiec, SP Z.O.O.	Poland	Energy	100	100	G
Salvia SP. Z.O.O.	Poland	Batteries	100		G
Sea Wind Genaker, SP Z.O.O. (1)	Poland	Energy	70	70	E
Sea Wind Kliwer, SP Z.O.O. (1)	Poland	Energy	70	70	E
Sea Wind Spinaker. SP Z.O.O. (1)	Poland	Energy	70	70	E
Southern Windfarm, SP Z.O.O.	Poland	Energy	100	100	G
Wind Field Korytnica SP, Z.O.O.	Poland	Energy	100	100	G
Charging Together, Unipessoal Lda.	Portugal	Services	50	50	EM
Citrobox Telecomunicações e Energías Renováveis, Lda	Portugal	Retail supplier	49	49	E
Energías Renovaveis Tras-Os-Montes 360, S.A.	Portugal	Energy	100	100	G
Eoenergi Energia Eolica, S.A.	Portugal	Energy	100	100	G
Iberdrola Clientes Portugal, Unipessoal Ltda.	Portugal	Retail supplier	100	100	G
Iberdrola Renewables Portugal, S.A.	Portugal	Holding company	100	100	G
Iberdrola Suporte Projecto Tâmega, Unipessoal Lda.	Portugal	Energy	100	100	G
Ibertâmega – Sistema Electroprodutor Do Tâmega, S.A.	Portugal	Energy	100	100	G
P. E. da Serra do Alvao, S.A.	Portugal	Energy	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Sunshining, S.A.	Portugal	Energy	50	50	E
Iberdrola Renewables Romania, S.R.L.	Romania	Holding company	100	100	G
Iberdrola Renewables Singapore Pte, Ltd.	Singapore	Energy	100	100	G
Iberdrola Renewables South Africa (PTY), Ltd.	South Africa	Energy	100	100	G
Iberdrola Förnybar Sverige AB	Sweden	Energy	100	100	G
Iberdrola Renewables Taiwan, Ltd.	Taiwan	Energy	100	100	G
OTHER BUSINESSES					
Engineering					
Iberdrola Ingeniería y Construcción, S.A.U.	Spain	Engineering	100	100	G
Iberdrola Energy Projects, Inc.	US	Engineering	100	100	G
Iberdrola Ingeniería y Construcción México, S.A. de C.V.	Mexico	Engineering	100	100	G
Iberdrola Engineering and Construction South Africa	South Africa	Engineering	100	100	G
Real Property					
Arrendamiento de Viviendas Protegidas Siglo XXI, S.L.	Spain	Real Property	100	100	G
Iberdrola Inmobiliaria Patrimonio, S.A.U.	Spain	Real Property	100	100	G
Iberdrola Inmobiliaria, S.A.	Spain	Real Property	100	100	G
Iberdrola Inmobiliaria Real State Investment, EOOD	Bulgaria	Real Property	100	100	G
Desarrollos Inmobiliarias Laguna del Mar, S.A. de C.V.	Mexico	Real Property	100	100	G
Promociones La Malinche, S.A. de C.V.	Mexico	Real Property	50	50	E
Innovation					
Aerothermal Solutions, S.L.	Spain	Services	100	100	G
Aquí Tu Reforma Europa, S.L. (4)	Spain	Services	12.82	8.35	E
Barbara IOT, S.L.. (4)	Spain	Services	10.49	10.49	E
BasqueVolt, S.A.U. (4)	Spain	Services	8.89	14.63	E
Build Tech Energy, S.L. (4)	Spain	Services	11.53		E
Carbon2nature, S.A.	Spain	Services	100	100	G
CPD4Green, S.A.	Spain	Services	100	100	G
CPD4Green Toledo, S.L. (2)	Spain	Services	75.58	100	E
Data Center Euskadi, S.L. (4)	Spain	Services	10.63	10.60	E
Echelon Iberdrola Digital Infra, S.L. (Formerly CPD4Green Centro de Datos, S.L.) (2)	Spain	Holding company	75.58	100	E
Energyloop, S.A.	Spain	Services	45	45	E

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
Exiom Solar Ibérica, S.L. (4)	Spain	Services	20	20	E
Fastlight, S.L.	Spain	Services	100	100	G
Fondo Seaya Andromeda Sustainable Tech Fund I F.C.R. (5)	Spain	Services	10	10	
Hoop Solutions. S.L. (4)	Spain	Services	8.6		E
Inversiones Financieras Perseo, S.L.	Spain	Holding company	100	100	G
LatemAluminium, S.L. (4)	Spain	Services	0.69	19.04	E
WallBox, N.V. (4)	Spain	Services	7.99	6.9	E
Eheat Networks, Ltd.	United Kingdom	Services	100	100	G
Iberdrola Carbón2nature México, S. A. de C.V.	Mexico	Energy	100	100	G
Carbon2nature Brasil, S.A.	Brazil	Services	92.06	77.22	G
Muçununga Serviços Ambientais Restauraçao e Carbono, Ltda.	Brazil	Services	46.03		E
Carbon2Nature Australia PTY, Ltd.	Australia	Services	100	100	G
East West Digital, LLC	Qatar	Services	100		G
Iberdrola QSTP, LLC	Qatar	Services	100	100	G
Other businesses					
Subgrupo Corporación IBV Participaciones Empresariales	Spain	Holding company	50	50	E
Iberdrola Inversiones 2010, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Participaciones España, S.L.	Spain	Holding company	100	100	G
Iberdrola Participaciones, S.A.U.	Spain	Holding company	100	100	G
CORPORATION					
Hidrola I, S.L.U.	Spain	Holding company	100	100	G
Iberdrola España, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Energía, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Energía Internacional, S.A.U.	Spain	Holding company	100	100	G
Iberdrola Financiación, S.A.U.	Spain	Financial	100	100	G
Iberdrola Finanzas, S.A.U.	Spain	Financial	100	100	G
Iberdrola International, B.V.	Netherlands	Financial	100	100	G
Iberdrola Finance Ireland, DAC	Ireland	Financial	100	100	G
Iberdrola Re, S.A.	Luxembourg	Insurance	100	100	G
Scottish Power UK, Plc	United Kingdom	Holding company	100	100	G
Scottish Power, Ltd.	United Kingdom	Holding company	100	100	G

Company	Address	Activity	% of direct or indirect stake		Method (*)
			31.12.2025	31.12.2024	
ScottishPower Overseas Holdings, Ltd.	United Kingdom	Holding company	100	100	G
Sphere Energy Connect, Ltd.	United Kingdom	Energy	100	100	G
SPW Investments Ltd.	United Kingdom	Holding company	100	100	G
Avangrid, Inc.	US	Holding company	100	100	G

(1) Companies that are controlled by the Group but due to their immateriality have been consolidated using the equity method. At 31 December 2025, the total asset value and earnings for the period corresponding to these companies amounted to EUR 1 million and EUR 0 million, respectively. At 31 December 2024, the total asset value and earnings for the period corresponding to those companies amounted to EUR 2 million and EUR 0 million, respectively.

(2) Companies considered joint ventures, accounted for using the equity method, where shareholders' agreements only grant the right to the net assets of the business.

(3) Companies at which the Group exercises control through shareholders' agreements, despite holding a percentage of voting rights of below 51%.

(4) Companies in which the Group has significant influence despite holding a percentage of voting rights of less than 20%.

(5) Companies in which the Group exercises control, joint control or significant influence, but which, given their immateriality, have not been included in the consolidation scope.

JOINT OPERATIONS OF THE IBERDROLA GROUP STRUCTURED THROUGH AN INDEPENDENT VEHICLE FOR THE YEARS 2025 AND 2024

Company	Address	Activity	% of direct or indirect stake	
			31.12.2025	31.12.2024
Asociación Nuclear Ascó – Vandellós, A.I.E.	Spain	Energy	14.59	14.59
Centrales Nucleares Almaraz – Trillo, A.I.E.	Spain	Energy	51.44	51.44
Comunes Rio Carrión, S.L.	Spain	Energy	12.59	12.59
Infraestructuras de Medinaceli, S.L.	Spain	Energy	34.32	39.69
Sistema Eléctrico de Conexión Hueneja, S.L.	Spain	Energy	42.72	42.72
Torre Iberdrola, A.I.E.	Spain	Real	68.1	68.1
Eastern Green Link 1, Ltd.	United Kingdom	Energy	50	50
Eastern Green Link 4, Ltd.	United Kingdom	Energy	50	

Additionally, the IBERDROLA Group takes part in joint operations through joint ownership and other joint agreements.

GROUP COMPANIES AT 31 DECEMBER 2024 THAT LEFT THE CONSOLIDATION SCOPE IN 2025 DUE TO DISPOSAL, MERGER OR LIQUIDATION

Company	Address	Activity	% of direct or indirect stake	
			31.12.2025	31.12.2024
Camarate Golf, S.A.	Spain	Real Property		26
CO2 Revolution, S.L.	Spain	Services		20
Eléctricas de la Alcarria, S.L.	Spain	Energy		90
Eme Hueneja Cuatro, S.L.	Spain	Energy		100
Iberdrola Corporación, S.A.	Spain	Other		100
Iberdrola Ingeniería de Explotación, S.A.U.	Spain	Engineering		100
Producciones Energéticas de Castilla y León, S.A.	Spain	Energy		85.5
CampionWind, Ltd.	United Kingdom	Energy		50
SP Smart Meter Assets, Ltd (Note 7)	United Kingdom	Energy		100
CNE Peaking, LLC	US	Services		100
Kitty Hawk North, LLC	US	Energy		100
Maine Natural Gas Corporation (Note 7)	US	Gas		100
Manzana Power Services, Inc.	US	Services		100
Total Peaking Services, LLC	US	Services		100
Força Eolica do Brasil 1 S.A.	Brazil	Energy		53.5
Força Eolica do Brasil 2 S.A.	Brazil	Energy		53.5
Geraçao Ceu Azul S.A. (Note 7)	Brazil	Energy		53.5
Geraçao CIII S.A.	Brazil	Holding company		53.5
Iberdrola Construçao e Serviços, Ltd.	Brazil	Engineering		100
CREP Land Holdings PTY, Ltd.	Australia	Holding company		100
IEPC Energy projects, Ltd.	Canada	Engineering		100
Aomori-Seihoku-Oki Offshore Wind Godo Kaisha	Japan	Energy		34.9
GF I Kiln Holdco AS	Norway	Services		8.78
Iberdrola Renewables Operation Vietnam Limited Company	Vietnam	Energy		100
Iberdrola Renewables Vietnam Limited Company	Vietnam	Energy		100

Appendix II

SECTOR REGULATIONS: MOST SIGNIFICANT REGULATORY DEVELOPMENTS IN THE YEAR

A raft of new rules and regulations affecting the energy sector were enacted in 2025. This Appendix addresses the most significant developments.

1. European Union

One of the first steps taken by the Commission formed after the 2024 European elections was to unveil the Clean Industry Deal (CID) in February 2025, together with the Plan of Action for affordable energy prices.

The CID provides concrete measures to convert decarbonisation into a driver of competition and growth for European industries. These measures include reduction in energy prices, stimulating demand for clean products, financing of the clean transition, encouraging circularity and access to strategic materials, and fostering innovation and qualification in the work force.

Regarding the Plan of Action for affordable energy prices, the Commission considers measures to:

- accelerate the deployment of clean energy through PPAs, promoting electrification of industry and development of grid infrastructures to facilitate connecting to clean generation, electrification of demand and data centres;
- complete the domestic energy market with physical interior connections;
- utilise energy more efficiently and reduce dependency on imported fossil fuels.

These initiatives will be implemented as of 2025 and over the next two years in the form of various proposals, some of which will be legislative.

As a preliminary, the Communication from the Commission C/2025/7600 of 25 June 2025 on the new Clean Industrial Deal State Aid Framework (CISAF) has been published. The CISAF aims to provide certainty and accelerate the approval of aid for certain investments that contribute to the objectives of the CID. To this end, the CISAF defines the following nine possible types of aid in detail:

- Schemes to accelerate the rollout of renewable energy.
- Schemes to accelerate the rollout of low-carbon fuels.
- Schemes for new non-fossil flexibility.
- Capacity mechanisms.
- Temporary electricity price relief for energy-intensive users.
- Aid for industrial decarbonisation.
- Aid to ensure sufficient manufacturing capacity in clean technologies.
- Schemes to support specific Innovation Fund projects.
- Aid to reduce the risk of private investment in renewable energy portfolios, low-carbon fuels, non-fossil flexibility, industrial decarbonisation and production of clean technologies.

States requesting any of these aid measures while in full compliance with all of its specifics have assurance that it will be authorised quickly. The CISAF will remain in force until the end of 2030, after which it will not be possible to grant new aid under this framework, although multi-year schemes granted under the CISAF will be able to continue to provide any aid already committed beyond that date.

Moreover, the European Commission is developing a set of proposals to simplify certain administrative processes in order to ease the bureaucratic burden on companies. So far, Directive (EU) 2025/794 of 14 April 2025 amending certain sustainability reporting and due diligence requirements for companies has been published.

On 2 July 2025, the Commission also published its Recommendations to the Member States for the introduction of tax incentives to support the CID objectives. These recommendations, which are not mandatory, allow for the generation of tax shields through greater flexibility in (accelerated) tax depreciation.

On 10 December, as part of the CID initiatives, the Commission published two packages: a Networks Package and an Environmental Omnibus Package. The Networks Package contains legislative proposals and recommendations aimed at preventing networks from becoming a bottleneck for European competitiveness, energy security and climate neutrality. In practice, this involves speeding up and simplifying the *permitting* process, as well as improving transport infrastructure planning. This “package” consists of the following documents:

– Communication detailing the objectives and initiatives of the package.

– Proposal for a complete renewal of the Trans-European infrastructure Regulation (TEN-E). Introduces amendments to the Electricity, Gas (H2) and ACER Market Design Regulations to ensure that they are consistent with each other.

– Renewables Directive with measures to accelerate *permitting* in renewables, storage and recharging. Introduces amendments to the Market Design Directive, also in coherence with the TEN-E Regulation and to speed up *permitting* and network connections.

– Recommendations of the Commission to Member States to promote efficient and fast network connections.

Of the proposals within the Environmental Omnibus, the new regulation aimed at expediting environmental assessments stands out, in line with the measures to accelerate *permitting* under the Networks Package.

In the area of clean mobility, Regulation (EU) 2025/1214 of 17 June 2025 was published, amending Regulation (EU) 2019/631 to include greater flexibility for manufacturers to comply with carbon emission limits for light-duty vehicles between 2025 and 2027.

Also related to mobility, on 16 December 2025, the European Commission published an Automotive Package, containing proposals (legislative and non-legislative) aimed at relaxing obligations, simplifying rules (revision of the Regulation on CO_2 Standards for Light-duty Vehicles, new Regulation on Corporate Fleets of Large Companies), and expediting the deployment of a European battery industry (*Battery Booster Strategy* Communication).

In a climate of heightened geopolitical tensions, the Commission, together with the High Representative for Foreign Affairs, published its revised Economic Security Strategy on 3 December 2025, which contains:

– A Communication on Economic Security, updating the 2023 Security Strategy. In short, it proposes a shift from a reactive to a proactive approach, based on increasing the capacity to analyse vulnerabilities, to cooperate with like-minded nations, and to use and improve available tools.

– In this context, in order to expedite the critical raw materials strategy and reduce external dependencies, a Communication on the update of the critical materials strategy is included, accompanied by a reform of the Critical Materials Regulation. These cover financing instruments, permits, circularity, demand aggregation, joint purchasing and the protection of the internal market.

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

– Commission Implementing Regulation (EU) 2025/1176 of 23 May 2025, specifying the prequalification 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.

2. Spain

A raft of new rules and regulations affecting the energy sector were enacted in 2025. The most significant developments are presented below:

Remuneration

Resolution of 17 February 2025 of the National Commission on Markets and Competition (CNMC), establishing the compensation of electricity distribution companies for 2021. Approves the definitive compensation for distribution for financial year 2021. This remuneration also applies to provisional settlements for 2022, 2023, 2024 and 2025, adjusted to the value of the R2021, with no incentives.

Resolution of 12 March 2025 of the National Commission on Markets and Competition (CNMC), establishing the compensation of electricity transmission companies for 2022. It sets the remuneration for electricity transmission at EUR 1,484 million for 2022.

Resolution of 6 November 2025 of the National Commission on Markets and Competition (CNMC), establishing the compensation of electricity distribution companies for 2022. I-DE's final distribution remuneration for 2022 amounting to EUR 1,725.4 million (+2.9% vs 2021), plus EUR 12.3 million in respect of loss and sector incentives, bringing the total to EUR 5,317.5 million (+1.8% vs. 2021).

Tariffs and charges

Resolution of 6 March 2025, of the National Commission for Markets and Competition, amending Annex II of the Resolution of 4 December 2024, which establishes the values of the access tariffs to the electricity transmission and distribution networks to be applied as from 1 January 2025. The excess capacity prices of the electricity tariffs are modified, reducing the price penalty. This modification affects consumers with type 4 and 5 metering.

Resolution of 18 December 2025, of the National Commission for Markets and Competition, which establishes the values of the access tariffs to the electricity transmission and distribution networks to be applied as from 1 January 2026. Resolution establishing the electricity tariffs for 2026. On average, tariff prices increase by 0.5% compared to 2025 (although the specific variation for each customer is different depending on their form of consumption).

Order TED/1524/2025, of 23 December, establishing the prices of the electricity system charges and establishing various regulated costs of the electricity system for the financial year 2026 and approving the distribution of the amounts to be financed relating to the social bonus and the cost of electricity supply for consumers referred to in articles 52.4.j) and 52.4.k) of Law 24/2013, of 26 December, on the Electricity Sector, corresponding to 2026. Charge prices are increased by 10.3% compared to current rates, the annuity required to recover the historical deficit is set at EUR 1,883 million while maintaining the charge variability methodology for EV recharging tariffs and the exemption of charges for renewable H2 production. In addition, the order updates the unit rates allocated to the activities to finance the social bonus.

Circulars

Circular 1/2025, of 28 January, of the National Commission for Markets and Competition, amending Circular 3/2020, of 15 January, which establishes the methodology for calculating electricity transmission and distribution tariffs. Certain aspects of CNMC Circular 3/2020 on Tariff Methodology are modified, such as technical changes to the calculation structure and methodology, enabling the CNMC to use surplus tariffs from previous years, creating a new tariff for public recharging of electric vehicles, etc.

Informative Circular 6/2025, of 7 October, of the National Commission for Markets and Competition, regarding information requests to network operators on applications for access and connection to electricity networks. This Circular applies to transmission and distribution system operators and establishes the content of information on generation and demand (access applications, available capacity and permit expiry). It standardises the information provided by the different network operators and improves the regulator's visibility.

Circular 7/2025, of 16 December, of the National Commission for Markets and Competition, amending Circular 5/2019, of 5 December, which establishes the methodology for calculating the remuneration of the electricity transmission activity; and approving the standard installations and the unit reference values of investment and operation and maintenance by element of fixed assets to be used in calculating said remuneration. A methodology is established for calculating the remuneration of the electricity transmission activity for the period 2026 - 2031.

Circular 8/2025, of 22 December, of the National Commission for Markets and Competition, establishing the methodology for calculating the remuneration of the electricity distribution activity and Circular 9/2025, of 22 December, of the National Commission for Markets and Competition, amending Circular 2/2019, of 12 November, which establishes the methodology for calculating the financial remuneration rate for electricity transmission and distribution activities, and regasification, transmission and distribution of natural gas, and establishes the financial remuneration rate applicable to electricity transmission, system operation and distribution activities in the 2026-2031 regulatory period. Circulars were published on the distribution remuneration model and financial remuneration rate (6.58%) for the period 2026 - 2031.

Investment in transmission networks

Royal Decree 534/2025, of 24 June, which regulates the direct granting of subsidies from the funds of the Recovery, Transformation and Resilience Plan for investments in the electricity transmission network for strategic decarbonisation projects. Subsidies of EUR 931 million are granted to REE, enabling it to make investments worth EUR 1,862 million for 2021–2026 or from the 2024 MAPs and establishing the requirements for plants to qualify for the funds.

Resolution of 10 July 2025, of the Secretary of State for Energy, which publishes the Resolution of the Council of Ministers of 8 July 2025, approving the list of actions to be included in the Development Plan for the Electricity Transmission Network 2021-2026 to increase the resilience of the electricity transmission network. It includes 65 approved projects, worth a total of EUR 750 million. These investments are remunerated without counting towards the annual investment limit.

Resolution of 11 July 2025, of the Secretary of State for Energy, calling for tenders for demand-side access capacity in certain nodes of the transmission network. It establishes the main elements of demand-side capacity tenders. Hydrogen and renewable gas production projects as well as industrial and mining electrification projects are prioritised over data processing centres and some award criteria are strengthened.

RECORE

Royal Decree 917/2025, of 15 October, amending Royal Decree 413/2014, of 6 June, which governs electricity production activity from renewable energy sources, cogeneration and waste. This Royal Decree modifies the Specific Remuneration Regime (RECORE) regulated by RD 413/2014. It incorporates a large number of changes requested by the sector and aimed at making certain adjustments to the RECORE remuneration arising from scenarios with an increase in energy discharges and battery hybridisation projects (promoting the prioritisation of renewable battery hybridisation projects).

Order TED/1252/2025, of 27 October, modifying certain aspects of electricity production activity from renewable energy sources, cogeneration and waste. The order affects the revenue from GdOs and the specific remuneration regime of RECORE facilities.

Subsequent to the year-end, Order TED/53/2026 of 27 January was published, updating the remuneration parameters for standard facilities applicable to certain electricity generation installations using renewable energy sources, cogeneration and waste, for the purpose of applying them to the regulatory period commencing on 1 January 2026, and approving new standard facilities and their corresponding remuneration parameters. It maintains the reasonable return for the 2026–2031 period (7.398% for facilities commissioned prior to 2013 and 7.09% for those commissioned thereafter), reduces the standard operating hours of facilities (by between -8% and -50%, depending on the technology), makes the adjustment for actual market prices for the previous semi-period of 2023–2025, and updates the price forecast for 2026 (EUR 61.65 / 59.11 / 58.65 per MWh) and the market technology price shaping coefficients in line with those resulting for 2025.

Repeal of the temporary levy

Resolution of 22 January 2025, of the Congress of Deputies, ordering the publication of the Agreement to repeal Royal Decree-Law 10/2024, of 23 December, establishing a temporary energy levy for 2025. RDL 10/2024 is repealed, thus cancelling the temporary levy on energy companies for 2025.

Fibre optics

Resolution of 18 December 2025, of the National Commission for Markets and Competition, establishing the adjustment to be made to the remuneration of electricity transmission and distribution companies for the financial year 2026 for the use of fibre optics in the performance of different activities. The adjustment for transmission and distribution fibre optic rental is determined for 2026.

Urgent measures

Royal Decree-Law 1/2025 of 28 January, approving urgent measures in economic, transport and Social Security matters and to address situations of vulnerability. Urgent measures are approved in the economic, transport and social security fields, and to address situations of vulnerability. The ban on cutting off electricity, gas and water supply is extended until 31 December 2025, and the reduction of discounts on the social bonus is reintroduced until the end of the year.

Resolution of 20 October 2025, of the National Commission for Markets and Competition, temporarily modifying several electricity operating procedures for introducing urgent measures for voltage stabilisation in the Spanish mainland electricity system. The CNMC urgently approves temporary amendments to operating procedures PO 3.1., PO 3.2. and PO 7.2. (applicable for 30 days and extendable for a maximum total duration of 3 months). Finally, the CNMC does not approve the modification of OP 7.4. on the voltage control service proposed by the System Operator, which tightened the requirement to assess the provision of the voltage control service by synchronous plants in basic mode. On 31 December 2025, the Resolution of 29 December 2025, of the National Commission for Markets and Competition, temporarily modifying several electricity operating procedures for introducing urgent measures for voltage stabilisation in the Spanish mainland electricity system, was published in the Official State Gazette. It will take effect from 1 January 2026 and will be applicable for 30 calendar days.

Royal Decree Law 7/2025 of 24 June, approving urgent measures for strengthening the electricity system. This Royal Decree-Law was not ratified, although some of the measures it envisaged were enacted in Royal Decree 997/2025, of 5 November, approving urgent measures for strengthening the electricity system.

Royal Decree-Law 16/2025 of 23 December extending certain measures to address situations of social vulnerability and adopting urgent tax and Social Security measures. The following measures, which address situations of social vulnerability, are extended: Extended protection for vulnerable consumers, extension of personal income tax rebates for energy efficiency measures in homes and extension of the 15% personal income tax rebate for EV purchases and installing recharging points. Subsequent to the reporting date, the Resolution of 27 January 2026 of the Congress of Deputies was published, ordering the publication of the Agreement repealing Royal Decree-Law 16/2025, and, on 4 February 2026, a new Royal Decree-Law 2/2026 was published, extending certain measures to address situations of social vulnerability and enacting urgent measures in matters of tax and Social Security; all the measures of Royal Decree-Law 16/2025 affecting the electricity sector were reinstated and, in relation to the Bono Social, the refactoring by reference suppliers was established.

Energy policies

Order TED/1318/2025, issued on 19 November, establishes energy policy guidelines for the National Commission for Markets and Competition in relation to regulatory circulars. The processing of these circulars is expected to begin in 2025. This order contains guidance on the electricity and gas circulars planned in the CNMC's regulatory timetable for 2025. The most important energy policy guidelines include: the possibility of including the financing of technical restrictions as a regulated tariff, limiting the technical requirements of the equipment necessary to allow parties to participate in the adjustment and balancing services market according to their effective participation, avoiding unnecessary costs for agents and, in the design of gas tariffs, preventing short-term multipliers from penalising prices in wholesale electricity markets.

Mobility

Royal Decree-Law 3/2025 of 1 April establishing the programme incentives linked to electric mobility (MOVES III) for 2025. The MOVES III Plan and the related personal income tax deductions are extended from 1 January 2025 to 31 December 2025. It has been allocated EUR 400 million from the general state budget.

Law 9/2025 of 3 December on Sustainable Mobility. The framework for reducing emissions and improving air quality, with the aim of achieving climate neutrality in the transport sector by 2050.

Order TED/1477/2025, of 17 December, approving the regulatory foundations of the incentive programme for installing public access charging infrastructure for light electric vehicles in Spain (MOVES Charging Corridors Programme), within the framework of the Recovery, Transformation and Resilience Plan, financed by the European Union-NextGenerationEU. The regulatory framework for the MOVES Recharging Corridors programme financed with Next Generation funds is approved. The programme is intended to incentivise the minimum deployment of charging point coverage for light electric vehicles along the TEN-T1 network[1] in the dark stretches[2] so as to ensure the capillarity of the network in Spain and meet AFIR targets[3].

Order TED/1478/2025, of 17 December, establishing the regulatory foundations of the incentive programme for light vehicle fleet electrification projects (MOVES Fleets Plus Programme), within the framework of the Recovery, Transformation and Resilience Plan, which is funded by the European Union-NextGenerationEU. The regulatory framework for the MOVES Fleets Plus Programme financed with Next Generation funds is approved. It is aimed at the electrification of light vehicle fleets, so as to contribute to achieving the targets of 5.5 million electric vehicles by 2030 as set out in the PNIEC (National Integrated Energy and Climate Plan — Plan Nacional Integrado de Energía y Clima).

National Energy Efficiency Fund

Order TED/197/2025, of 26 February, establishing the energy saving obligations, compliance through Energy Saving Certificates and the minimum contribution to the National Energy Efficiency Fund for 2025. It sets out the energy efficiency obligations imposed on retail suppliers of electricity, gas and oil for the 2025 financial year. These obligations can be fulfilled through financial contributions to the FNEE (National Energy Efficiency Fund — Fondo Nacional de Eficiencia Energética) or through CAEs (Energy Saving Certificates — Certificados de Ahorro Energético).

Customer service

Law 10/2025, of 26 December, regulating customer services. The Law regulates the minimum customer service quality standards for companies providing basic services of general interest by large companies and companies providing public services of general interest by Public Authorities.

General State Budget

Order HAC/974/2025, of 1 September, laying down the rules for drawing up the General State Budget for 2026. The rules for drawing up the General State Budget for 2026 are laid down. In addition, criteria are added that will be prioritised in allocating resources in the 2026 General State Budget.

1 The TEN-T Network (TEN-T): the EU's transport infrastructure system connecting countries and regions to ensure efficient and sustainable mobility of people and goods.

2Shadow segments: those sections in which the minimum charging deployment targets for 2030 are not met (i.e. stretches of more than 60 km without a charging station, or where the power available at existing charging stations is insufficient to meet the minimum coverage targets defined in the AFIR Regulation).

3 AFIR: regulation on the deployment of alternative fuels infrastructure.

Regulations in process

In addition, the following regulations with a direct impact on Iberdrola are currently being processed:

Investment in networks

Public consultation and information on the draft Royal Decree regulating the investment plans for electricity transmission and distribution networks. On 12 September 2025, MITECO (Ministerio para la Transición Ecológica y el Reto Demográfico — Ministry for the Ecological Transition and the Demographic Challenge) submitted a draft Royal Decree to regulate the investment plans for transmission and distribution networks. The text maintains the current GDP limits (0.13% distribution and 0.065% transmission) and, for the 2026-2030 period, authorises a direct increase of EUR 1,540 million per year in distribution (conditional on specific investments subject to justification and accreditation requirements) and EUR 720 million per year in transmission.

Transmission Grid Planning 2030

Process of consultation, including with the affected Public Authorities and stakeholders, and public information, for the purposes of both the substantive procedure and the environmental process for the planning proposal for the electricity transmission network for 2030 and its strategic environmental study. On 12 September 2025, MITECO announced the Electrical planning proposal for 2030 and submitted it to public consultation on 9 October 2025. An investment of EUR 13,590 million is envisaged through to the end of the decade, aimed at meeting the country’s needs and achieving the objectives set out in the 2023–2030 NECP.

RECORE

Public consultation on the proposed methodology for calculating the financial remuneration rate for electricity production from renewable energy sources, cogeneration and waste for the third regulatory period 2026-2031. On 14 November 2025, the CNMC submitted the proposed financial remuneration rate for RECORE facilities for the next regulatory period 2026-2031 to public consultation.

3. United Kingdom

The Government’s legislative programme: The Planning and Infrastructure Bill received Royal Assent on 18 December 2025. The Act includes provisions relating to electricity network connections reform; improving the planning consent regime for electricity infrastructure in Scotland; powers to set up an energy bill discount scheme for those close to electricity transmission infrastructure; extending the Generator Commissioning Clause in the OFTO regime from 18 months to 27 months; and the introduction of a cap and floor scheme by Ofgem to support long duration electricity storage.

Autumn Budget 2025: The Chancellor touched upon certain key aspects of energy policy in his Autumn Budget on 26 November 2025, with a particular focus on reducing domestic consumer energy bills. The Government has taken the decision to end the supplier obligation energy efficiency scheme, ECO4, when the current four-year scheme expires on 31 March 2026 (alongside closing the GBIS scheme). It has also decided not to replace it with any new energy efficiency obligation for suppliers. However, there will be a nine-month extension to ECO4 to allow for late delivery and rectification work but with no further obligations imposed. In addition, the Government announced that it will fund 75% of the cost of the *Renewables Obligation* (RO) on domestic consumers for three years, starting on 1 April 2026 and running until 31 March 2029. The Government announced at the Budget that these measures will reduce average household energy bills by around £150 from April 2026. The budget also committed to provide a further £1.5 billion in public spending to help tackle fuel poverty through the Government's *Warm Homes Plan*, providing a total of nearly £15 billion in public financing. On the subject of transport, the Government, when announcing the budget, unveiled a raft of measures to encourage the uptake of electric vehicles (EVs), including an additional £1.3 billion funding for the *Electric Car Grant* through to 2029/30, though also the introduction of a new mileage-based charge on electric cars in April 2028, additional to the current vehicle excise duty charges paid by all vehicles. In 2028 and 2029, the charge will be 3p per mile for battery electric cars and 1.5p per mile for plug-in hybrid cars. The budget also included a roll-forward of the *Carbon Price Support* (CPS) tax, at its current level of £18 per tonne of CO_2, during 2027–28, i.e. a one-year extension.

Contracts for Difference (CfD) auctioning for renewable generation and Clean Industry Bonus: The Energy Department (DESNZ) published the Budget Notice for CfD Allocation Round 7 (AR7) for offshore wind technologies on 27 October 2025, announcing £900 million for Pot 3 (fixed bottom offshore wind) and £180 million for Pot 4 (floating offshore wind) (2024 prices). This included two separate maxima to be applied to Scottish offshore wind projects and other offshore wind projects in Pot 3 to separate their clearing prices. Following the AR7 auction bid window, which ran from 11-17 November 2025, DESNZ published the results of AR7 on 14 January 2026, awarding 20-year CfD contracts to six fixed-bottom offshore wind projects (totalling 8,245 MW) and two floating offshore wind projects (totalling 192.5 MW). DESNZ increased the budget for fixed-bottom offshore wind (Pot 3) from £900 million to £1,790 million. In Pot 3, 6,865 MW of English/Welsh fixed-bottom offshore wind (five projects over nine contracts) were awarded at £91.20/MWh and one 1,380 MW Scottish fixed bottom offshore wind project was awarded at £89.49/MWh (all 2024 prices). In Pot 4 for floating offshore wind, one 100 MW Welsh project and one 92.5 MW Scottish project was awarded at £216.49/MWh (2024 prices). DESNZ also confirmed a final AR7 Clean Industry Bonus allocation of around £204 million, subject to final procurement decisions. Moreover, DESNZ published the Budget Notice for Allocation Round 7a (AR7a) (for non-offshore wind renewable technologies) on 8 December 2025, announcing £295 million for Pot 1 (established technologies including onshore wind & solar PV) and £15 million for Pot 2 (less established technologies). The AR7a results are due to be published between 6–9 February 2026. In the meantime, DESNZ is laying the groundwork for Allocation Round 8 (AR8). The expected timeline (including for the AR8 Clean Industry Bonus allocation round) to be set out in due course.

RO indexation: On 31 October 2025, the UK Government, together with the devolved administrations, published a consultation on options to move from RPI (*Retail Price Index*)-based indexing to CPI (Consumer Price Index)-based indexing for the Renewables Obligation (RO) from April 2026 onward. The governments' response was published on 28 January 2026 and confirmed that the governments will switch to CPI-based indexation of the RO *buy-out price* ahead of the next annual adjustment in April 2026. Secondary legislation will be laid before the respective parliaments to implement this. The UK Government will also take an equivalent approach under the small scale *Feed-in Tariff* scheme, with rates switching to CPI indexation from 1 April 2026.

Reformed National Pricing (RNP):The Government has yet to publish an implementation plan for the national pricing reform, which is expected to provide further details while outlining the next steps to be taken. The National Energy System Operator (NESO) announced in December 2025 that one of the key workstreams – the development of a Strategic Spatial Energy Plan (SSEP) – had been delayed by around 12 months, with final SSEP delivery now expected in Autumn 2027.

Capacity Market (CM): The DESNZ has set a procurement target of 39.1 GW for the T-4 auction (with a delivery year of 2029/30) and a further 5.8 GW target for the T-1 auction (delivering in 2026/27), both due to take place in March 2026. Aside from these auctions, DESNZ has consulted on proposals to make a higher price cap available for a subset of new build firm, 'enduring' generation capacity in Capacity Market auctions.

Funding for nuclear power: Following the final investment decision (FID) for the construction of the new Sizewell C nuclear plant in Suffolk in summer 2025, the Government is consulting on the possibility of assuming powers to allow contracts for difference with existing nuclear plant owners, in order to facilitate potential life-extension projects (subject to a thorough value-for-money assessment and other regulatory approvals, including the corresponding safety justification).

RIIO-3 price controls:Ofgem's RIIO-3 price controls for electricity and gas transmission and gas distribution networks will run for five years from April 2026 to March 2031. Licensees submitted final business plans on 11 December 2024 and on 4 December 2025 Ofgem published its Final Determinations (FDs). For SPT's electricity transmission price control (RIIO-ET3), Ofgem set the baseline totex allowance at £10.4 billion, an increase of £438m relative to the July Draft Determination. The cost of equity (real) was set at 5.7% on a 55% gearing basis and the cost of debt (semi nominal) was calibrated as 5.64% for SPT. As a result, the global semi-nominal weighted average cost of capital (WACC) for SPT stands at 5.67%, up from 5.64% in the draft proposal. SPT received the highest reward under the *Business Plan Incentive*, of all electricity transmission or gas companies, of 11.8 basis points on the return on regulatory capital (RoRE). Ofgem's price controls for electricity distribution networks (RIIO-ED3) will run for five years from April 2028 to March 2033. Ofgem published its Sector Specific Methodology Consultation (SSMC) on 8 October 2025, in which it proposed to retain its current methodology for setting the cost of equity and debt.

Reform of grid connections:The Government is working alongside Ofgem and the National Energy System Operator (NESO) to reduce grid connection timescales to support progress towards decarbonising the power sector. NESO's connection reform proposals (TMO4+) seek to achieve a streamlined pipeline of projects that are verifiably ready to connect and aligned to the Government's Clean Power 2030 Plan and subsequent strategic energy planning. Ofgem approved the TMO4+ package of reform proposals on 15 April 2025, comprising modifications to industry codes and the transmission, distribution and NESO licences. Legislative powers to push through these reforms have been included in the Planning and Infrastructure Act 2025. NESO launched the reformed process in July 2025 to reassess the existing connection queue, this exercise was completed in December 2025 with 382 GW of generation, storage and demand projects judged to have met the criteria to be included in the new queue, whilst over 300 GW of projects did not progress from the pre-reform queue. Connection offers for projects in the new queue will be issued in the second and third quarters of 2026, with the window for new applications expected to open in the second half of 2026.

Cap on retail tariffs:Ofgem's default tariff cap was introduced in 2019 in a bid to protect domestic customers on default tariffs. Following its updating of the operational costs allowance with effect from July 2025, Ofgem published decisions in November 2025 on five updates to the price cap methodology which together added around £36 to the cap, effective from January 2026. Ofgem expects to conduct an assessment later in 2026 of whether an additional '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 Ofgem's proposed Debt Relief Scheme (DRS), which would require suppliers to write off certain historic debts for qualifying low-income customers during 2026.

Warm Homes Plan: The Government published its *Warm Homes Plan* on 21 January 2026, setting out its plans to upgrade the UK housing stock with low carbon technologies and insulation, using nearly £15 billion of Government financing allocated through the 2025 Spending Review and the 2025 Autumn Budget. Funding will be allocated through a combination of public funding and financing schemes (including low-or zero-interest loans) for households, as well as public funding for heat network infrastructure.

4. US law and regulations

Permitting

On 20 January, President Trump, in what was his first day in office, issued an Executive Order on onshore and offshore wind. The order instructs the Department of Interior to conduct a comprehensive review of the necessity of terminating or amending any existing offshore wind leases, identifying any legal bases for such removal. The order also directs federal agencies to not issue new or renewed 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 leasing and permitting practices.

In July, the Department of Interior deployed several measures aimed at halting further wind and solar development. On 3 September, the Federal Government filed motion to move to remand and vacate the Construction and Operations Plan for previously permitted offshore wind projects, including New England Wind 1. On 5 December, the U.S. Bureau of Ocean Energy Management (BOEM) petitioned the U.S. District Court for the District of Columbia to issue a voluntary remand of the COP for the New project. On 22 December, the Department of Interior issued a Directors Order requiring all five offshore wind projects in construction, including Vineyard Wind 1, to suspend all ongoing activities for the next 90 days on the grounds of national security. The affected projects filed appeals to these stop work orders. On 27 January 2026, the US District Court for the District of Massachusetts issued a ruling allowing Vineyard Wind to restart operations by authorising the resumption of construction at Vineyard Wind 1 while the proceedings are ongoing.

Tariffs

The Trump Administration is pursuing an aggressive America First trade policy. Tariffs have been announced on almost every country, plus further ones on certain products, such as steel and aluminium. The tariffs remain variable and have been challenged before the courts.

There are restrictions on imports of products from Canada and Mexico due to concerns over the flow of fentanyl into the United States. Goods that are not USMCA-compliant are subject to additional tariffs. The rate as of 31 July was 35% for Canada and 25% for Mexico.

Tariffs on Chinese goods have also fluctuated. Currently, a 10% tariff is applied to fentanyl originating from China, in addition to a reciprocal tariff of 10%. On 10 November, the White House announced that these rates would be extended until 10 November 2026.

On 2 April, the President issued an Executive Order to implement new reciprocal tariffs with a 10% universal tariff for most countries (excluding Mexico, Canada and China), as well as higher country-specific reciprocal rates. Certain products are excluded from the tariffs, including the Section 232 tariffs on steel and aluminium. In all other cases, the tariffs come on top of existing duties. The updated reciprocal rates took effect on 7 August. Tariffs on India were doubled on 27 August.

The tariffs have been challenged before the courts and the outcome remains uncertain. On 29 August, a federal appellate court ruled that the tariffs under the International Emergency Economic Powers Act (IEEPA) were illegal, but did not suspend them pending an appeal by the U.S. Department of Justice. Oral arguments in this case before the U.S. Supreme Court were heard on 5 November. A decision is expected in the first quarter of 2026, meaning that the path to reimbursement is not guaranteed.

New York – Regulatory update

Joint proposal and rate case filing: In 2025, NYSEG and RG&E continued to operate under the Joint Proposal (JP) settlement approved by the New York Public Service Commission (“NYPSC” or “Commission”) on 12 October 2023. The JP established a three-year rate plan running from 1 May 2023 until 30 April 2026. The permitted return on equity (ROE) for NYSEG Electric, NYSEG Gas, RG&E Electric, and RG&E Gas is 9.20%. The common equity ratio for each is 48%. The JP also includes earnings sharing bands for earnings in excess of 50 basis points of the 9.20% ROE, utilising an equity ratio of 50%.

On 27 June 2025, NYSEG and RG&E filed a request, in accordance with the requirements of the NYPSC, to set revised rates for the companies' electric and gas service. The rate filings support investments to meet energy demands of the future, including growing energy demand across New York, along with plans to upgrade existing aging infrastructure and systems to improve reliability and customer service for millions of upstate New York energy customers. The proceeding is currently in process, with the new rates expected to take effect in June 2026.

Management audit:On 19 May 2025, the Commission authorised the issuance of the final management audit report for New York. NYSEG and RG&E were required to file implementation plans addressing the one hundred and twenty-eight (128) recommendations contained in the final report. On 18 June 2025, NYSEG and RG&E filed their implementation plans with the Commission, followed by several requested revisions on 7 August 2025. The public comment period concluded in November 2025. The companies are currently awaiting a Commission order regarding the filed implementation plans.

Compensation audit: On 13 February 2025, the Commission initiated a focused operations audit to examine management incentive compensation programmes at the main investor-owned electric, gas, and water utilities. On 15 May 2025, the Commission selected Overland Consulting as the independent auditor and ordered all New York utilities to execute a contract with Overland. To date, Overland has issued 212 requests for information and conducted seven interviews with the companies concerned. The target date for the draft audit report is August 2026, with the final report scheduled for September 2026.

In relation to proactive planning to enhance the electricity grid infrastructure: On 12 June 2025, the Commission issued an order to address urgent upgrade requests, approving two projects from NYSEG and RG&E, including Kents Falls, with an estimated cost of USD 37.1 million, and Station 124, with an estimated cost of USD 33.2 million. On 18 September 2025, the Commission ordered the joint utilities to develop two key components to support future proactive planning cycles: a document titled *Modified Proactive Planning Framework*, submitted on 17 November 2025, which identifies the data and sources to be considered; and a "Proactive Planning Study Report", which assesses needs and proposes projects to be submitted by September 2026.

State policy-related activities:The companies continue to advance through phases 1 and 2 of the Powering New York project, maintaining progress in engineering, permitting, procurement and the initial stages of construction. The Commission has not indicated any changes to applicable requirements or related transmission initiatives.

The Commission recently approved the extension of the Zero Emissions Credit (ZEC) programme for existing nuclear plants until 2049, as a further show of the State's commitment to preserving carbon-free baseload capacity.

Maine – Regulatory update

At the annual CMP compliance filing held on 11 June 2025, the Maine Public Utilities Commission issued a written order approving an uncontested stipulation. The impact of this decision was reflected in rates beginning on 1 July 2025, including the recovery of $242 million until 30 June 2026 and an additional $66 million from 1 July 2026 until 30 June 2027. The majority of these costs are attributed to 2023 and 2024 storm cost deferrals that will be fully amortised by 30 June 2027.

On 16 September 2025, CMP filed a distribution rate review request with the Maine Public Utilities Commission (MPUC). The proposal was for a five-year rate plan with an ROE of 9.80% and equity ratio of 50%, with new rates to take effect in September 2026. Interventions were due on 29 September 2025, followed by an initial case conference on 1 October 2025. On 18 November 2025, the MPUC held deliberations and unanimously voted to dismiss the proposed rate case. CMP elected to dismiss the rate case on 20 November 2025, with the MPUC ultimately closing the case on 24 November of that year.

Connecticut — Regulatory update

An appeal is ongoing of a 2023 rate case decision, in which the CT Public Utilities Regulatory Authority (PURA) authorised Avangrid subsidiary United Illuminating (UI) an 8.63% return on equity (ROE) that included a 47-basis point penalty for management and operational performance issues. PURA issued rate case decisions for Connecticut Natural Gas (CNG) and Southern Connecticut Gas (SCG) in November 2024. PURA authorised both companies an ROE of 9.15%, utilising a common equity ratio of 53%. For both gas companies, the authorised ROE included a 5-basis point reduction. Appeals of PURA's 2024 gas rate case decisions were lodged before the Connecticut Superior Court. On 19 November 2025, the Connecticut Superior Court for the Judicial District of New Britain remanded the final rate case decisions to PURA for new rate proceedings and ordered PURA to reconsider the underlying rate applications, as if they were new requests. PURA has opened two new dockets in response to the remand and has started the process to respond to the remand order.

On 12 November 2024, UI filed a request to adjust its rates and charges, proposing changes to its existing rates effective from 1 November 2025. PURA issued a final decision on this request on 28 October 2025, approving a return on common equity of 9.45%, which would be reduced to 9.25% once a 20-basis-point adjustment is applied, and a capital ratio of 51%. UI filed a motion for reconsideration in November 2025, focused on the penalties applied to the ROE and on the denials of inflation protection, the recovery of Board expenses, and audit costs. PURA approved the motion for reconsideration and has a statutory deadline to issue a ruling on these matters by 5 March 2026.

Massachusetts – Regulatory update

On 14 November 2025, BGC filed a five-year rate modification request with the Massachusetts Department of Public Utilities (DPU). The Company is seeking an authorised return on common equity (ROE) of 10.35%, utilising a 54% equity ratio. Under the law, the DPU has ten months to fully resolve a rate modification request.

5. Brazil

Extension of the concession term – Neoenergia Pernambuco

On 16 September 2025, the Brazilian Ministry of Mines and Energy published a resolution admitting the application to extend the term of the Public Electricity Distribution Service Concession of Neoenergia Pernambuco, governed by Concession Agreement No. 26/2000-ANEEL. In this context, an addendum to the concession agreement was signed to extend the term by a further 30 years as from 30 March 2030.

Extension of the concession term – Neoenergia Elektro, Neoenergia Cosern and Neoenergia Coelba

By virtue of Resolutions Nos. 3,427/2025, 3,686/2025 and 3,684/2025, ANEEL recommended to the Ministry of Mines and Energy (MME) the extension of the electricity distribution concession agreements of Neoenergia Elektro (No. 187/98-ANEEL), Neoenergia Cosern (No. 008/1997) and Neoenergia Coelba (No. 010/1997) for a further 30-year term. The requests are currently awaiting approval by the Ministry of Mines and Energy in order to for the contracts to be signed.

Law no. 15235/2025 (Conversion of Provisional Measure No. 1,300)

Enacted in October 2025, the law expands Brazil's Social Electricity Tariff, guaranteeing a 100% discount for low-income households registered in CadÚnico whose consumption is equal to or below 80 kWh per month, as well as an exemption from Conta de Desenvolvimento Energético (CDE) charges for consumption of up to 120 kWh per month for those with income between half and one minimum wage. It also extends the benefit to elderly recipients of the Benefício de Prestação Continuada (BPC) and to indigenous and quilombola communities. The Law also changes the allocation of the costs of Angra 1 and 2, bringing free-market consumers into the cost-sharing mechanism while exempting amounts attributable to consumers classified as low-income. Moreover, it allows the early approval, with a discount (renegotiation), of outstanding Public Asset Use (UBP) charges payable by hydroelectric generators.

Law no. 15,269/2025 (Conversion of Provisional Measure No. 1,304)

Published on 25 November 2025, the main changes include:

- a timetable for the opening of the remaining low-voltage market (within a maximum of 24 months for commercial and industrial consumers and, thereafter, a further 12 months for all low-voltage consumers);
- a last-resort supply mechanism intended to temporarily serve retail consumers who find themselves without a supplier in the free market;
- the creation of a charge designed to be shared among all consumers to spread the financial effects of distributors' overcontracting or involuntary exposure resulting from consumer migration to the free market;
- the end of discounts for incentivised sources for consumers who choose to purchase energy in the free market, as well as for the charge relating to increases in contracted demand for consumers who had already exercised that option;
- the definition of a cap on the amount of annual CDE charges collected from consumers to cover part of the Account's costs, as well as support for coal-fired plants, incentivised sources and distributed generation;
- compensation for generation *curtailment* due to electrical constraints and system security restrictions;
- the definition of the obligation for energy traders to pay the Electricity Services Inspection Fee (TFSEE);
- the inclusion of generators in the allocation of capacity reserve contracting, in accordance with future regulations issued by ANEEL;

- the definition of the conditions for extending the concessions of hydroelectric power plants (UHEs) with installed capacity exceeding 50 MW;

Tariff reviews – electricity transmission companies

On 18 June, ANEEL published Homologation Resolution No. 3,470, setting out the outcome of the 2025 Periodic Tariff Review of the Allowed Annual Revenues (RAP, in Portuguese) of three unbundled electricity transmission concessionaires. One of these was a Neoenergia Group company (Afluente T.), with an approved RAP of BRL 73.8 million, representing a nominal repositioning index of 14.2%. On 24 June, ANEEL published Homologation Resolution No. 3,475, setting out the outcome of the 2025 Periodic Tariff Review of the Allowed Annual Revenues (RAP, in Portuguese) of 30 unbundled electricity transmission concessionaires. Just one of these was a Neoenergia Group company (Rio Formoso), with an approved RAP of BRL 25.2 million, representing a nominal repositioning index of 5.46%. The authorised percentages for each electricity transmission concession entered into force on 1 July, the review date provided for in the concession agreements.

Efforts to make the distribution and transmission system more resilient to climatic events

ANEEL published Normative Resolution No. 1,137/2025, ushering in regulatory improvements aimed at making the electricity distribution and transmission systems more resilient to climatic events. The main measures include: (i) the creation of the DISE indicator, with consumer compensation for prolonged outages during emergency situations; (ii) strengthening distributors' responsibility for managing urban vegetation, in coordination with municipal authorities; (iii) the establishment of dedicated communication channels with public authorities in crisis situations; (iv) the mandatory implementation of detailed contingency plans and periodic training; (v) regulations governing the emergency sharing of resources between distributors, based on financial neutrality criteria; and (vi) a review of the rules on compensation for electrical damage, eliminating automatic exemptions in the event of disasters.

National Policy for Access to the Electricity Transmission System (PNAST)

On 5 December 2025, Decree No. 12,722 was published, setting up the National Policy for Access to the Electricity Transmission System (PNAST). The PNAST modifies the access process to the National Interconnected System (SIN) by introducing what are known as “Access Rounds”, a mechanism that replaces the first-come, first-served approach with a batch assessment process, selecting projects based on technical and competitive criteria. The aim is to ensure the rational use of the grid, improve predictability for investors and provide sector planning with more robust and realistic information on the future needs of the SIN.

6. Mexico

Mexico has made progress in implementing its energy reform by enacting a new legal and regulatory framework for the electricity sector.

Through the new Electricity Sector Law, published in March 2025, the role of private initiative in generation, retail and the planning of the National Electricity System has been redefined. Likewise, the new institutional framework establishes the National Energy Commission (Comisión Nacional de Energía) as the regulatory authority for the electricity and natural gas sectors, while strengthening the role of the Energy Secretariat (Secretaría de Energía) as the body responsible for system planning.

The implementation of the reform showed steady progress during 2025 through the issuance of implementing regulations, the approval of binding development plans and the publication of operating provisions that more clearly define the mechanisms for system planning, public–private participation, the granting of permits and authorisations, as well as the expansion of electricity infrastructure, thereby shaping a more predictable environment aligned with national energy policy objectives.

Call for the priority processing of applications for electricity generation permits and interconnection to the National Electricity System

An example of the above is the publication, in October 2025, of the call to prioritise generation and interconnection permits, establishing a specific process for authorising strategic projects aligned with sector planning.

With a significant stake, Iberdrola México obtained two permits for the development of two photovoltaic projects, whose development and entry into operation will be subject to the fulfilment of various milestones.

Consolidated Management Report 2025

This management report has been prepared taking into consideration the "Guide of recommendations for the preparation of Management Reports of listed companies", published by the CNMV in July 2013.

1. Company Overview

1.1 Purpose and Values of the IBERDROLA Group

Purpose

The purpose of IBERDROLA Group companies and, hence, their reason for being is: *"To continue building together each day a healthier, more accessible energy model, based on electricity"*. This purpose, which is centred on the well-being of people and on the preservation of the planet, reflects the strategy Group companies have been following sustainably for years, and their commitment to continue fighting for the following, alongside all their stakeholders:

- A genuine, global energy transition which, based on the electrification of the energy sector in particular, and of the economy as a whole more broadly, contributes to sustainable development.
- An energy model increasingly based on electricity, forsaking the use of fossil fuels to make wider use of renewable energy sources, efficient energy storage, smart grids and digitalisation.
- An energy model that is healthier for people, whose health and well-being in the short term depends on the environmental quality of their own surroundings.
- A drive for conditions of well-being that are more accessible for all, and the creation of a society that fosters inclusion, equality, equity and development.
- An energy model built around cooperation with all players involved and with society as a whole that establishes best governance practice that contribute to its sustainability.

Values

To achieve this purpose across all companies within the IBERDROLA Group, its entire strategy and actions must be guided by and grounded in the following three "values":

- **Sustainable energy**: because they must always pursue an inspirational model, creating lasting environmental, social and economic value across their entire ecosystem.
- **Integrating force**: because they possess great strength and, with it, immense responsibility. That is why it works by combining talents towards a purpose that will benefit everyone involved.
- **Driving force**: because they make small and large changes happen by being efficient and self-demanding, always striving for continuous improvement.

1.2 Business model

Iberdrola has been spearheading the evolution of the energy sector for more than two decades, building a business model focused on investment in networks, on scaling higher-value renewables, on expanding storage, and on optimising the customer portfolio for the benefit of all.

Iberdrola focuses its business on electrification as a lever to ensure self-sufficiency, energy security, efficiency, competitiveness and emissions reduction. An ongoing process of electrification focused on investment in networks, strengthening higher-value renewables, expanding storage capacity and optimising the customer portfolio.

This successful, tried and tested model is underpinned by a unique combination of businesses and geographies, supported by a solid financial position and a stable dividend policy, and integrates sustainability and shared value creation into the business.

Diversification across businesses and geographic areas

Electrification is an unstoppable process, and so the company, drawing on its experience and opportunities for organic growth, is firmly committed to expanding and strengthening electricity networks, primarily in regulated and stable markets such as United States, United Kingdom, Brazil and Spain. Significant investment in networks is envisaged, with the aim of connecting demand to clean energy sources that replace fossil fuels.

To succeed in this task, Iberdrola is committed to digitalisation. Technology is key to the development of networks and is driven through the Global Smart Grids Innovation Hubs in Spain, the United Kingdom and Qatar. Along these lines, the company has a digitalised asset base, with increasingly intelligent operating processes that enhance customer service through control and operational excellence.

With installed capacity of more than 44 GW at the end of 2025, Iberdrola is one of the world's leading renewable energy companies. This positioning gives the company the flexibility needed to invest selectively across different technologies and countries, targeting stronger growth in offshore wind, onshore wind and solar energy.

The Group operates in geographies with stable regulatory frameworks and high credit ratings, thus ensuring the viability of investments and safeguarding margins over the medium and long term.

Financial strength

Iberdrola doubles down on its commitment to maintaining financial solvency and strength by aligning its financing model with a sustainability-driven investment plan and offering lenders and investors, in each transaction, robust assurance that their capital will help generate a positive impact on the environment and society.

Sustainability built into the business and shared value

The combination of financial and social dividends, aimed at meeting the expectations of its stakeholders and embedding sustainability considerations into the company's strategy and management, is the cornerstone of long-term value creation.

The company continues to press ahead with its emissions-reduction ambition, with the aspirational goal of achieving carbon neutrality by 2030 for Scope 1 and across all three scopes before 2040; protecting nature, for which it has set a target of delivering a positive impact on biodiversity by 2030; and promoting the efficient use of resources, supported by the definition of a Circular Economy Plan.

As for the value chain, Iberdrola promotes a set of core tenets based on business ethics and transparency when procuring equipment and materials and when arranging works and services, seeking continuous improvement and mutual benefit, while fostering sustainability and innovation initiatives.

Iberdrola has put in place a set of tools to protect people, aimed at preventing, mitigating and remedying potential adverse impacts, as part of its unflinching commitment to the protection of human rights.

The company will continue to foster equal opportunities and further strengthen the learning and development of its employees.

The Group's growth continues to be driven primarily by sustainable financing instruments, reflecting the very high level of alignment of its investment plan with the EU Taxonomy.

All of this is made possible by a governance and sustainability system grounded in ethics, transparency and good corporate governance, which continues to implement market best practices.

Business model

Iberdrola's investment will mainly target grids and renewable energies in the long term, as investments that provide known and recurring cash flows.

In addition, the selection of the countries in which the Group operates considers the stability of the regulatory environment applied to the sector and its long-term credit rating.

In a nutshell, Iberdrola's business model has the following key features and strengths:

1. Geared towards meeting the expectations of its stakeholders by making sustainability part of its strategy and management.
2. Investment is particularly concentrated in the grid business, which has predictable regulatory frameworks with incentives for investment, and which constitutes the infrastructure that is necessary to tackle the energy model transition.
3. It is supplemented with selective investments in renewable energies, thus optimising the risk/return profile. These are mainly projects in offshore wind, photovoltaic, onshore wind, hydroelectric, battery and production of green hydrogen, all necessary elements for bringing to fruition a decarbonised energy and economic model.
4. Geographic diversification, focusing on countries with a high credit rating.
5. Enduring commitment to a robust financial position that preferably relies on green financing instruments owing to the investment plan's extremely high degree of alignment with the EU Taxonomy.
6. The dividend policy mandates a reliable and growing dividend in line with the increase in the company's earnings.

1.3 Presence and areas of activity

With a track record that spans over 125 years, today the IBERDROLA Group is a worldwide leader in the energy sector, the world leader in wind power production and one of the world's largest electric companies by stock market capitalisation. IBERDROLA has a 20-year head start in the energy transition to address the challenges of climate change and offer a sustainable and competitive business model that creates value for society.

Iberdrola's leadership is underpinned by its smart grid and renewables businesses, combined with a diversified portfolio of projects and markets. The Group's footprint encompasses countries with high credit ratings. The Company and its subsidiaries and affiliates conduct their activities in almost 30 countries worldwide. The Group's activities are largely concentrated in Spain, the United Kingdom, the United States, Brazil and Mexico (being discontinued), as well as in Portugal, Australia, Germany, Greece, France, Italy and Poland, among others.

1.4 Main products and services

The main product that IBERDROLA makes available to its customers is electricity through a wide range of products, services and solutions in the fields of:

- Electricity generation from renewable sources: wind (onshore and offshore), hydroelectric, photovoltaic.
- Transmission and distribution of electricity and gas.
- Storage at large scale (GWh) through reversible hydropower, at medium scale (MWh) within grids and generation assets using batteries, and at small scale (kWh) at end-user level.
- New technologies, such as green hydrogen produced from renewable electricity.
- Electricity and gas retail supply.
- Energy services for our customers: with innovative *Smart* solutions in the following areas:
  - residential, with services such as self-consumption, solar, electric mobility, heat pumps, etc.
  - industrial: offering comprehensive management of energy facilities and supply, such as *Green H2, Industrial Heat*, etc.
- Sale and purchase of electricity and gas in wholesale markets.
- Digitalisation: implementing it across its assets to improve the quality, efficiency and security of electricity supply.

With regard to its customers, IBERDROLA operates under an organisational structure in which:

- The Networks business manages distribution activities in Spain and transmission and distribution activities in the United Kingdom, the United States and Brazil, as well as regulated energy retail supply in the United States and Brazil and any other regulated activity that the group carries out in these four countries.

- The Renewables and Sustainable Generation business manages long-term power purchase agreements (PPAs) with large corporates and/or governments in Spain, the United Kingdom, the United States, Mexico (being discontinued), Australia, Germany and France.

- The Customers business manages non-regulated activities in Spain, the United Kingdom, Brazil, Mexico (being discontinued), the United States and continental Europe.

1.5 Corporate and governance structure, ownership and legal form

Iberdrola is an independent public limited company (sociedad anónima), with its registered office in Bilbao (Plaza Euskadi, 5), incorporated under Spanish law and listed on the stock exchange. It operates as the holding company of an international group with a presence in Spain, the United Kingdom, the United States of America, Brazil, Mexico (being discontinued), other Member States of the European Union, Portugal, France and Germany, as well as Australia, among other countries.

Through its country subholding companies and head of business companies, the group combines a decentralised structure and management model with coordination mechanisms designed to ensure the overall integration of all businesses through an effective system of separation of functions, checks and balances and supervisory controls. In addition, the Governance and Sustainability System contains measures granting the listed country subholding companies a special framework of strengthened autonomy.

Based on this corporate configuration, the governance structure duly separates the functions of strategic planning and oversight, on the one hand, from the functions of day-to-day leadership and effective management, on the other:

a. The Board of Directors of Iberdrola is vested with powers relating to the design of strategy and the governance model, as well as to oversight, organisation, and strategic coordination.

b. The chairman of the Board of Directors and the chief executive officer of Iberdrola, with the technical support of the Operating Committee and the rest of the management team, undertake the oversight, organisation, and strategic coordination at the Group level.

c. The subholding companies strengthen oversight, organisation, and strategic coordination in relation to their respective territories, countries, or businesses through the communication, implementation, and supervision of the overall strategy and core management guidelines. For this purpose, they have their own chief executive officers, external directors, and audit and compliance committees, as well as internal audit and compliance units. These entities group together the shareholdings in the parent companies of the business units. One of their main roles is to centralise the provision of common services to these companies and to represent them vis-à-vis national institutions.

d. The listed sub-holding companies (Neoenergia, S.A.) operate under a special framework of enhanced autonomy in regulatory matters, related-party transactions and management.

1.6 Strategic pillars for the 2025-2028 period

The IBERDROLA Group is a global energy leader, with a market capitalisation of almost EUR 125,000 million at the end of 2025. As electrification continues to roll forward at an unstoppable pace, we champion innovation and a sustainable and competitive business model that creates value for society as a whole.

In response to the need for a clean, reliable and smart business model, Iberdrola places investment in networks at the heart of its strategy. This is how we drive the electrification of the economy and work to meet the new demands facing electricity networks.

The IBERDROLA Group began committing to renewable energy more than two decades ago as a core pillar on which to build its clean, reliable and smart business model. Thanks to this vision, the company is now a global leader in renewable energy, with more than 47,624 MW of installed renewable capacity worldwide at the end of 2025, and is spearheading electrification towards a low-emissions economy.

This commitment is reflected in our 2025–2028 Strategic Plan, which places the expansion of distribution and transmission networks at the heart of the company's growth, particularly in the United Kingdom and the United States, where 65% of investment in this type of technology will be allocated.

Iberdrola carries out its activities with the aim of creating sustainable value for all its stakeholders: this is what we call our social dividend. To succeed, we make environmental, social and governance factors an integral part of our strategy as a substantial contribution to sustainable development.

2025-2028 Plan

Under our 2025–2028 Strategic Plan, we will channel EUR 58,000 million into the development of electricity networks, focusing on the United Kingdom and the United States as our main markets. This is a further show of our firm commitment to creating a sustainable and secure energy future.

On 24 September 2025, as part of the Capital Markets Day, we unveiled our 2025–2028 Strategic Plan, in which we updated our commitments and doubled down on our investment strategy.

The IBERDROLA Group remains focused on the electrification of the economy and plans to invest EUR 58,000 million by 2028 in the development of electricity networks. Our main targets will be the United Kingdom and the United States, where investments of EUR 20,000 million and EUR 16,000 million, respectively, are planned. These are followed by the Iberian Peninsula, with EUR 9,000 million, Brazil, with EUR 7,000 million, and other EU countries and Australia, with EUR 5,000 million. In addition, approximately EUR 1,000 million are envisaged for investments in innovation and digital transformation not allocated to specific countries.

Networks

Electricity networks will be at the heart of our strategy. The IBERDROLA Group plans to invest EUR 37,000 million in the networks business, in distribution and transmission, in order to increase the Regulated Asset Base to EUR 70,000 million. As a result, the Regulated Asset Base will reach EUR 50,000 million in the distribution network and EUR 20,000 million in the transmission network at the end of the period.

Under this 2025–2028 Strategic Plan, new investment in networks will see EUR 25,000 million channelled into the distribution network and EUR 12,000 million into the transmission network, focusing on markets with closed regulatory frameworks or frameworks under advanced negotiation, where an average return (ROE) of 9.5% is expected.

Thanks to this new investment plan, the IBERDROLA Group will continue to target the development of the Renewable Generation and Customers segments, while embracing a clear commitment to energy distribution and transmission networks as a strategic pillar to drive the electrification of the economy. In this way, the IBERDROLA Group aims to bring electricity to more people by improving and expanding the infrastructure that transfers its generation capacity to a broader base of consumers.

Renewable generation and customers

Improving clean energy generation and maintaining a high level of service for our customers remain key priorities for the company. We are therefore continuing to focus on these areas, with planned investments totalling EUR 21,000 million.

This amount will be distributed across four technologies, with 75% of the projects already under construction. More precisely, 38% will be allocated to offshore wind, in projects such as East Anglia TWO and East Anglia THREE in the United Kingdom, or Windanker in Germany; 24% to onshore wind; and 10% to storage, of which EUR 1,000 million will be allocated to the development of batteries in Australia and other European countries. Investment will also be made in pumped storage in the Iberian Peninsula. A further 10% will be allocated to solar, which will be developed mainly in Spain, Italy and Australia.

Under the plan, we envision reaching more than 60 GW of installed capacity by 2028, of which 90% will be emissions-free. This will be possible as the IBERDROLA Group will allocate 80% of the budget dedicated to Renewables and Customers (around EUR 16,000 million) to increasing both installed capacity and storage capacity. In fact, many of the new facilities are already under construction, and we are therefore confident that our capacity will rise to 9.5 GW by 2028. The company's objective is thus to be able to sustain the increase in demand resulting from the expansion of data centres, electrical transmission and the electrification of many industrial sectors, which require access to electricity throughout the day, relying on PPAs and contracts for difference as the basis for their development.

Profit/(Loss)

This Strategic Plan aims to achieve EUR 18,000 million in gross operating profit (EBITDA) by 2028, up EUR 3,000 million on 2024 thanks to the new roadmap, with electricity networks generating 55% of this profit.

In this way, the company will be able to honour its commitment to increase shareholder remuneration as its earnings steadily increase, with plans to distribute close to EUR 20,000 million in dividends between 2025 and 2028. Specifically, the IBERDROLA Group will allocate between 65% and 75% of profit to shareholder remuneration, while at the same time setting the dividend floor at EUR 0.64 for this period under the Iberdrola Retribución Flexible programme.

This investment plan ensures stable, predictable, profitable and secure growth, operating in markets with an A+ rating and fortifying its financial position in line with a BBB+ credit rating, made possible by a highly diversified portfolio.

This financial strength will be accomplished by generating EUR 52,000 million in cash flow thanks to the new lines of business envisioned. In parallel, the company has already carried out a EUR 5,000 million capital increase and has planned an asset rotation and partnerships programme worth EUR 13,000 million, which is 75% complete, thus laying the foundation for the plan envisaged for this period.

Social dividend

The company plans to create 15,000 jobs worldwide over the next four years and to make purchases worth EUR 65,000 million from thousands of suppliers, supporting more than 500,000 jobs along the value chain.

Moreover, it will contribute more than EUR 40,000 million to the public coffers in the countries in which it operates by 2028.

Mirroring its firm commitment to innovation, the company plans to invest EUR 1,600 million in R&D over the period.

Iberdrola continues to move forward with its commitment to accelerating the electrification of the planet and aims to combine its growth with the objective of becoming CO_2 neutral for Scope 1 emissions by 2030, which largely correspond to emissions from electricity generation.

Disclaimer

This section of IBERDROLA's Management Report, Strategic pillars for the 2025–2028 period, contains forward-looking information, including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future results or directors' estimates which are based on assumptions that are considered reasonable by them.

Although IBERDROLA believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of IBERDROLA shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of IBERDROLA, which risks could cause actual results and developments to differ materially from those stated in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of IBERDROLA. You are cautioned not to make decisions based on forward-looking statements, which speak only as at the date they were made. The forward-looking statements included in this report are expressly qualified in their entirety by the cautionary statement above. All forward looking statements included herein are based on the information available as at the date of this management report. Except as required by applicable law, IBERDROLA undertakes no obligation to publicly update its statements or to revise any forward-looking information even if new data are published or upon the occurrence of future events.

2. Business performance and results

2.1 Global environment

a) Currency performance

During 2025, movements in the average exchange rates of IBERDROLA's main reference currencies were as follows: the US dollar depreciated by 4%, sterling by 1.1% and the Brazilian real by 8.2% against the euro. Taken together, this resulted in a reduction in EBITDA of EUR 355 million and in net profit of EUR 101 million.

b) 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 2025 witnessed an increase in combined cycle generation (+33.3%) and solar photovoltaic generation (+12.7%) compared with 2024, coupled with a decline in coal (-52.2%), cogeneration (-5.9%), hydroelectric power (-3.6%), onshore wind (-3.5%) and nuclear power (-1.0%).

  Mainland demand for electricity in 2025 was up 2.9% year on year. However, once adjusted for labour and temperature variables, the figure was actually up 1.6%.

  The 2025 financial year closed with a producibility index of 1.2 and hydroelectric reserves at levels of 9.7 TWh (52.5%).

- In the United Kingdom, electricity demand in 2025 was up 0.1% year on year, while gas demand dipped by 2.1%.

- In AVANGRID's managed areas on the east coast of the United States, electricity demand remained broadly stable, increasing by 0.1% in 2025 compared with 2024, while gas demand rose by 7.7% over the period.

- Demand in Neoenergia's areas of activity in Brazil was down 0.9% on 2024, due to milder weather conditions.

c) Emissions

At year-end 2025, the IBERDROLA Group's direct emissions stood at 39.0 gCO2/kWh globally (factoring in discontinued operations, which do not form part of consolidated net revenue for the year, emissions would be 60 gCO2/kWh).

d) Significant transactions during the year

Some of the transactions described below should be taken into account when analysing the Group's performance during the year.

- In March 2025, Iberdrola took control of Electricity North West Limited, following completion of the transaction review by the UK Competition and Markets Authority (Competition and Markets Authority) (Note 7).
- In April 2025, IBERDROLA Group completed the divestment of a 49% stake in the Windanker offshore wind farm, located in Germany, to the Japanese utility Kansai Electric Power Company, after securing the required regulatory clearance. The wind farm, with an installed capacity of 315 MW, is currently under construction and is expected to become operational in the fourth quarter of 2026 (Note 7).
- The sale of the Baixo Iguaçu hydroelectric power plant to Copel Geração e Transmissão S.A. was completed in June, following the buyer's decision to exercise its pre-emptive purchase right. Neoenergia held a 70% stake in the plant, located in the state of Paraná, with an installed capacity of 350 MW (Note 7).
- On 8 July, the IBERDROLA Group and Abu Dhabi renewable energy group Masdar agreed to co-invest on a 50/50 basis in the East Anglia 3 offshore wind farm (1.4 GW), located in the United Kingdom (Note 7).
- On 23 July, IBERDROLA carried out an accelerated capital increase of EUR 5,000 million at a price of EUR 15.15 per share, representing a 7.5% premium to the average share price over the past year (Note 22).
- In July, the IBERDROLA Group entered into a sale and purchase agreement with COX ABG Group, S.A. for the sale of its subsidiary Iberdrola México, its remaining business in Mexico, in exchange for USD 4,200 million (approximately EUR 3,700 million). The scope of the transaction includes 15 power plants with total capacity of 2.6 GW (1,368 MW from combined-cycle and cogeneration plants and 1,232 MW from wind and photovoltaic assets), as well as the commercial activity and the development project pipeline, which the buyer intends to bring into operation in the future. The transaction is expected to be completed in the first quarter of 2026 (Note 18).
- In August 2025, the sale of a 50% stake in Neoenergia Itabapoana Transmissão de Energia, S.A. to GIC (Singapore's sovereign wealth fund) went ahead (Note 7).
- On 9 September, Iberdrola completed its agreement with Macquarie, whereby Iberdrola sold 100% of the company owning the smart meters business in the United Kingdom (Note 7).

- On 11 September, the IBERDROLA Group reached an agreement to acquire the stake held by Caixa de Previdência dos Funcionários do Banco do Brasil (PREVI) in Neoenergia by purchasing the 30.29% stake held by PREVI, resulting in the IBERDROLA Group controlling approximately 84% of the share capital. The agreed price was BRL 32.5 per share. The transaction was completed on 31 October 2025 (Note 7).

  Subsequently, in November, the IBERDROLA Group submitted to Brazil's Comissão de Valores Mobiliários (CVM) an application to register a public tender offer for all the shares of Neoenergia not controlled by the IBERDROLA Group or held by Neoenergia as treasury shares, representing approximately 16.2% of its share capital. The transaction is currently in progress (Note 7).

- On 18 September, Iberdrola reached an agreement to sell 100% of the shares in Iberdrola Renovables Magyarország KFT, which holds its business in Hungary, to a consortium formed by Premier Energy and the Hungarian group iG TECH CC. The transaction, which was subject to the customary regulatory approvals, was completed in January 2026 (Notes 18 and 51).

- In November 2025, Neoenergia and EDF Brasil Hidro Participações S.A. entered into a sale agreement whereby Neoenergia will sell its entire stake in Energética Águas da Pedra, S.A., which holds an ownership interest in the Dardanelos Hydroelectric Power Plant (Note 18).

e) Blackout event

The blackout event that struck the Iberian Peninsula electricity system on 28 April 2025 (the "Blackout") was analysed by the Group's internal and external experts, who concluded that the Group's companies were not responsible for the event, nor did they contribute in any way to its occurrence. Quite the opposite, as the Group's companies in Spain promptly made their generation and distribution assets available to the System Operator, thus helping to restore the supply of electricity as soon as possible.

Accordingly, the risk arising from the Blackout for the Group has been classified as remote.

Any potential claims for damages that customers may bring against the Group's electricity retail, distribution and generation companies in Spain as a result of the Blackout would be covered by the civil liability insurance policies taken out by those companies, noting also that they were in no way liable for having caused the event. As at the reporting date, the Group's operating companies in Spain have received four court claims seeking compensation for damages arising from civil liability, for an immaterial amount. These claims have been notified to the insurance company for handling.

2.2 Operating performance in the period

2.2.1 *Networks business*

In 2025, total electricity distributed by the Group amounted to 255,976 GWh, down 7.5% compared to the previous year.

	2025	2024	Change (%)
Spain	91,641	89,060	2.9
United Kingdom	46,490	30,540	52.2
United States	37,663	37,642	0.1
Brazil	80,182	80,922	(0.9)
Total electrical distribution (GWh) (1)	**255,976**	**238,164**	**7.5**

(1) At power plant busbars

	2025	2024	Change (%)
United States	66,282	61,517	7.7
Total gas distribution (GWh)	**66,282**	**61,517**	**7.7**

Electricity and gas supply points totalled 38 million, up 8.3% year on year, driven by organic growth across virtually all geographies, with the following breakdown:

	2025	2024
Electricity		
Spain	11.60	11.50
United Kingdom	6.10	3.60
United States	2.30	2.30
Brazil	17.00	16.60
Total electricity	**37.00**	**34.00**
Gas		
United States	1.00	1.10
Total gas	**1.00**	**1.10**
Total supply points (millions)	**38.00**	**35.10**

In both distributed energy and supply points, the United Kingdom excelled when compared with 2024, due to the inclusion of the operating indicators of Electricity North West Limited following its integration in the first quarter of 2025.

2.2.1.1 Spain

The IBERDROLA Group has 11.6 million supply points, slightly above the figure reported at the end of the previous year. Total distributed energy amounted to 91,641 GWh, up 2.9% on 2024 (89,060 GWh).

The table shows the values of the TIEPI (interruption time of installed capacity at medium voltage in minutes), and NIEPI (number of equivalent interruptions of installed capacity at medium voltage) in relation to the previous year (exact details are not published as this is commercially sensitive information):

	2025	2024
Regulatory TIEPI (min)	< 34	< 34
Accumulated NIEPI (No)	< 0,7	< 0,7

The company upholds its commitment to quality, maintaining low TIEPI and NIEPI levels, improving upon both regulatory requirements and the previous year's figures.

The i-DE Innovation Hub has been recognised as a key strength of Iberdrola's R&D&I Management System in its adaptation to the new ISO 56001:2024 standard. This recognition enhances the Hub's strategic contribution to Iberdrola's innovation model, validating its operational maturity as a central part of the Innovation Management System, as well as its ability to generate, accelerate and transfer innovative solutions to the business.

2.2.1.2 United Kingdom

The IBERDROLA Group has more than 6.1 million supply points in the United Kingdom. The volume of energy distributed in 2025 was 46,490 GWh, up 52.2% on the 30,540 GWh distributed in 2024.

Energy distributed by licence is as follows:

	2025	2024	Change (%)
Scottish Power Distribution (SPD)	16,664	16,648	0.1
Scottish Power Manweb (SPM)	13,894	13,892	0.0
Electricity North West (ENW)	15,932	0	
Total electrical distribution (GWh) (1)	**46,490**	**30,540**	**52.2**

(1) At power plant busbars

The quality of service indicators are below regulatory limits both for SPD and SPM compared to 2024.

Average interruption time per consumer (*Customer Minutes Lost, or CML*) was as follows:

(CML) mins	2025	2024
Scottish Power Distribution (SPD)	24.2	25.0
Scottish Power Manweb (SPM)	33.9	30.0
Electricity North West (ENW)	27.3	26.8

The number of consumers affected by interruptions for every 100 customers (*Customer Interruptions, or CI*) was as follows:

Number of interruptions (No.)	2025	2024
Scottish Power Distribution (SPD)	30.2	31.4
Scottish Power Manweb (SPM)	30.4	27.3
Electricity North West (ENW)	23.7	26.9

The increase in the CI and CML indicators was due to incidents arising from Storm Eowyn in January 2025.

On 2 August 2024, Iberdrola signed the acquisition of an 88% stake in the UK electricity distributor Electricity North West (ENW), which supplies electricity to almost five million customers in north-west England and operates 60,000 km of electricity distribution networks. Completion of the transaction took place on 22 October 2024, and control of the company was acquired in March 2025, once the review of the transaction had been completed by the UK Competition and Markets Authority (CMA).

2.2.1.3 United States

– Distribution

In the United States, the IBERDROLA Group has 2.3 million electricity supply points. The volume of energy distributed during the year reached 37,664 GWh, marking a 0.1% increase compared to the 2024 financial year, which recorded 37,643 GWh.

	2025	2024	Change (%)
Central Maine Power (CMP)	9,258	9,316	(0.62)
NY State Electric & Gas (NYSEG)	16,257	15,984	1.7
Rochester Gas & Electric (RG&E)	7,399	7,354	0.6
United Illuminating Company (UI)	4,750	4,989	(4.8)
Total electrical distribution (GWh) (1)	**37,664**	**37,643**	**0.1**

(1) At power plant busbars

The Customer Average Interruption Duration Index (CAIDI) is as follows:

CAIDI (h)	2025	2024
Central Maine Power (CMP)	1.70	1.96
NY State Electric & Gas (NYSEG)	1.88	1.90
Rochester Gas & Electric (RG&E)	1.57	1.64

The reduction in CAIDI at Central Maine Power is attributable to improved operational performance in restoring supply outages, reflecting a lower number of days affected by *minor storms*. The reduction in CAIDI at NYSEG and RG&E is mainly due to faster response times to prolonged outages.

UI's *System Average Interruption Duration Index* (SAIDI), which is the regulatory indicator that applies in Connecticut, is as follows:

SAIDI (mins)	2025	2024
United Illuminating Company (UI)	34.80	42.60

The decrease in the SAIDI indicator for United Illuminating is largely due to the significant weather events that occurred throughout 2024, none of which were classified as major storms and therefore were not excluded from the calculation. In 2025, the threshold for major storms is lower, making it easier for events to be treated as excludable. Moreover, weather events in 2025 were far less frequent than in the previous year.

Average number of interruptions per customer (*System Average Interruption Frequency Index,* or SAIFI) is as follows:

SAIFI	2025	2024
Central Maine Power (CMP)	1.73	1.83
NY State Electric & Gas (NYSEG)	1.29	1.30
Rochester Gas & Electric (RG&E)	0.94	0.83
United Illuminating Company (UI)	0.46	0.61

The slight decrease in SAIFI compared with 2024 is mainly due to the reduction in storms recorded in Maine (Central Maine Power) and New York (New York State Electric & Gas) relative to the same period in 2024, while the increase at Rochester Gas and Electric is mainly attributable to an outage at a substation.

– **Gas**

Avangrid supplies gas to more than 1 million supply points. At the end of 2025, 66,280 GWh of gas had been distributed, representing a 7.7% increase year on year.

	2025	2024	Change (%)
NY State Electric & Gas (NYSEG)	16,356	14,685	11.4
Rochester Gas & Electric (RG&E)	17,452	15,388	13.4
Maine Natural Gas (MNG) [(1)]	5,927	6,865	(13.7)
Berkshire Gas (BGC)	3,019	2,894	4.3
Connecticut Natural Gas (CNG)	11,930	10,982	8.6
Southern Connecticut Gas (SCG)	11,596	10,703	8.3
Total gas distribution (GWh)	**66,280**	**61,517**	**7.7**

[(1)] The sale of Maine Natural Gas was completed on 31 October 2025.

2.2.1.4 Brazil

Neoenergia's supply points total 17 million. The volume of electricity distributed amounted to 80,182 GWh, down 0.9% on the same period of the previous year, as temperatures were higher last year.

	2025	2024	Change (%)
Neoenergia Coelba	27,243	27,181	0.23
Neoenergia Cosern	6,485	6,618	(2.0)
Neoenergia Pernambuco	17,788	18,141	(1.9)
Neoenergia Elektro	21,016	21,334	(1.5)
Neoenergia Brasilia	7,650	7,648	0.03
Total electrical distribution (GWh) [(1)]	**80,182**	**80,922**	**(0.9)**

[(1)] At power plant busbars

The average interruption time per customer (*duração equivalente de interrupção por unidade consumidora*, DEC) was as follows:

DEC (h)	2025	2024
Neoenergia Coelba	9.39	10.24
Neoenergia Cosern	6.07	8.30
Neoenergia Pernambuco	10.36	10.97
Neoenergia Elektro	6.15	6.45
Neoenergia Brasilia	5.73	5.04

The average number of interruptions per customer (*freqüencia equivalente de interrupção por unidade consumidora*, or FEC) also saw an improvement on the previous year for all distributors:

FEC	2025	2024
Neoenergia Coelba	3.76	4.09
Neoenergia Cosern	2.91	2.96
Neoenergia Pernambuco	4.24	4.55
Neoenergia Elektro	3.39	3.49
Neoenergia Brasilia	3.93	3.80

Efforts to enhance supply quality have led to improvements over 2024 levels, with all distributors meeting the regulatory standards in this area.

2.2.2 *Electricity production and retail*

At the end of 2025, the IBERDROLA Group's consolidated installed capacity increased by 1,472 MW compared with 2024, with 2,063 MW commissioned and 591 MW sold or retired. Consolidated capacity at EBITDA level reached 56,159 MW, with 84.4% of the total (47,409 MW of renewable and nuclear capacity) coming from emissions-free sources, compared with 84.0% in 2024.

If the installed capacity in Mexico (in the process of being sold) were excluded, emissions-free capacity as at 31 December 2025 would amount to 46,177 MW, representing 86.2% of total installed capacity.

By countries	31.12.2025			31.12.2024			Chg. Consolidated MW
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2025	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	
Spain	31,935	293	32,228	31,523	250	31,773	412
United Kingdom	3,211	15	3,226	2,981	15	2,996	230
United States	10,193	753	10,946	9,948	595	10,543	245
Mexico	2,600	0	2,600	2,600	0	2,600	0
Brazil	3,044	1,123	4,167	3,289	1,123	4,412	(245)
IEI	5,176	0	5,176	4,346	0	4,346	830
Total power (MW)	**56,159**	**2,184**	**58,343**	**54,687**	**1,983**	**56,670**	**1,472**

(*) Includes the proportional part of MW.

By technology	31.12.2025			31.12.2024			Chg. Consolidated MW
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2025	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	
Renewables	**44,232**	**1,929**	**46,161**	**42,751**	**1,728**	**44,479**	**1,481**
Onshore wind	20,625	508	21,133	20,298	450	20,748	327
Offshore wind	2,230	286	2,516	2,230	143	2,373	0
Hydroelectric (**)	11,732	1,123	12,855	11,977	1,123	13,100	(245)
Mini hydroelectric	229	0	229	234	0	234	(5)
Solar and other (***)	8,720	12	8,732	7,784	12	7,796	936
Batteries	696	0	696	228	0	228	468
Thermal	**11,927**	**255**	**12,182**	**11,936**	**255**	**12,191**	**(9)**
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	1,096	51	1,147	1,105	51	1,156	(9)
Total Group power (MW)	**56,159**	**2,184**	**58,343**	**54,687**	**1,983**	**56,670**	**1,472**

(*) Includes the proportional part of MW.

(**) This includes 118 MW from hydroelectric power stations managed by the Networks business in the United States.

(***) Solar capacity measured in MWdc.

Consolidated electricity generation in 2025 amounted to 124,508 GWh, up 3.5% on 2024, with 84.7% of the total at EBITDA level coming from emissions-free sources (105,416 GWh of renewable and nuclear generation).

If electricity generation in Mexico (discontinued operations) were excluded, emissions-free generation would stand at 102,786 MW as at 31 December 2025, representing 91.1% of total generation.

By countries	31.12.2025			31.12.2024			% chg Consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2025	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	
Spain	64,128	551	64,679	61,515	525	62,040	4.2
United Kingdom	7,351	17	7,368	7,264	15	7,279	1.2
United States	24,159	899	25,058	24,172	615	24,787	(0.1)
Mexico	11,666	0	11,666	19,136	0	19,136	(39.0)
Brazil	7,867	3,070	10,937	8,957	2,267	11,224	(12.2)
IEI	9,337	0	9,337	8,036	0	8,036	16.2
Total Group production (GWh)	**124,508**	**4,537**	**129,045**	**129,080**	**3,422**	**132,502**	**(3.5)**

(*) Includes the proportional part of GWh.

By technology	31.12.2025			31.12.2024			% chg Consolidated
	Consolidated in EBITDA terms	Managed by investees (*)	Total 2025	Consolidated in EBITDA terms	Managed by investees (*)	Total 2024	
Renewables	**83,909**	**4,282**	**88,191**	**80,158**	**3,182**	**83,340**	**4.7**
Onshore wind	42,841	897	43,738	43,724	851	44,575	(2.0)
Offshore wind	7,772	308	8,080	5,783	39	5,822	34.4
Hydroelectric	24,017	3,070	27,087	23,654	2,267	25,921	1.5
Mini hydroelectric (**)	432	0	432	429	0	429	0.7
Solar and other (***)	8,779	7	8,786	6,496	25	6,521	35.1
Batteries	68	0	68	72	0	72	(5.6)
Thermal	**40,599**	**255**	**40,854**	**48,922**	**240**	**49,162**	**(17.0)**
Nuclear	21,507	0	21,507	22,589	0	22,589	(4.8)
Gas combined cycles	13,194	11	13,205	19,658	5	19,663	(32.9)
Cogeneration	5,898	244	6,142	6,675	235	6,910	(11.6)
Total Group production (GWh)	**124,508**	**4,537**	**129,045**	**129,080**	**3,422**	**132,502**	**(3.5)**

(*) Includes the proportional part of GWh.

(**) Includes 45 MW from Hydroelectrical facilities managed by the Networks business in the United States.

(***) Solar capacity measured in MWdc.

2.2.2.1 Spain

Renewable capacity and production

At year-end 2025 IBERDROLA had an installed renewable capacity, consolidated at EBITDA level, of 22,805 MW in Spain, with the following breakdown:

	2025	2024	Change MW
Onshore wind	6,359	6,351	8
Hydroelectric (*)	10,823	10,823	0
Mini hydroelectric	229	234	(5)
Solar and other (**)	5,182	4,937	245
Batteries	212	39	173
Total power (MW)	**22,805**	**22,384**	**421**

(*) Includes the 1,158 MW in Portugal of the Tâmega Hydroelectric Plant (Gouvaes 880 MW, Daivões 118 MW and Alto Tâmega 160 MW).

(**) Solar capacity measured in MWdc.

As part of the divestment process, 5 MW of conventional small-scale hydro capacity was derecognised in the period.

Solar photovoltaic capacity was up 245 MW, with the following breakdown:

	MW
Ciudad Rodrigo	205
Balsicas	36
Added through the acquisition of Electra del Maestrazgo.	4
Total	**245**

The Ciudad Rodrigo plant in Salamanca will have 316 MW and the Balsicas plant in Murcia 100 MW.

In batteries, installed capacity increased by 173 MW with the Andévalo plants (29 MW; 61 MWh) in Huelva; Campo Arañuelo I and Campo Arañuelo II (58 MW; 122 MWh) in Cáceres; Revilla-Vallejera (29 MW; 61 MWh) in Burgos; and Olmedilla (29 MW; 61 MWh) and Romeral (29 MW; 58 MWh), both in Cuenca.

In wind:

- Further progress was made in relation to the repowering works at Isabela (48 MW) in Albacete, and the wind turbines to be replaced have already been dismantled.
- Also in Albacete, at Molar de Molinar, the wind farm was repowered by replacing its 75 existing turbines with 11 new turbines, while maintaining installed capacity (49.50 MW).
- Meanwhile, 39 MW were installed at Iglesias (70 MW planned) in Burgos, and 17 MW were installed at the Finca San Juan wind farm in Tenerife.

In relation to ongoing projects:

- In wind power, the permitting process for the commissioning of the repowering of Molar del Molinar (50 MW) in Albacete got under way in the final quarter of the year. In addition, work continued to progress at El Escudo (97 MW) in Cantabria and at Iglesias (70 MW) in Burgos, and construction of the Labraza wind farm (40 MW) in Álava commenced.
- In solar photovoltaic power, work progressed on the grid connection of the Fuendetodos plant (125 MW) in Zaragoza. In addition, energy production began at Ciudad Rodrigo (316 MW), and the commissioning process for Balsicas (100 MW) in Murcia got under way. Elsewhere, work progressed at Ayora-Cofrentes (366 MW) in Valencia.
- In hydroelectric power, progress continued on the commissioning of Unit 4 at Torrejón and Unit 1 at Valdecañas, both pumped-storage facilities. Once operational, the Torrejón–Valdecañas complex will have 15 million kWh of capacity and 290 MW of installed capacity.

The trend in consolidated production by technology is as follows:

	2025	2024	% chg Consolidated
Onshore wind	9,389	9,336	0.6
Hydroelectric	21,546	20,159	6.9
Mini hydroelectric	432	429	0.7
Solar and other	4,427	3,150	40.5
Total production (GWh)	**35,794**	**33,074**	**8.2**

- Onshore wind generation reached 9,389 GWh during the period, up 0.6% on 2024.
- Hydroelectric generation reached 21,546 GWh, marking a 6.9% increase on the previous year, driven by higher water availability and greater use of pumped storage.
- Mini-hydroelectric production came to 432 GWh, up 0.7% year on year.
- As for solar generation, it reached 4,427 GWh in the year, a 40.5% increase driven by higher average operating capacity.

Thermal capacity and production

Meanwhile, thermal capacity installed in Spain decreased by 9 MW in cogeneration compared to 2024, bringing the total down to 9,130 MW. The breakdown by technology is as follows:

	2025	2024	Change MW
Nuclear	3,177	3,177	0
Gas combined cycles	5,695	5,695	0
Cogeneration	258	267	(9)
Total power (MW)	**9,130**	**9,139**	**(9)**

In 2025, production amounted to 28,334 GWh. The breakdown by technology is as follows:

	2025	2024	Change (%)
Nuclear	21,507	22,589	(4.8)
Gas combined cycles	5,542	4,449	24.6
Cogeneration	1,285	1,403	(8.4)
Total production (GWh)	**28,334**	**28,441**	**(0.4)**

IBERDROLA's thermal generation in 2025 decreased by 0.4% compared with the same period of the previous year: nuclear generation fell by 4.8%, combined cycle generation increased by 24.6%, and cogeneration declined by 8.4%.

Retail supply

The portfolio under management in Spain stood at 23.6 million contracts at the end of 2025. The breakdown is as follows:

thousands of contracts	No. of contracts
Electricity contracts	9,719
National gas contracts	1,242
Contracts for products and services	12,681
Total	**23,642**

By market type, the categories are:

	No. of contracts
Free market	20,032
Last resort	3,610
Total	**23,642**

Electricity sales by IBERDROLA (at power station busbars) fell by 9.3% in 2025, broken down as follows:

	2025	2024	Change (%)
Free market	54,892	65,362	(16.0)
PVPC	6,892	6,739	2.3
Other markets	17,511	15,344	14.1
Electricity sales (GWh)	**79,295**	**87,445**	**(9.3)**

IBERDROLA managed a gas balance (without deducting shrinkage) in 2025 of 2.43 bcm, of which 0.43 bcm was sold in wholesale operations, 0.87 bcm was sold to end customers and 1.13 bcm was used for electricity production.

2.2.2.2 United Kingdom

Renewable capacity and production

Consolidated installed capacity in the United Kingdom comes to 3,211 MW. The breakdown by technology is as follows:

	2025	2024	Change MW
Onshore wind	2,133	1,953	180
Offshore wind	908	908	0
Solar and other (*)	19	19	0
Batteries	151	101	50
Total power (MW)	**3,211**	**2,981**	**230**

(*) Solar capacity measured in MWdc.

During 2025, 183 MW of installed wind capacity were commissioned:

- In the Hagshaw Hill Repowering project in South Lanarkshire, Scotland, 80 MW were installed following completion of the physical installation works;

- In the second project in South Lanarkshire, namely Cumberhead West, 51 MW were installed (113 MW planned);
- As a result of the construction works for the Kilgallioch Extension in Ayrshire, 51 MW were installed, and the plant is expected to enter commercial operation in the first quarter of 2026;
- In the Dun Law I project, 1 MW were installed.

Meanwhile, 3 MW of wind capacity were decommissioned at the Coldham (2 MW) and Barnesmore (1 MW) projects.

As for battery storage, the Harestanes BESS project (50 MW) was already in commercial operation as planned.

Elsewhere, several projects continue to be developed:

- In onshore wind, work continued on the projects awarded Contracts for Difference (CfDs) in the fourth allocation round (AR4) held in 2022. In the Cumberhead West project (113 MW), construction works progressed well, and commercial operation is expected to begin in the second quarter of 2026. Meanwhile, the Arecleoch Extension project (74 MW) is expected to come online in early 2027.
- In the UK, the renewable energy business is currently developing offshore wind projects, including those in the East Anglia Hub in England, as well as secured sites in Scotland.
    - Construction continued at East Anglia 3, following the award of a Contract for Difference in the UK's fourth allocation round. Offshore foundations were installed throughout 2025, while onshore works were close to completion, including the onshore converter station. The EA3 project remains on track to enter commercial operation in late 2026. In July 2025, Iberdrola and Masdar agreed to co-invest on a 50/50 basis in this wind farm, with an estimated investment of EUR 5,200 million.
    - The East Anglia 2 project was successful in the sixth round of UK auctions, securing a contract for differences for 964 MW. All major contracts were awarded, and onshore works progressed as planned. Marine surveys were carried out during the summer months.
    - Further progress was made in key engineering and design work at East Anglia 1 North, with a view to taking part in future allocation rounds, and the facility already has all the necessary permits in place.
    - The ScotWind portfolio now has a capacity of 5 GW, split between the floating MarramWind project, with 3 GW, and MachairWind, with 2 GW of fixed-bottom capacity. This followed the completion of a transaction in the fourth quarter of 2025, under which Iberdrola acquired 100% of MarramWind, while Shell acquired 100% of CampionWind. In January 2026, an application for authorisation was submitted for the offshore MarramWind project.

The trend in consolidated production, terms of EBITDA, was as follows:

	2025	2024	% chg Consolidated
Onshore wind	3,701	4,066	(9.0)
Offshore wind	3,638	3,190	14.0
Solar and other	12	8	50.0
Total production (GWh)	**7,351**	**7,264**	**1.2**

- Onshore wind generation stood at 3,701 GWh, down 9.0% on the same period of the previous year, mainly due to lower wind resource availability.
- Offshore wind generation, corresponding to the West of Duddon Sands and East Anglia 1 wind farms, increased by 14.0% to 3,638 GWh. The comparison was mainly affected by an extraordinary incident involving the export cables in 2024, partially offset by lower wind resource availability in 2025.

Retail supply

The portfolio under management in the United Kingdom totalled 4.5 million contracts at the end of 2025, broken down as follows:

thousands of contracts	No. of contracts
Electricity contracts	2,453
National gas contracts	1,738
Contracts for products and services	333
Smart meters (1)	0
Total	**4,524**

(1) Following the sale of ScottishPower's smart metering subsidiary in September 2025, this figure fell to zero.

As regards sales(2) in 2025, 9,015 GWh of electricity and 17,648 GWh of gas were supplied to customers, down 22.5% and 5%, respectively, on 2024, mainly due to lower average demand, a smaller customer base, and the discontinuation of industrial and commercial (*I&C*) activity.

(2) Electricity sales measured in power plant busbars. Gas sales without deducting shrinkage.

2.2.2.3 United States

Renewable capacity and production

Consolidated installed capacity in the United States comes to 9,557 MW. The breakdown by technology is as follows:

	2025	2024	Change MW
Onshore wind	7,927	7,809	118
Hydroelectric	118	118	0
Solar and other (*)	1,499	1,372	127
Batteries	13	13	0
Total power (MW)	**9,557**	**9,312**	**245**

(*) Solar capacity measured in MWdc.

Power variations over the year were as follows:

- Solar photovoltaic capacity increased up 127 MW at the Tower RD Solar plant (166 MW planned) in Oregon.
- In onshore wind:
    - As a result of repowering works, 80 MW were decommissioned at Leaning Juniper 2A and 149 MW at Juniper Canyon;
    - Elsewhere, 147 MW were installed at the Pontotoc wind farm in Oklahoma, 2 MW at the South Chestnut wind farm, 108 MW at the Juniper Canyon wind farm in Washington (to reach 136 MW), and 90 MW at Leaning Juniper 2A in Oregon (to reach 98 MW).

In relation to ongoing projects:

- In onshore wind, there are three further repowering projects currently under construction: the Leaning Juniper 2B wind farm (119 MW) in Oregon, the Baffin Bay wind farm (202 MW) in Texas, and the Big Horn wind farm (200 MW) in Washington; all are progressing as planned. In addition, work continued on the Osagrove Flats project (153 MW) in Illinois.
- In solar photovoltaic power, Oregon Trail Solar (58 MW) in Oregon reached final investment decision and construction began.
- In offshore wind, construction continued on the Vineyard Wind 1 project (806 MW), in which Iberdrola holds a 50% stake, off the coast of Massachusetts; 572 MW had been fully installed and the project was already selling electricity.

Consolidated production by technology and its trend during the year was as follows:

	2025	2024	% chg Consolidated
Onshore wind	18,550	18,749	(1.1)
Hydroelectric	45	211	(78.7)
Solar and other	2,347	1,256	86.9
Batteries	68	72	(5.6)
Total production (GWh)	**21,010**	**20,288**	**3.6**

- Onshore wind generation stood at 18,550 GWh, down 1.1% on the same period of 2024.
- Solar generation reached 2,347 GWh, up 86.9%, driven by the construction and commissioning of new projects (Bakeoven, Daybreak, True North, Camino, Powell Creek and Pontotoc).
- Hydroelectric generation fell by 78.7% to 45 GWh, mainly due to the shutdown of certain facilities.
- Fuel cells produced 68 GWh.

In the United States, the renewable business operates the 636 MW Klamath cogeneration plant. Production in 2025 was as follows:

Production (GWh)	2025	2024	Change (%)
Cogeneration	3,149	3,884	(18.9)

2.2.2.4 Mexico (in the process of being sold)

Renewable capacity and production

At year-end, installed renewable capacity in Mexico amounted to 1,232 MW, unchanged from 2024:

	2025	2024	Change MW
Onshore wind	590	590	0
Solar and other (*)	642	642	0
Total power (MW)	**1,232**	**1,232**	**0**

(*) Solar capacity measured in MWdc.

Consolidated production by technology and its trend during the year was as follows:

	2025	2024	% chg Consolidated
Onshore wind (1)	1,581	1,623	(2.6)
Own use	1,581	1,579	0.1
For third parties	0	44	(100.0)
Solar and other	1,049	1,124	(6.7)
Total production (GWh)	**2,630**	**2,747**	**(4.3)**

(1) Includes Santiago Eólico.

Onshore wind generation stood at 1,581 GWh, down 2.6% on 2024 due to lower wind resource availability.

Solar technology generated 1,049 GWh, representing a 6.7% decrease, primarily due to reduced solar resources.

Thermal capacity and production

In Mexico, thermal capacity at year-end 2025 came to 1,368 MW, with the following breakdown:

	2025	2024	Change MW
Gas combined cycles	1,166	1,166	0
CCGT – own use	1,166	1,166	0
CCGT – third parties	0	0	0
Cogeneration	202	202	0
Total power (MW)	**1,368**	**1,368**	**0**

Thermal production in 2025 reached 9,036 GWh, down 44.9% on the same period of the previous year, largely due to the aforementioned sale:

	2025	2024	Change (%)
Gas combined cycles	7,572	15,001	(49.5)
CCGT – own use	7,572	8,890	(14.8)
CCGT – third parties	0	6,111	(100.0)
Cogeneration	1,464	1,388	5.5
Total production (GWh)	**9,036**	**16,389**	**(44.9)**

Retail supply

Electricity sales for the 2025 financial year fell to 17,853 GWh, a decrease of 22.1% compared to 2024. Details are as follows:

	2025	2024	% chg
CFE	0	6,154	(100.0)
Privados	17,853	16,751	6.6
Electricity sales (GWh)	**17,853**	**22,905**	**(22.1)**

Lower electricity sales to CFE and lower thermal generation are due to the fact that, in 2024, production from the assets sold to MIP is included up to the closing of the transaction on 26 February 2024, after which sales and third-party generation fell to zero.

2.2.2.5 Brazil

Renewable capacity and production

	2025	2024	Change MW
Onshore wind	1,554	1,554	0
Hydroelectric	791	1,036	(245)
Solar and other (*)	149	149	0
Total power (MW)	**2,494**	**2,739**	**(245)**

(*) Solar capacity measured in MWdc.

No new facilities were added in 2025. The sale of the Baixo Iguaçu hydroelectric plant (245 MW) was also completed during the period.

Consolidated production by technology and its trend during the year was as follows:

	2025	2024	% chg Consolidated
Onshore wind	5,193	5,339	(2.7)
Hydroelectric	2,426	3,284	(26.1)
Solar and other	225	247	(8.9)
Total production (GWh)	**7,844**	**8,870**	**(11.6)**

- Onshore wind generation stood at 5,193 GWh, down 2.7% on 2024, due to lower availability.

- Hydroelectric generation amounted to 2,426 GWh, down 26.1% on 2024 due to the sale of Baixo Iguaçu.
- Solar photovoltaic generation amounted to 225 GWh, down 8.9% due to lower solar resource availability.

Thermal capacity and production

Generation capacity in Brazil, corresponding to the Termopernambuco combined-cycle gas plant, stands at 550 MW and produced 23 GWh in 2025, a 100.0% decline in output, affected by the change from bilateral power sales contracts, which were in force until 14 May 2024, to the current capacity reserve contract.

Retail supply

The portfolio under management in Brazil amounted to 0.9 million contracts at the end of 2025.

Electricity sales for the 2025 financial year fell to 10,474 GWh, a decrease of 17.4% compared to 2024. Details are as follows:

	2025	2024	% chg
PPA	5,115	7,150	(28.5)
Free market	5,359	5,523	(3.0)
Electricity sales (GWh)	**10,474**	**12,673**	**(17.4)**

2.2.2.6 Iberdrola Energía Internacional (IEI)

Renewable capacity and production

Iberdrola Energía Internacional's installed renewable capacity came to 4,933 MW, 830 MW more than in 2024.

By technology, installed capacity is as follows:

	2025	2024	Change MW
Onshore wind	2,062	2,041	21
Offshore wind	1,322	1,322	0
Solar and other (*)	1,229	665	564
Batteries	320	75	245
Total power (MW)	**4,933**	**4,103**	**830**

(*) Solar capacity measured in MWdc.

The increase in capacity corresponds to the following facilities:

- Onshore wind capacity increased by a total of 21 MW:
    - In Greece, installation of the turbines at the Gatza wind project (23 MW) was completed, in line with expectations.
    - in Australia, 2 MW were decommissioned at the Alinta Walkaway plant.
- In photovoltaic solar technology, 564 MW were installed:

- In Italy, construction of the Fenix project (243 MW) in Sicily was completed, and 15 MW were installed at the Limes 10 project (18 MW now installed) and 33 MW at Limes 15, both located in Lazio.
- In Germany, construction of the Schadewohl project (65 MW) was completed.
- In Australia, 208 MW were installed at the Broadsound project in the Queensland region (376 MW planned).

In batteries, installed capacity increased by 180 MW with the Broadsound project, and installation and commissioning of the Smithfield battery (65 MW), located in New South Wales, were completed.

In relation to ongoing projects:

- Wind power:
    - In Portugal, construction of the Tâmega wind project (274 MW), located in the districts of Vila Real and Braga (in northern Portugal), progressed as planned. This project is located in the districts of Vila Real and Braga and uniquely integrates wind and operational hydroelectric power.
- Solar photovoltaic:
    - In Germany, the Boldekow project (56 MW) in Mecklenburg–Western Pomerania was operating at full capacity.
- Offshore wind projects:
    - In Germany, construction of the Windanker project (315 MW), a *partnership* with Kansai holding 49% (Iberdrola 51%), continued, with commercial operation expected to begin in 2026.

Installed wind power capacity by country is as follows:

Onshore wind	2025	2024	Change MW
Australia	1,024	1,025	(1)
Greece	437	415	22
Hungary	158	158	0
France	118	118	0
Portugal	92	92	0
Poland	213	213	0
Romania	0	0	0
Cyprus	20	20	0
Total power (MW)	**2,062**	**2,041**	**21**

Installed photovoltaic capacity by country is as follows:

Solar photovoltaic	2025	2024	Change MW
Germany	121	56	65
Australia	561	352	209
Greece	6	6	0
Portugal	185	185	0
Italy	356	65	291
Total power (MW)	**1,229**	**664**	**565**

Renewable generation reached a total of 9,280 GWh at year-end, up 17.2% on 2024.

- Onshore wind generation fell by 4.0%, mainly due to the divestment in Romania (80 MW) in 2024 and lower wind resource availability.
- Offshore wind generation (France and Germany) was up 59.4%, largely due to the commissioning of the Saint-Brieuc wind farm (496 MW) in France and Baltic Eagle (476 MW) in Germany.
- Solar photovoltaic generation stood at 719 GWh during the period, compared with 711 GWh in 2024, mainly due to new capacity coming into operation in Germany and Italy towards year-end.

	2025	2024	% chg
Onshore wind	4,427	4,611	(4.0)
Offshore wind	4,134	2,593	59.4
Solar and other	719	711	1.1
Total production (GWh)	**9,280**	**7,915**	**17.2**

In Australia, there is an additional 243 MW of thermal power, which generated 57 GWh in 2025, up from 121 GWh in 2024.

Retail supply

The managed portfolio in Portugal reached 0.6 million contracts at the end of 2025. The breakdown is as follows:

thousands of contracts	No. of contracts
Electricity contracts	362
National gas contracts	61
Contracts for products and services	221
Total	**644**

By market type, the categories are:

thousands of contracts	No. of contracts
Free market	644

Electricity sales by IBERDROLA (at power station busbars) fell by 519.1% in 2025, broken down as follows:

	2025	2024	Change (%)
Free market	7,958	8,377	(5.0)
Other markets	206	234	(12.0)
Electricity sales (GWh)	**8,164**	**8,611**	**(5.2)**

2.3. Business performance

2.3.1 Analysis of the Income statement

Key figures for 2025 results, in millions of euros, are as follows:

	2025	Restated (Note 2.c) 2024	Change (%)
Revenue	44,076	42,988	2.5
Gross income (1)	24,048	23,211	3.6
EBITDA (2)	15,956	14,642	9.0
EBIT (3)	9,755	7,639	27.7
Net profit for the period attributable to the parent	6,285	5,612	12.0

(1) Gross Income: Revenue - Supplies.

(2) EBITDA: Operating profit + Depreciation, amortisation and provisions + Valuation adjustments on trade receivables and contract assets.

(3) EBIT: Operating profit.

Key events in the year

In 2024, the Portugal Customer business was reported within Spain, as it was legally dependent on a subsidiary of Iberdrola España, S.A. To complete the corporate reorganisation process aimed at integrating the commercial businesses into the respective country sub-holdings, in 2025 Iberdrola Clientes Portugal, Unipessoal, Lda. was sold to a subsidiary of Iberdrola Energía Internacional, S.A., which should be taken into account for comparative purposes.

On 20 March, approval was obtained from the UK Competition and Markets Authority (CMA), and the restrictions on taking control of ENW were lifted, allowing global consolidation from that date forward. In 2024, following the closing of the transaction on 22 October, ENW's contribution was recognised under "Results from equity-accounted associates".

In February 2024, Iberdrola México completed the sale to México Infrastructure Partners FF, S.A.P.I. de C.V. of a portfolio of 13 power generation plants in the country, comprising combined-cycle plants and an onshore wind farm. The IBERDROLA Group retained 13 plants, the entire private customer activity segment, and the portfolio of renewable projects under development within the subholding Iberdrola México S.A. de C.V. On 31 July 2025, an agreement was signed with COX ABG Group S.A. for the sale and purchase of 100% of the shares in Iberdrola México S.A. de C.V. It has been concluded that the conditions are met to classify the assets and liabilities of the Mexico segment as held for sale and to present the segment's result under "Net profit/(loss) for the year from discontinued operations". The consolidated income statement for 2024 has been restated and is presented on the same basis.

Impairment losses and write-downs: impairment losses of EUR 182 million were recognised in respect of property, plant and equipment, and impairment totalling EUR 340 million was recorded, mainly relating to offshore wind projects under development in the United States, together with other, less significant items largely corresponding to projects under development in the United Kingdom and France.

In 2025, the IBERDROLA Group reported EBITDA of EUR 15,956 million, up 9%. Without considering the negative exchange rate effect of EUR 355 million, it would have risen by 11%.

The parent company's net profit for the year was up EUR 673 million, which is 12% higher than in 2024. Without the negative impact from a EUR 101 million exchange rate effect, the increase would have been 10.2%, bringing it to EUR 6,285 million.

The year's performance was primarily underpinned by the improvement in Spain and the United Kingdom.

- In Spain, the segment's performance was positive, driven, among other factors, by regulatory adjustments in Networks. Higher production was offset by lower margins and sales, together with higher costs for ancillary services, mainly as a result of the blackout that took place on 28 April.
- In the United Kingdom, the performance was also positive thanks to ENW's contribution from March, the divestment through the sale of SP Smart Meters Assets Limited (SPSMAL), the company that owns and operates the smart meter leasing business in the UK, the sale of a 50% stake in East Anglia Three Holdings Limited, and the recognition in 2025 of the insurance compensation for the East Anglia One cable failure that occurred in 2024. These impacts offset lower renewable output and prices, the loss of the customer portfolio, and higher impairment losses.
- The United States improved due to the recognition by the regulator of receivables at the regulated business, as well as higher billing in Networks and lower impairment at Renewables compared with those recognised in 2024.
- In Mexico, where the activity is now classified as discontinued, the comparison between periods is affected by the sale in 2024 of certain generation projects to MIP. Once the capital gain and the differential contribution of the sold companies are excluded, the retained business shows positive performance.

- In Brazil, the performance was favourable thanks to improvements in tariffs and market conditions, positive tax adjustments, and the acquisition of Previ's 30.29% stake, which had the effect of reducing the share of results attributable to non-controlling interests. In November 2025, the relevant procedures were initiated for the launch of a takeover bid to acquire the remaining 16.21% of the shares. The transaction is due to be completed in 2026.

- In 2025, Iberdrola Energía Internacional, which already includes all countries in the International business within the scope of consolidation, improved its contribution due to new capacity at the renewables business, although generally low wind resource levels ultimately prevented it from contributing more, offsetting the decline in the contribution made by the commercial business

2.3.1.1 Gross income

Gross income came to EUR 24,048 million, up EUR 837 million, or 3.6%, compared to the figure reported in 2024. Stripping out the adverse exchange rate effect of EUR 551 million, this figure would be an improvement of EUR 1,388 million (6%) over 2024.

Gross income by country *subholding* is as follows:

	2025	2024	Change (%)
Spain	8,868	8,981	(1.3)
United Kingdom	5,086	4,836	5.2
United States	5,821	5,311	9.6
Mexico	722	635	13.7
Brazil	3,162	3,178	(0.5)
IEI	1,118	926	20.7
Corporation and adjustments	52	9	477.8
Discontinued operation	(781)	(665)	17.4
Total gross income	**24,048**	**23,211**	**3.6**

In Spain, gross margin decreased by EUR 113 million, down 1.3% on 2024.

- At the Networks business, net income was up EUR 420 million due to the impact of the new financial remuneration rate following the CNMC draft (6.58% versus 5.58%), as well as the update to the minimum assumption of the COMGES X update factor (2021–2025) (operation and maintenance remuneration), which had a positive effect on remuneration for 2025, together with the recognition of incentives.

- The Renewables and Sustainable Generation business increased its contribution by EUR 200 million compared with 2024, mainly due to higher production.

- The contribution made by the Customer business was down EUR 733 million. In the Spanish liberalised market, gross income was down EUR 529 million (EUR 313 million due to volume effects, EUR 205 million due to price effects and EUR 11 million due to procurement costs); in CUR, gross income fell by EUR 33 million; at the gas business, it was down EUR 25 million; in products and services it was up EUR 28 million; and in cogeneration it fell by EUR 26 million. The business was also affected by higher ancillary services costs, largely due to the new reinforced system operation following the nationwide blackout that took place on 28 April.

  The decrease was due to the commercial business in Portugal, which contributed EUR 148 million in gross income in 2024 and was transferred to the International business in 2025.

Gross income in the United Kingdom performed well, increasing its contribution by 5.2% to reach EUR 250 million for the year.

- Gross income in the UK Networks business increased its contribution by EUR 651 million due to improved performance in the distribution business following the full consolidation of ENW, effective from March 2025 (EUR 621 million), together with the higher contribution from the transmission business following an increase in the regulated asset base and higher tariffs.

- The Renewables and Sustainable Generation business reduced its contribution by EUR 213 million due to lower output and lower prices.

- The contribution made by the Customer business was down EUR 193 million.

In the United States, gross income was down EUR 510 million on financial year 2024.

- The Networks business managed to increase its contribution increased by EUR 491 million, driven by higher tariffs at the distribution business and the contribution made by the transmission segment.

- The Renewables and Sustainable Generation business improved its contribution by EUR 19 million.

In Brazil, gross income worsened by 0.5% compared with 2024, falling by EUR 16 million.

- The Networks business improved its contribution by EUR 61 million.

- The Renewables and Sustainable Generation business reduced its contribution by EUR 24 million, affected by exchange rate fluctuations.

- The contribution made by the Customer business was down EUR 53 million.

Gross income in Mexico grew by 14%, EUR 87 million higher than in 2024, driven by the strong performance of the retained assets.

The other countries grouped under IEI managed to increase their contribution by 21%, EUR 192 million higher than in the previous year. The comparison is affected by the inclusion of the Portuguese commercial business in 2025.

- The Renewables and Sustainable Generation business increased its contribution by EUR 210 million, following a 17.2% increase in output, driven by higher offshore wind generation (59.4%) as a result of the contribution from the Saint Brieuc wind farm (496 MW, France) and the Baltic Eagle wind farm (476 MW, Germany).
- The commercial business reduced its contribution by EUR 18 million, mainly in Portugal, due to higher ancillary services costs during the period as a result of the blackout.

2.3.1.2 Gross operating profit – EBITDA

Consolidated EBITDA was up EUR 1,314 million (+9%) to EUR 15,956 million, compared with EUR 14,642 million in 2024. The net effect of exchange rates fluctuations had a positive impact EUR 378 million. Without this effect, it would have grown by 11%.

Contributions by country *subholding* were as follows:

	2025	2024	Change (%)
Spain	6,004	6,268	(4.2)
United Kingdom	3,685	3,331	10.6
United States	3,192	2,280	40.0
Mexico	567	2,147	(73.6)
Brazil	2,352	2,265	3.8
IEI	791	707	11.9
Corporation and adjustments	1	(150)	(100.7)
Discontinued operation	(636)	(2,206)	(71.2)
Gross operating profit - EBITDA	**15,956**	**14,642**	**9.0**

EBITDA growth in 2025 was largely driven by the improvements seen in the United States and the United Kingdom.

In addition to the gross income performance, the variables behind the EBITDA performance are as follows:

- **Net operating expenses**

Net operating expenses by country *subholding* are as follows:

	2025	2024	Change (%)
Spain	1,252	1,457	(14.1)
United Kingdom	942	946	(0.4)
United States	1,985	2,414	(17.8)
Mexico	146	(1,520)	(109.6)
Brazil	803	907	(11.5)
IEI	291	207	40.6
Corporation and adjustments	45	51	(11.8)
Discontinued operation	(137)	1,548	(108.9)
Net operating expenses	**5,327**	**6,010**	**(11.4)**

Net operating expenses fell by EUR 683 million to EUR 5,327 million. Exchange rate effects had a positive impact of EUR 169 million on the comparison. Excluding the exchange rate effect, the change would amount to EUR 1,171 million (+12%). It was particularly affected by gains from asset rotations in both years: EUR 283 million in 2025 compared with EUR 1,784 million in 2024.

- **Taxes**

Taxes other than income tax by country *subholding* are as follows:

	2025	2024	Change (%)
Spain	1,612	1,255	28.4
United Kingdom	459	559	(17.9)
United States	644	617	4.4
Mexico	8	8	0
Brazil	7	6	16.7
IEI	36	13	176.9
Corporation and adjustments	7	108	(93.6)
Discontinued operation	(8)	(7)	14.3
Taxes	**2,765**	**2,559**	**8.1**

The heading Taxes other than income tax was up EUR 206 million to EUR 2,765 million. Exchange rate effects had a positive impact of EUR 31 million; excluding this effect, they would have increased by EUR 237 million.

The increase is due to:

- positive effects such as the EUR 138 million improvement from the reduction in the UK windfall tax and the elimination of the temporary energy levy, which amounted to EUR 99 million in 2024.

- Conversely, the comparison is adversely affected by the impact of court rulings issued in 2024 amounting to EUR 262 million; higher expense from the reactivation of the Tax on the Value of Electricity Production (IVPEE), an increase of EUR 108 million (this tax was reintroduced in 2024 with a progressive rate, starting at 3.5% in the first quarter, rising to 5.25% in the second quarter of 2024 and up to 7% currently); a EUR 13 million increase in the Enresa levy; and increases of EUR 60 million in the social bonus and energy efficiency charges.

2.3.1.3 Net operating profit – EBIT

EBIT totalled EUR 9,755 million, 28% up on 2024 (EUR 7,639 million). Without considering the negative exchange rate effect of EUR 24 million, the increase would have been 32%.

The breakdown by *subholding company,* expressed in millions of euros, is as follows:

	2025	2024	Change (%)
Spain	4,140	4,317	(4.1)
United Kingdom	2,373	2,256	5.2
United States	1,329	(578)	(329.9)
Mexico	449	2,028	(77.9)
Brazil	1,693	1,591	6.4
IEI	344	317	8.5
Corporation and adjustments	(52)	(202)	(74.3)
Discontinued operation	(521)	(2,090)	(75.1)
Operating profit – EBIT	**9,755**	**7,639**	**27.7**

To arrive at operating profit, we incorporate:

- **Valuation adjustments, trade and contract assets**

Provisions for trade receivables and contract assets amounted to EUR 398 million, EUR 70 million lower than in 2024 (EUR 468 million).

- **Amortisation, depreciation and provisions**

Depreciation and amortisation increased by EUR 223 million (+4.6%) to EUR 5,122 million, mainly due to the Group's growth and the increased asset base.

The heading "Provisions for impairment and write-downs of non-financial assets" was down EUR 1,044 million, from EUR 1,568 million in 2024—which included asset impairments in the US onshore wind business—to EUR 524 million in 2025 (write-downs of EUR 184 million and impairments of EUR 340 million), largely due to write-downs and impairments of offshore wind assets in the United States and projects in France and the United Kingdom.

"Other provisions" increased by EUR 89 million compared with 2024.

2.3.1.4 Net finance income

Net finance income improved by EUR 36 million to EUR 1,754 million (EUR 1,790 million in 2024). Including Mexico, net financial income worsened by EUR 288 million to EUR 1,863 million (EUR 1,575 million in 2025). The breakdown of this change by component is as follows:

	2025	2024	Change
Gains/(losses) on debt	(2,502)	(2,239)	(263)
Other non-debt finance income	639	664	(25)
Finance income including Mexico	**(1,863)**	**(1,575)**	**(288)**
Discontinued operation	109	(215)	324
Net finance income/(expense)	**(1,754)**	**(1,790)**	**36**

The change can be largely explained by:

- Net debt expense increased by EUR 263 million: EUR 357 million due to an increase of EUR 6,162 million in average net debt, partially offset by EUR 94 million as a result of exchange rate depreciation, particularly of the Brazilian real.

- The remaining items represent a deterioration of EUR 25 million. Derivatives made a positive contribution of EUR 164 million, with EUR 279 million attributable to East Anglia 3 derivatives, while the remainder largely relates to hedging in Mexico, offset at net profit level under the taxes line. Meanwhile, the "Other" line item made a negative contribution of EUR 189 million.

At 31 December 2025, the Group's average borrowing costs stood at 4.76%, compared to 5.02% in the same period of the previous year (Note 29).

The average cost of adjusted net financial debt fell by 6 basis points to 4.75%, compared with 4.81% in the same period of the previous year, amid lower euro interest rates and financing margins, despite higher interest rates in Brazil.

The average cost of adjusted net financial debt is calculated as the quotient of gains/(losses) on debt and the average balance of adjusted net financial debt.

The reconciliation of gains/(losses) on debt with the figures in the consolidated Income statement is as follows:

Millions of euros	2025	2024
Finance expenses and similar financing expenses [1][5]	(2,558)	(2,454)
Finance expenses from lease liabilities [1][5]	(89)	(87)
Hedging cost of financing derivatives [2]	(71)	(37)
Finance income from hedging derivatives [3]	(27)	7
Finance income from other derivatives [2]	24	0
Income from placement of surpluses [3][5]	219	334
Net exchange differences in foreign currency for financing activities [4][5]	0	(2)
Gains/(losses) on debt	**(2,502)**	**(2,239)**

[1] Note 44 to the annual financial statements.

[2] Notes 43 and 44 to the annual financial statements, included under "Non-hedging derivatives and ineffectiveness".

[3] Note 43 to the annual financial statements, included under the line "Finance income from assets at amortised cost".

[4] Notes 43 and 44 to the consolidated annual financial statements, net of the lines "Positive foreign exchange differences on financing" and "Negative foreign exchange differences on financing".

[5] The line items "Financial expenses and related financing costs", "Financial expenses on lease liabilities", "Income from the placement of surplus funds" and "Net foreign exchange differences on financing" included EUR -25 million, EUR -4 million, EUR +112 million and EUR +1 million, respectively, relating to the discontinued operation (Note 18 to the annual financial statements).

The average balance of the adjusted net financial debt is calculated by weighting the number of days each debt operation remains active throughout the year. Accordingly, it includes the same items as those set out in Note 22 to the annual financial statements, as detailed below:

Average balance	2025	2024
Gross financial debt	56,433	51,663
Cash assets	(3,770)	(5,162)
Adjusted net financial debt	**52,663**	**46,501**

2.3.1.5 Profit/(loss) of equity-accounted investees

The heading “Profit/(losses) at equity-accounted investees” showed a positive EUR 96 million.

2.3.1.6 Net profit/(loss) for the year from discontinued operations (net of taxes)

It mainly reflects the result of the Mexico subholding, classified as discontinued following the sale agreement reached with COX, together with smaller amounts from the engineering activity: EUR 364 million in 2025 and EUR 1,479 million in 2024, the latter including the gain on the sale of the companies to MIP.

2.3.1.7 Net profit for the period attributable to the parent

Net profit for the year amounted to EUR 6,285 million, up by EUR 673 million, representing a 12% increase compared with the previous year’s EUR 5,612 million. The exchange rate effect was positive to the tune of EUR 101 million.

Income tax

Corporate income tax expense was up EUR 328 million to EUR 1,671 million compared with 2024 (EUR 1,343 million).

The main factors driving this increase are:

- The expense increased by EUR 538 million, calculated at the tax rate applicable in each country, mainly as a result of higher expense in the United States, which in 2024 recorded income arising from the impairment recognised.
- The expense improved by EUR 62 million after adjusting the corporate income tax expense from prior years, mainly reflecting the tax impact arising from the exclusion from the corporate income tax base once the corresponding financial update of the PIS/COFINS tax credits had been confirmed.
- The expense improved by EUR 128 million due to adjustments related to deferred taxes on goodwill.
- The remaining positive variance of EUR 20 million reflects numerous recalculations and permanent differences.

Non-controlling interests

Meanwhile, non-controlling interests were up EUR 169 million to EUR 505 million, mainly due to:

- the inclusion of ENW non-controlling interests amounting to EUR 20 million and the improvement in the result of East Anglia 1 by EUR 37 million increased this heading by EUR 57 million in the United Kingdom;
- the increase of EUR 124 million in Avangrid non-controlling interests, of which EUR 178 million is due to the effect of the *onshore* impairment in 2024. The remainder of

the improvement is the result of the repurchase of non-controlling interests in late 2024;

- the decline of EUR 23 million in non-controlling interests in Brazil, mainly due to the acquisition of the 30.29% stake from Previ;
- the remaining EUR 11 million increase relates to minor effects in Spain and Mexico.

3. Liquidity and capital resources

The principal objective of the IBERDROLA Group's financial management is to ensure a robust financial profile by strengthening the solvency and equity ratios typically tracked by credit rating agencies. It seeks to do so while optimising its liquidity position and managing financial risks accordingly and combining this with a sustainable shareholder remuneration policy.

3.1 Liquidity

The IBERDROLA Group had a strong liquidity position of EUR 21,174 million at the end of 2025 (Note 4 to the consolidated financial statements). Counting the financing operations signed after 31 December, this figure rises to EUR 21,381 million.

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 within 12 months). These liquidity transactions were arranged with counterparties that have high credit ratings.

This liquidity position covers 29 months of financing needs in the base case and 18 months in the risk scenario.

3.2 Financial solvency

3.2.1 Credit rating of IBERDROLA's senior debt

Credit *ratings* by rating agency are as follows:

Agency	Long-term [(1)]	Outlook	Date of latest report
Moody´s	Baa1 (15/06/2012)	Stable (14/03/2018)	03/09/2025
Fitch IBCA	BBB+ (02/08/2012)	Stable (25/03/2014)	21/11/2025
Standard & Poor's	BBB+ (22/04/2016)	Stable (22/04/2016)	09/12/2025

[(1)] The above ratings may be reviewed, suspended or withdrawn by the rating agency at any time.

3.2.2 Financial solvency ratios

The calculation of the financial solvency ratios is shown below:

		31.12.2025	31.12.2024
Adjusted FFO / Adjusted net financial debt [1]	%	25.5	22.9
Adjusted RCF / Adjusted net financial debt [1]	%	21.9	19.4
Adjusted net financial debt/Adjusted EBITDA	Times	3.02	3.4

[1] As shown in the table below.

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 and minority dividend payments – net flows from perpetual (hybrid) bonds.

FFO totalled EUR 12,811 million over the last 12 months, up 8.2% year on year, driven by improved cash generation at the Networks business.

These measures are calculated as follows:

	31.12.2025 [1]	31.12.2024 [1]
Net profit for the period attributable to the parent	6,285	5,612
Net profit for the year from discontinued operations [1]	17	19
Impairment losses, trade and other receivables	394	471
Amortisation, depreciation and provisions	5,922	6,648
Result of equity-accounted investees	(96)	37
Discounting to present value of provisions [2]	174	184
Non-controlling interests	505	336
Dividends received	63	61
Amounts allocated to the Income statement – capital grants	(133)	(102)
Tax deductibility of goodwill	0	71
Asset rotation	(260)	(1,170)
Non-cash deferred tax effect	(60)	(331)
Adjusted Funds from Operations (FFO)	**12,811**	**11,836**

	31.12.2025	31.12.2024
Adjusted Funds from Operations (FFO)	12,811	11,836
Dividends paid	(1,841)	(1,832)
Adjusted retained cash flow (RCF)	**10,970**	**10,004**

	31.12.2025	31.12.2024
EBITDA	16,592	16,848
Exit plan	0	111
Asset rotation	0	(1,743)
Adjusted EBITDA	**16,592**	**15,216**

	31.12.2025	31.12.2024
Adjusted net debt (Note 22.b to the annual financial statements)	50,037	51,672
Mexico contribution (3)	145	0
Adjusted net debt (with Iberdrola México)	**50,182**	**51,672**

(1) For the purposes of Adjusted FFO, Adjusted RCF and Adjusted EBITDA, Mexico is considered a continuing operation (see Note 18 to the annual financial statements).

(2) EUR 4 million included under Mexico finance expense (see Note 18 to the annual financial statements).

(3) Amounts included under Assets and Liabilities held for sale (see Note 18 to the annual financial statements).

3.3 Capital funds

3.3.1 Leverage

Adjusted net leverage fell by 1.63 percentage points to 43.81% (a decrease of 1.70 percentage points to 43.74% excluding Mexico; Note 22.b to the annual financial statements), compared with 45.44% recorded in the same period of the previous year (Note 22.b to the annual financial statements).

3.3.2 Debt structure

Adjusted net financial debt at 31 December 2025 was down EUR 1,490 million to EUR 50,182 million (a reduction of EUR 1,635 million to EUR 50,037 million excluding Mexico; Note 22.b to the annual financial statements), compared with EUR 51,672 million as at 31 December 2024. This was due to the FFO generated, the capital increase carried out, and the asset rotation and *partnerships* plan, which enabled debt levels to fall below those at the end of 2024.

Note 22 to the consolidated financial statements provides a reconciliation between the headings of the consolidated Statement of financial position and the various debt aggregates referred to in this section 3 of the consolidated Management Report.

The structure by interest rate and currency of the debt classified under “Bank borrowings, debentures or other marketable securities” after hedging is shown in Note 29.

In line with its strategy to minimise financial risks, the Group continues to mitigate currency risk by financing its international businesses in local currencies (pound sterling, Brazilian real and US dollar) or in the functional currency (US dollar, in the case of Mexico). Interest rate risk is mitigated through the issuance of fixed-rate debt, derivatives and future financing hedges.

The breakdown of adjusted gross financial debt by source of financing is as follows:

	31.12.2025	31.12.2024
Bonds – Euro	20.90 %	22.80 %
Bonds – US dollar	16.90 %	19.40 %
Bonds – Pound sterling	7.60 %	3.80 %
Bonds – Brazilian real	9.20 %	6.40 %
Bonds – Other currencies	2.00 %	1.90 %
Commercial paper	8.80 %	10.00 %
Multilateral loans	11.10 %	11.20 %
Development bank loans	10.30 %	9.70 %
Structured financing	0 %	0.10 %
Leases	4.80 %	5.00 %
Loans, bank credit and other	8.40 %	9.70 %
Total	**100.00 %**	**100.00 %**

The IBERDROLA Group has a comfortable debt maturity profile, with the average maturity of its adjusted gross financial debt standing at more than six years. The maturity profile of the IBERDROLA Group's debt classified under "Bank borrowings, bonds or other marketable securities" at year-end 2025 is shown in Note 29.

The average maturity of bank borrowings, bonds and other marketable debt securities is calculated pro rata to the maturity date of the long-term debt instruments, thus excluding short-term transactions:

- Issues of domestic commercial paper (USCP) and Euro Commercial Paper (ECP) (Note 29 to the annual financial statements).
- Drawdowns on credit facilities (Note 29 to the annual financial statements).
- Unpaid accrued interest (Note 29 to the annual financial statements).
- Derivatives on treasury shares: swaps on treasury shares, put options sold and accumulators (Note 22 to the annual financial statements).

3.4 Working capital

Working capital was up EUR 3,095 million on December 2024, largely due to:

- assets held for sale in Mexico, *onshore* France, Energyworks, Hungary and Dardanelos, together with the associated liabilities, increased working capital by a net EUR 2,392 million, comprising EUR 3,137 million in assets and EUR 745 million in liabilities;
- nuclear fuel was up EUR 116 million, while inventories fell by EUR 623 million, mainly due to the deconsolidation of the OFTO *(Offshore Transmission Owners)* of the East Anglia Three Limited (EA3) transmission line following the sale of 50% of the company;
- trade and other receivables and trade payables and other current liabilities increased working capital by EUR 429 million, with an increase of EUR 1,122 million and a reduction of EUR 693 million, respectively;

- mainly due to the reclassification to current status of the receivable for the deductibility of goodwill following the favourable ruling by the Court of Justice of the European Union;
- the change in derivatives, mainly *commodity* derivatives, led to a deterioration in working capital of EUR 294 million;
- the reduction in the balance of public administration payables improved working capital by EUR 1,023 million; and
- the net effect of other items improved working capital by EUR 52 million.

	31.12.2025	31.12.2024	Change
Assets held for sale	3,541	404	3,137
Nuclear fuel	434	318	116
Inventories	2,364	2,987	(623)
Trade and other current receivables	10,284	9,162	1,122
Other current financial assets	1,201	1,155	46
Derivative financial instruments – assets (1)	174	772	(598)
Public entities	1,811	1,615	196
Current assets	**19,809**	**16,413**	**3,396**
Liabilities linked to assets held for sale	942	197	745
Provisions	753	795	(42)
Equity instruments having the substance of a financial liability	139	103	36
Derivative financial instruments – liabilities (2)	228	532	(304)
Trade payables, other current financial liabilities and other current liabilities	12,193	11,500	693
Public entities	1,764	2,591	(827)
Current liabilities	**16,019**	**15,718**	**301**
Net working capital	**3,790**	**695**	**3,095**

(1) Not including cash and cash equivalents or debt derivative assets related to financial transactions (Note 22).

(2) Not including financial debt or debt derivative liabilities related to financial transactions (Note 22).

4. Main risks and uncertainties

The IBERDROLA Group has implemented a comprehensive risk control and management system, designed in line with international best practices. Under this system, the Risk Bases and Guidelines are approved on an annual basis, thus setting the risk appetite at both Group level and for each of the main businesses and corporate functions. Detailed information on the system (including its constituent elements, taxonomy and stakeholders) can be found in section 8.1 of Iberdrola, S.A.'s 2025 Annual Corporate Governance Report, which also includes the main risks that materialised during the year.

The most significant risks and uncertainties faced by the Group are described below, with some of them shown in the following chart, as presented in the "Financial management" section of the IBERDROLA Group Capital Markets Day held on 24 September 2025.

Risk factors
Foreign exchange
Interest rates
Regulatory
Supply chain
Energy prices, margin and competition
Power and gas demand
Cybersecurity

The IBERDROLA Group considers the risks described in this section to be material for the purpose of making an informed investment decision. However, the Group is also exposed to other risks that could arise in the future. The categories and risk factors within each category are not listed in order of importance. It should also be noted that some of these risks could have a reputational impact were they to materialise.

The technological, geographic and business diversification of the IBERDROLA Group helps to mitigate the impact of these risks on the Group's consolidated results.

Looking at Mexico, the IBERDROLA Group entered into an agreement on 31 July 2025 for the sale of its assets in that country (generation and commercial activities) to COX ABG Group, S.A., with the deal expected to be completed in 2026. For this reason, the related risks are not analysed in detail below. These assets were accounted for as held for sale at the end of 2025. Their overall risk profile, and their relative weight within the IBERDROLA Group, were similar to those reported at the end of 2024.

For the purposes of determining the exposure of each *subholding* company and the Group's businesses to the risks, Notes 8 and 38 to the financial statements provide relevant financial information in this regard, while section 2.2 of the Management Report provides operational information.

The "Financial management" section of the IBERDROLA Group *Capital Markets Day* held on 24 September 2025 includes sensitivity analyses of consolidated net profit and EBITDA to changes in key variables.

Lastly, the IBERDROLA Group has a property development business that is subject to the risks inherent to such activity.

4.1 Credit risk

The Group faces risks associated with the potential failure of a counterparty to fulfil its contractual obligations, leading to financial or economic loss. These include settlement and replacement cost risks, as well as risks related to volatility in exchange rates, interest rates, and inflation, alongside those affecting solvency and liquidity.

Note 27 of the financial statements provides detailed information on the Group's pension plans.

4.1.1 Credit risk

The IBERDROLA Group is exposed to the credit risk arising from the possibility that counterparties (customers, suppliers, financial institutions, partners, insurers, etc.) fail to comply with contractual obligations.

Risk is properly managed and limited, depending on the type of transaction and the creditworthiness of counterparties. *Ex ante* credit analyses are conducted on counterparties, and exposures and compliance with limits are closely monitored.

With regard to credit risk on trade receivables from electricity and gas retail supply activity in the liberalised market, the historical cost of defaults has remained below 1% of the total turnover generated by this activity across all countries in which it is carried out.

In the Networks businesses in Spain and the United Kingdom, no energy is distributed, and in the Networks businesses in the United States and Brazil, the cost of bad customer debt is typically recovered through tariffs.

4.1.2 Financial risks

a) *Interest rate risk*

The IBERDROLA Group is exposed to the risk of fluctuations in market interest rates affecting cash flows and the market value of debt in respect of items in the Statement of financial position (debt and derivatives). In order to adequately manage and limit this risk, each year the IBERDROLA Group determines the desired debt structure between fixed and variable, based on the structure of its EBITDA and decides on the best course of action to be taken during the year to achieve this: taking on new financing (at fixed, variable or indexed rates) and/or arranging interest rate derivatives.

Bank borrowings, bonds and other marketable securities arranged at floating interest rates and cash placements of the IBERDROLA Group are largely pegged to market rates (mainly Euribor, SONIA, SOFR and the IPCA CDI for the debt of the Brazilian subsidiaries).

The IBERDROLA Group also arranges derivatives to hedge interest rate risk on future financing. The volume of such derivatives arranged by the IBERDROLA Group at 31 December 2025 is described in Note 30 to the consolidated Financial Statements.

The Group's debt structure at 31 December 2025, after considering the hedge provided by the derivatives and the exposure to fluctuations in interest rates, is included in Note 29 to the financial statements.

b) *Currency risk*

Currency risk resulting from fluctuations in foreign currency rates compared to the functional currency can occur in the following scenarios:

- Collections and payments for supplies, services, equipment acquisition or commodities in currencies other than the operating currency.
- Income and expenses indexed to currencies other than the functional currency.
- Debt and financial expense denominated in currencies other than the operating currency.
- Consolidated profit or loss of the foreign subsidiaries (mainly US dollar, pound sterling and Brazilian reais), since the IBERDROLA Group's reporting currency is the euro.
- Consolidated net equity value of investments in foreign subsidiaries.
- Expense for taxes in Mexico because the operating currency (United States dollar) differs from the currency for purposes of calculation of corporate tax (Mexican peso). This risk is expected to be eliminated following completion of the sale of the Group's assets in Mexico, which is estimated for 2026..

The IBERDROLA Group reduces this risk by:

- Carrying out all its economic flows in the operating currency of each Group company, provided that this is possible and economically viable and efficient, or otherwise through the use of financial derivatives.
- Financially hedging, as far as possible, the risk of transfer of earnings expected for the current year, thereby limiting the ultimate impact on Group earnings.

- Financially hedging, as far as possible, the exchange rate risk in the Mexican corporate tax, thereby limiting the ultimate impact on the earnings of Mexico and of the Group.
- Mitigating the impact on the consolidated net equity value of a hypothetical depreciation of currencies due to the Group's investments in foreign subsidiaries by maintaining an adequate percentage of foreign currency debt, as well as through financial derivatives.

The sensitivity of consolidated profit and equity to changes in the US dollar/euro, pound sterling/euro and Brazilian real/euro exchange rates is described in Note 4 to the financial statements. Detailed information on foreign currency debt is included in Note 29 to the financial statements.

c) *Liquidity risk*

The exposure to adverse situations in the debt or capital markets, liquidity requirements in clearing houses, or to events resulting from the IBERDROLA Group's economic and financial position might hinder or prevent the IBERDROLA Group from obtaining the financing required to properly carry on its business activities.

The Group's liquidity policy is designed to ensure that it can meet its payment obligations without having to rely on financing under unfavourable terms. To achieve this, various management strategies are employed, including maintaining a strong cash position and ensuring access to sufficient committed credit facilities in terms of amount, duration, and flexibility. The company also diversifies its financing sources by accessing different markets and geographical regions, and it spreads out the maturities of its issued debt.

Cash and cash equivalents, liquid assets, short-term investments and loans and receivables are shown in Note 4 to the consolidated financial statements.

d) *Solvency risk*

The IBERDROLA Group faces the risk of its financial situation getting worse and leading to a downward revision of the credit rating assigned by rating agencies, which may make financing more expensive or unavailable.

In order to mitigate this risk, the IBERDROLA Group continuously monitors the solvency and equity ratios most commonly followed by rating agencies as well as the risks that may have an impact on those ratios in order to anticipate or undertake actions aimed at correcting possible instances of non-compliance.

Moreover, communication is active with investors and rating agencies in order to explain the performance of financial indicators and their deviations, if any.

e) *Other indexing processes*

Risks may also arise from other indexing processes (inflation, prices of industrial metals, fuels, etc.), which are often included in contracts for the acquisition of equipment or construction materials for projects or new facilities, and where fluctuations in the reference or other index may affect the total cost of supply.

In a bid to mitigate this effect, use may be made of market risk hedging mechanisms and/or financial derivatives arranged in highly probable transactions.

4.2 Market risk

The Group encounters risks linked to key business variables, such as demand trends, product portfolio positioning and management, natural resources, competition, and uncertainty arising from the volatility of prices of key variables (such as electricity and gas prices and related commodities) and, in the networks business, risks associated with the recognition and remuneration of the investments undertaken.

The Group operates in the regulated segments of electricity transmission and distribution in the United Kingdom (through ScottishPower), the United States (through AVANGRID) and Brazil (through NEOENERGIA), as well as in electricity distribution in Spain. In the United States, the Group also has a presence in the natural gas distribution sector. In the United States and Brazil, services are also provided to customers who benefit from the regulated rate.

The IBERDROLA Group's renewable generation business is carried out predominantly in Spain, the United States, the United Kingdom, Brazil, Australia, France, Germany and other countries. The Group also has thermal generation assets in Spain and Brazil. The Group also has back-up plants for its renewable business in the United States and Australia.

The IBERDROLA Group operates a liberalised electricity and gas supply business serving end customers in Spain, the United Kingdom, Brazil, Portugal, Australia and other countries, as well as a regulated gas and electricity supply business in Spain.

4.2.1 Networks business

The Group targets its activity in this segment on assets under long-term concessions or licences, in addition to electricity transmission assets awarded in competitive auctions, as is the case at NECEC (AVANGRID) and certain assets in Brazil.

The regulations of each country in which the IBERDROLA Group's networks businesses operate establish frameworks, which are regularly revised, that set pre-defined remuneration tariffs. These frameworks include diverse incentives and penalties, such as for efficiency, service quality and default management (in the latter case, at AVANGRID and NEOENERGIA). Any structural and significant changes to the aforementioned regulations may represent a risk for said businesses. Regulatory litigation may arise from time to time, in addition to the uncertainty related to the terms under which tariffs are revised.

In general, the profitability of the IBERDROLA Group's network businesses is not exposed to demand risk, except for the Brazilian subsidiaries.

The IBERDROLA Group's network businesses in Spain and in the United Kingdom do not sell energy, so they are not exposed to any market risk associated with energy prices or demand.

The Group's network businesses in Brazil and some networks subsidiaries of AVANGRID in the United States sell energy to regulated customers at a previously approved tariff. Assuming prudent procurement management in line with the requirements established by each regulator, the regulatory frameworks in both countries ensure the recovery, through subsequent tariff reviews, of any deviations in the associated costs compared with those previously recognised in the tariff.

That being said, in the case of extraordinary events (extreme drought in Brazil, catastrophic storms in the United States, etc.), occasional temporary imbalances between payments and collections may arise with an impact on the cash on hand of some of these businesses and potentially on profits recognised under IFRS.

In addition, the networks businesses face risks relating to the non-recognition of investments, uncertainty regarding the conditions for the renewal of concessions, non-recovery of financial costs and, finally, a lack of alignment between the indexation of regulated revenues and cost trends arising from higher inflation (particularly in Spain).

It should also be noted that, in November 2025, Iberdrola Australia was selected as a strategic partner to carry out the VNI West transmission line infrastructure project, which will ultimately connect the states of Victoria and New South Wales in Australia. As the successful bidder, Iberdrola will work alongside VicGrid on the design and development of the project and will subsequently submit a proposal to build and operate the asset under an ownership model. The expected construction completion date is 2030.

a. Spain

The current regulatory model is based on Electricity Industry Law 24/2013 of 26 December, as further implemented by various CNMC circulars. The model is based on recognised historical investment (as at 31 December 2014), plus any additional investments made since then. Under this model, remuneration is provided for capital, depreciation and certain operating and maintenance costs, which increase as investments are made. The total remunerated investment amount increases annually with the new investments made. Quality incentives and losses (technical and commercial) are added to this. Remuneration is also set for other regulated activities required for the activity, such as reading, subscription, structure, etc. Neither the remuneration nor the asset base are currently revised annually for inflation.

On 30 December 2025, following their publication in the BOE (Spanish Official Government Bulletin), the rate of return applicable to the six-year regulatory period 2026–2031 (WACC of 6.58%, pre-tax, nominal), as well as the methodology for calculating the remuneration of electricity distribution activity during that period, were established. In addition, in the last quarter of 2025, the Ministry for the Ecological Transition and the Demographic Challenge submitted for public consultation a draft Royal Decree regulating investment plans for electricity distribution networks, which is expected to be approved in the first half of 2026. Once approved, this Royal Decree was expected to allow recognised investment for the 2026–2030 period to increase above the current investment cap set as a function of GDP.

Since 2023, there has been no officially published remuneration, which is settled on a provisional basis. This activity is also overseen by the Markets and Competition Commission (CNMC), which conducts inspections to verify the recognition of costs and investments incurred.

While there is some credit risk associated with electricity retailers and direct market customers in relation to charges associated with network tariffs, this risk has historically remained at low levels.

b. United Kingdom

The group operates in the United Kingdom through its subsidiary Scottish Power, Ltd., which manages the following licences:

- SP Distribution PLC (SPD), SP Manweb PLC (SPM) and SP Electricity North West (SP ENW, in which 88% of the share capital is controlled).
- SP Transmission PLC (SPT).

The *RIIO framework (Revenues = Incentives + Innovation + Outputs*) regulates the remuneration of transmission and distribution activities in the United Kingdom. Under this framework, incentives are provided to encourage innovation and efficiency in the delivery of services by the companies involved.

The current regulatory framework is based on a TOTEX model. Each year, recognised capital expenditure and operating and maintenance costs are grouped together, giving rise to TOTEX. A portion of TOTEX is capitalised in the RAV (*Slow Pot*) and remunerated through the recognition of a regulated return (WACC) and depreciation over the regulatory useful life. The remaining, non-capitalised portion is remunerated in the same year (*Fast Pot*). Revenues are updated annually in line with inflation.

Remuneration also incorporates the TOTEX sharing mechanism, remunerated innovation investments, recognition of tax obligations and the application of a package of incentives and penalties defined *ex ante*, relating to safety, environmental impact, customer satisfaction, social obligations, delivery of connections, quality of service and delivery of investments.

Notably, mechanisms exist (*Uncertainty Mechanisms*) whereby the revenues set at the start of each regulatory period (*baseline allowances*) can be adjusted if, during the period, certain projects reach a sufficient level of maturity.

The recognised WACC (in real terms) is 4.1% for SPD, SPM and SP ENW and 3.5% for SPT. The review for SPT (RIIO-T2) is valid from April 2021 to March 2026. The review for SPD, SPM and SP ENW (RIIO-ED2) is valid from April 2023 to March 2028. In December 2025, the UK regulator (Ofgem) published the *Final Determination* setting the regulatory framework for RIIO-T3, which will be in force from April 2026 to March 2031, establishing an allowed average WACC for SPT of 5.65% on a semi-nominal basis.

c. United States

The IBERDROLA Group operates in the United States through its subsidiary AVANGRID, which has the following network subsidiaries:

Company	State	Rate case	ROE
New York State Electric & Gas (NYSEG)	New York	3-year rate case in force since 1 May 2023	9.2%
Rochester Gas and Electric (RG&E)	New York	3-year rate case in force since 1 May 2023	9.2%
Central Maine Power (CMP)	Maine	Two-year tariffs starting in July 2023	Distribution 9.35% Electricity transmission 10.57%*
United Illuminating (UI)	Connecticut	Tariffs in force for one year starting in November 2025	Distribution 9.45% (9.25% authorised) Electricity transmission 10.57%*
Connecticut Natural Gas (CNG)	Connecticut	1-year rates starting in December 2024	9.15%
Southern Connecticut Gas (SCG)	Connecticut	One-year tariffs starting in December 2024	9.15%
Berkshire Gas (BGC)	Massachusetts	Rates fixed until November 2025.	9.7%

* The method for calculating the ROE for the transmission business is currently under review by FERC.

Companies carrying on regulated business in the United States are exposed to risks associated with the regulations of a number of federal regulatory bodies (FERC, CFTC, DEC) and state commissions, responsible for establishing the regulatory frameworks for the various companies.

Broadly speaking, the regulatory framework for companies engaged in regulated activities in the United States is based on the recognition of a regulated asset base *("rate base")*. Capital is remunerated on the basis of the asset base through the recognition of a return on equity (*RoE*), the equity portion of the capital structure, and depreciation over the useful life of the assets. The debt component of the asset base is also remunerated. Moreover, the asset base may be increased annually through the capitalisation of recognised investments. The regulatory frameworks also provide for remuneration related to operation and maintenance activities, along with energy procurement costs. Remuneration is also affected by the quality of service provided, together with mechanisms to reconcile various costs (such as storm-related costs, vegetation management plans, energy supply and bad debt).

With the recent entry into operation of the NECEC transmission project, 1,200 MW of baseload hydroelectric power will be supplied from Quebec to New England. The power line benefits from long-term regulated revenues with Hydro-Québec and Massachusetts electric utilities.

d. Brazil

The IBERDROLA Group operates in Brazil through its subsidiary NEOENERGIA, which in turn has the following subsidiary companies engaged in the networks business:

Company	State	WACC
Neoenergia Elektro	São Paulo and Mato Grosso do Sul	7.42%
Neoenergia Coelba	Bahía	7.42%
Neoenergia Pernambuco	Pernambuco	8.06%
Neoenergia Cosern	Rio Grande do Norte	7.42%
Neoenergia Brasilia	Federal District	7.15%

In addition, for each company, the tariff review period, the frequency of reviews and the concession expiry date are included:

Company	Tariff review	Frequency (years)	End of concession
Neoenergia Elektro	August 2027	4	2028
Neoenergia Coelba	April 2028	5	2027
Neoenergia Pernambuco	April 2029	4*	2060
Neoenergia Cosern	April 2028	5	2027
Neoenergia Brasilia	October 2026	5	2045

* After 2029, tariff reviews will take place every five years.

ANEEL is currently drawing up the addendum for the extension of the distribution companies' concession contracts, which are due to expire in the coming years. The addendum is expected to be signed in early 2026, once approved by the Ministry of Mines and Energy. Neoenergia Pernambuco has already renewed its concession contract, while Neoenergia Brasilia renewed its concession contract in 2015.

Brazilian legislation applicable to the regulated electricity distribution business establishes two revenue streams: Parcel A and Parcel B.

- Parcel A recognises energy costs, transmission costs, non-technical losses (unauthorised connections), sector charges and bad debt (in renewed concessions), which may be recovered through tariffs *("pass-through")* in accordance with the conditions and limits imposed by ANEEL. Each year, Parcel A costs are calculated in order to pass the updated costs through to consumers. Energy procurement costs are not subject to risk, provided that contracted energy is between 100% and 105% of the required demand.

- Parcel B recognises the return on investment through the regulated rate of return (WACC) and depreciation over the useful life of the assets, as well as operating and maintenance costs and, in non-renewed concessions, bad debt. Operating and maintenance costs, as well as bad debt, are calculated using a benchmark model that compares all electricity distribution companies in the country and determines efficient cost levels, thus creating an incentive or a risk for the investor. Parcel B is updated annually in line with inflation. As part of the tariff review process, Parcel B costs are adjusted every four or five years.

The liberalisation process continues. Since January 2024, medium- and high-voltage customers have been able to choose their retail supplier. With the implementation of Provisional Measure 1304, the market is expected to be fully opened up (25 November 2027 for industrial and commercial consumers, and 25 November 2028 for residential consumers). The costs of over-contracting or involuntary exposure of distribution companies resulting from customer migration will be shared among all consumers (both free and regulated), creating a new tariff.

Remuneration from transmission assets awarded through auctions follows a different approach from that described above. The revenues from such assets correspond to those obtained at the auction (RAP, *Receita Anual Permitida*), with certain adjustments made over the asset life based on inflation (annually) and changes in interest rates (every five years).

4.2.2 Production and customer supply activities

The IBERDROLA Group is engaged in the production of renewable energy, which it carries out mainly in Spain, the United States, the United Kingdom, Brazil and other countries (notably Australia, France and Germany). This segment includes hydroelectric, wind (onshore and offshore) and photovoltaic generation, as well as storage (pumping and batteries) technologies.

The IBERDROLA Group also has a wide array of thermal production plants in Spain, and a single thermal power plant in Brazil. There are also back-up plants for its renewable energy business in the United States and Australia.

Last but not least, the IBERDROLA Group is present in the retail supply of electricity and gas to end customers in Spain, the United Kingdom, Brazil, Portugal, Australia, and other countries.

<u>Market risk</u>

Market prices for electricity, both wholesale and retail, are closely correlated with the prices of fuel (predominantly gas) and with the cost of the emission allowances needed to produce electricity. These prices are subject to uncertainty (varying according to the structure of each country's electricity market and its regulation). Forward electricity prices are further influenced by projections of new generation plants coming on stream and of increases or decreases in future reserve capacity.

The margin of the generation and commercial segments is subject to the risk of the spread between the price obtained (either from customers in the case of retail sales or from the markets in the case of wholesale sales) and the cost of production. In the case of sales to customers, the uncertainty in the margin is strongly influenced by the greater or lesser degree of competition between retail suppliers.

The IBERDROLA Group's exposure to market risk is low overall, due to:

- A significant portion of its renewable generation is sold under long-term regulated fixed tariffs (for example, at the East Anglia 1, Wikinger and Saint-Brieuc offshore wind farms, and ACR contracts in Brazil). Moreover, part of the generation benefits from regulatory support mechanisms (ROCs in the United Kingdom, GdOs in Europe, green certificates and tax credits in the United States, LGCs in Australia, etc.), which provide additional income with which to recover the investment. The East Anglia 2 and East Anglia 3 offshore wind farms (and certain onshore wind farms) in the United Kingdom are covered by CfDs.
- Energy that does not benefit from a regulated tariff is sold mainly to end customers in Spain, the United Kingdom, Brazil, the United States, Portugal and Australia, both through long-term PPAs and in the retail segment. Energy is sold at fixed or indexed prices, alongside other services, for delivery within the usual time frames of the retail markets of the countries in which it operates. The offsetting of risk positions between generation and customer sale activities therefore offers a natural risk-hedging mechanism. The remaining risk is mitigated through wholesale market transactions (through physical transactions and derivatives). Notably, the Group has a high proportion of long-term fixed-price energy sales contracts at AVANGRID (for both onshore assets and the Vineyard offshore wind farm), as well as in Australia and Germany (for the Baltic Eagle and Windanker offshore wind farms, the latter still under construction).
- In new investments, incentives are provided for sale at regulated prices or the signing of long-term fixed-price PPAs.
- Centralised management of positions by a specialised area (Energy Management), including the sale and purchase of surpluses and shortfalls.

In markets where there is insufficient uncommitted own production (mainly Australia), Energy Management procures electricity and gas for sale to retail customers at wholesale market prices (spot or forward), in line with customary practices in each country.

<u>Business risks</u>

- Resource availability: the Group's renewable energy businesses may be exposed, to a greater or lesser extent, to resource risk (mainly hydro and wind and, to a lesser extent, solar). Hydrological resource risk in a given year primarily affects Spain and Portugal and, to a lesser extent, Brazil, while the risk of wind resources in a given year affects all the countries in which the Group operates. However, it should be noted that:
    - In the medium to long term, years with lower than average water and/or wind resources are offset by years with above-average overall resources. As a consequence of climate change, structural changes of the hydrological resource may be seen in the long term.
    - At global level, the Group considers that the risk of wind resources is partially mitigated thanks to the large number of operating wind farms and their geographic dispersion.
- Demand trends: driven by the electrification of the economy, the general economic situation, energy efficiency measures, temperature trends (affected by global warming), etc.

- Risk relating to the integration of renewable energy into the grid, both due to evacuation constraints resulting from insufficient network development and due to low prices (for example, caused by low demand).
- Costs of ancillary services payable by retail companies.
- Risk of price differentials between nodes or markets.

In relation to gas procurement activities, in 2025 the Group sold natural gas to end customers in Spain and the United Kingdom at fixed prices, albeit with some uncertainty arising from the spread between the purchase price and the sales price charged to customers. In the United Kingdom, gas was also sold under a variable pricing arrangement *(SVT – Standard Variable Tariff)*, subject to the price cap set by Ofgem. In addition, the Group procured natural gas for use in combined cycle gas turbine (CCGT) plants and cogeneration facilities, with limited risk, as the indexation of energy purchase and sales contracts is strongly correlated.

It should be noted that supplementary discretionary *trading* activities are limited to certain countries, are small-scale in nature, and their overall risk is constrained through stop-loss limits, which may never exceed 1% of forecast consolidated net profit. IBERDROLA has maintained low levels of discretionary *trading* in recent years.

a. Spain

The Group operates a portfolio of generation plants whose output is sold mainly to its broad customer base – through PPAs or retail supply – at market prices (with the exception of renewable facilities subject to Royal Decree 413/2014). The Group also operates a regulated gas and electricity supply business.

Hydroelectric production risk

Despite the Group's significant water storage capacity in its reservoirs in Spain, its annual results depend to a large extent on annual inflows from rainfall, although in the medium to long term dry years are offset by wet years.

Wind and mini-hydro

The wind and mini-hydro capacity installed by the Group prior to 2013 was subject to a specific remuneration regime in accordance with Law 24/2013 and Royal Decree 413/2014. Said regime, combining market income and a supplement per MW, guarantees reasonable profitability before taxes to the plants, which was set at 7.398%. Royal Decree-Law 17/2019 was approved in late 2019, extending the value of reasonable profitability through to 2031. Installations commissioned before 2004 and after 2014 have a zero supplement per MW. This supplement represents less than 12% of the total revenues of the Group's wind and mini-hydro facilities in Spain.

Nuclear generation

In 2019, the Government and nuclear generators agreed on a scheduled closure plan for Spanish nuclear plants. In light of the current situation, the company considered it reasonable in 2025 to request an extension of the operating life of the nuclear facilities that were due to cease operations before 2030. If granted, this will help to reduce supply risk and the risk posed by system-wide blackouts. Until the end of their operating life, nuclear power plants are exposed to the risk of the government increasing the fees charged for their dismantling.

Further information on the operational risks associated with these plants is provided in section 4.3.

Natural gas and CO2 price risk

Given the current market conditions, the production price of the combined cycle plants defines, to a large extent, the price of electricity in Spain since combined cycles provide the marginal technology necessary to cover electricity demand.

Demand risk

In view of current market conditions, it is considered that any variations in demand that may occur over a one-year period will not change the marginal technology in the market, although they may affect market prices. Prices are mainly determined by the production costs of combined cycle power stations. This applies both when these stations act as the marginal technology, accounting for 15% of the production mix, and when their costs serve as a benchmark for bids from manageable renewable sources.

A moderate drop in demand in Spain does not affect the scheduled output of the Group's nuclear, hydroelectric and wind power plants, since there is a mandatory electricity market in Spain guaranteeing the efficient dispatch of output from all generation technologies.

Nevertheless, there is an impact if a drop in electricity demand may entail an equivalent reduction in the Group's retail sales (and the loss of the associated margin), mitigated to some extent by increasing sales of own energy on the wholesale market. This same effect of loss of margin on retail sales can be seen in the demand for gas.

b. United Kingdom

The Group is currently present in the United Kingdom and Ireland in the renewable generation business (onshore and offshore wind, solar and battery storage) and in the electricity and gas retail business.

The bulk of the Group's onshore wind farms currently in operation, as well as West of Duddon Sands wind farm, were developed under current *Renewables Obligation* legislation. Under such legislation, the total revenues obtained reflect the price of the energy produced (at market) and the sale of associated Renewables Obligation Certificates (ROCs).

UK regulations require that electricity suppliers meet ROC delivery date requirements per MWh sold that are 10% more than are expected to be available on an annual basis, and determine the price at which the rest must be bought, which in practice amounts to setting a reference price of the ROCs.

For facilities commissioned subsequent to 1 April 2017 (for onshore wind farms, those built from 12 May 2016), the revenue system is market-based, except for specific assets that have PPAs with large customers or that have opted for the *"Contract for Difference"* (CfD) remuneration scheme, which eliminates market risk for 15 years. This is the case for the East Anglia 1 offshore wind farm (in operation), East Anglia 2 and East Anglia 3 (both currently under construction), as well as new onshore wind farms (with the first project becoming operational in 2025).

The fixed prices for the projects under the CfD scheme are established on a project-by-project basis through public tenders. The counterparty guaranteeing this price, The *Low Carbon Contracts Company*, finances its potential payments by imposing a levy on retail suppliers in accordance with their market share, and therefore credit risk vis-à-vis this counterparty is practically zero.

In relation to the retail business, following the entry into force of the Domestic Gas and Electricity Act 2018, OFGEM publishes the maximum prices that retail suppliers may charge to end customers under the *Standard Variable Tariff*. These price caps are reviewed and updated on a quarterly basis, in line with the methodology provided for in the applicable legislation.

In the event of changes in demand, the IBERDROLA Group's margin is affected. In the United Kingdom, the impact of temperature on energy demand is important, mainly for household customers who use gas to warm their homes.

c. United States

The IBERDROLA Group operates in the generation business in the United States through its subsidiary AVANGRID, which has onshore wind farms and photovoltaic plants in operation, an *offshore* asset under construction (Vineyard Wind 1) and a back-up thermal power plant (Klamath).

AVANGRID aims to secure more than 80% of its capacity through long-term PPAs and financial transactions to reduce volatility. At the end of 2025, approximately 86% of its production for 2026 (excluding volumes without efficient market hedging) was sold through PPAs and other agreements with an average duration of around 10 years.

Avangrid's offshore wind project portfolio includes the Vineyard Wind 1 *offshore* asset, currently under construction (806 MW, 50% stake), and the following New England Wind *offshore* developments:

- Vineyard Wind 1 (nearing completion) received a 90-day stop-work order from the *Bureau of Ocean Energy Management* (BOEM) in late December 2025, with the exception of health, safety and environmental works, and with authorisation to continue operating at current levels. On 27 January 2026, a court in the District of Massachusetts lifted the stop-work order, thus allowing construction to resume.
- Avangrid is currently negotiating a power purchase agreement for New England Wind 1 (791 MW) in connection with an award following a call for tenders promoted by the state authorities. In a lawsuit that remains ongoing, the Federal Government has requested that a court remand New England Wind's key permits to the issuing agencies for review.

d. Brazil

In Brazil, the hydroelectric, wind and solar assets owned by NEOENERGIA have short- and long-term contracts with local distribution companies and also engage in short- and long-term trading with free-market consumers through Neoenergia's retail supplier. Under the contracts signed with distributors, any surplus or shortfall in contracted generation is settled in accordance with the type and structure of the contract. Depending on the production balance (surplus or deficit), electricity must be purchased or sold at market prices.

Neoenergia operates a 550 MW combined cycle gas power plant in the state of Pernambuco under a long-term capacity agreement expiring in 2041, aimed at ensuring flexibility in the operation of the Brazilian interconnected system.

e. International

Iberdrola Energía Internacional is the IBERDROLA Group subsidiary tasked with consolidating the Group's presence in key markets outside its main areas of operation, such as France, Germany, Poland, Greece, Italy, Australia and Portugal. Iberdrola Energía Internacional is engaged in electricity generation activities (mainly from renewable energy sources) and electricity retail activities. The company has a wide array of onshore wind farms, offshore wind farms, solar photovoltaic facilities, battery systems, hybrid facilities and backup assets, located across the various countries in which it operates.

Notable projects up and running include the Wikinger and Baltic Eagle *offshore* facilities in Germany. The former is subject to a long-term contract, while the latter has several PPAs that ensure a fixed stream of revenues. In France, the Group operates the Saint-Brieuc offshore wind farm in the Brittany region, which has a long-term contract guaranteeing a minimum stream of revenue for 18 years, linked to changes in labour costs and industrial production prices in France.

As regards onshore generation assets, the Group's facilities are exposed to market prices in Australia, Italy and Poland, and partially in Greece and Portugal. Exposure to energy prices and green certificates is mitigated through sales under contracts with various maturities. In the remaining countries, revenue regimes are typically regulated, albeit with certain variations, but with no exposure to price risk.

The company has several projects currently under construction, notably including the Windanker offshore wind farm, located in the Baltic Sea, with long-term PPAs in place.

4.3 Financial risks

The Group faces risks of direct or indirect financial losses caused by external events or due to errors or inadequate internal processes, which could affect the ability to appropriately respond to events impacting the continuity of priority processes.

The IBERDROLA Group is exposed to the following mainly operational risks, among others:

- technological failures, human error and technological obsolescence.
- the operation of its assets;
- unavailability of spare parts;
- the development and construction of facilities (in particular cost overruns and delays);
- sabotage and/or terrorism;
- procurement and supply chain issues, including risks from supplier concentration in certain segments;
- process errors;
- natural disasters (including fires) and pandemics;
- operational resilience;
- those related to trading in markets

In relation to development activities, the Group has significant renewable and network projects under development in the various countries in which it operates. In the specific case of offshore wind projects, it should be noted that they require substantial investment at this stage, are subject to complex permitting processes, and may give rise to the impairment of investments made prior to the final investment decision.

Given the configuration of the electricity sector's value chain, the IBERDROLA Group's activities might be affected by failures in third-party infrastructures and equipment, like transmission networks, competitors' generation plants, communications networks, etc.

The Group actively manages the supply chain by ensuring the availability of components and services essential for its investments and operations. This is achieved through framework agreements and securing contracts, leveraging its purchasing power. Risks related to suppliers are analysed in detail beforehand, adopting a holistic approach, as outlined in the "Policies and procedures" section of the "Activity Report on Purchasing and Supplier Management 2024-2025", available on the corporate website.

The operational component of many of these risks could involve damage or destruction to the IBERDROLA Group's facilities and financial losses, as well as injuries or losses to third parties or damage to the environment, along with the ensuing lawsuits. These risks become a greater concern in the event of power outages caused by incidents at our distribution networks, as well as possible penalties imposed by the authorities, and also in relation to the nuclear power plants partly owned by the Group in Spain.

Although many of these factors are unpredictable, the IBERDROLA Group mitigates these risks by carrying out the necessary investments, implementing operation and maintenance procedures and programmes (supported by quality control systems), planning appropriate employee training, and taking out the required insurance covering both material damages and civil liability.

In relation to insurance coverage, the IBERDROLA Group has international insurance programmes to protect assets (insurance for material damage, machinery breakdowns, loss of profits and damage due to natural disasters) and against the liability it may incur as a result of its activities (general civil liability, liability for environmental risks, etc.).

However, this insurance does not completely eliminate operational risk, since it is not always possible, or interesting from the viewpoint of efficiency, to pass such risk entirely on to insurance companies. In addition, coverage is always subject to certain limitations and, sometimes. to excesses.

Operational risk of nuclear power plants (Spain)

One of the main operational risks of these plants is unscheduled downtime (partially covered by a loss of profits insurance policy over and above an excess).

It should also be noted that nuclear power plants are exposed to specific risks to third parties derived from the operation thereof and from the storage and handling of radioactive material. The scope of this liability is established in Law 12/2011 of 27 May on civil liability for nuclear damage or damage caused by radioactive material, the entry into force of which on 1 January 2022 set the liability of nuclear power plant operators in the event of a nuclear accident at EUR 1,200 million. Such liability carries with it the obligation to provide financial protection in the amount and to the extent specified in the law, which is assured at the IBERDROLA Group by the contracting of a nuclear civil Liability insurance policy for each facility.

4.4 Technology and comprehensive security

The Group faces risks related to the effective management and operation of information technology (IT) and operational technology (OT). These include risks from adopting new technologies like Artificial Intelligence, security risks to facilities, physical assets, and information systems, including cybersecurity, and risks related to compliance with regulations, such as data protection. The Group has specific policies to address these risks.

Technology risks

This encompasses IT infrastructure, including networks, servers, and applications, as well as OT systems that control and monitor industrial processes. Failures in IT and OT can lead to operational disruptions, inefficiencies, and security vulnerabilities.

Physical security and cybersecurity

IBERDROLA Group companies are vulnerable to negative impacts related to the protection of facilities, infrastructure, and personnel from physical threats such as vandalism, sabotage, terrorism and theft. Failures in physical security can lead to service disruptions, financial losses, and reputational damage.

IBERDROLA Group companies may be affected by threats and vulnerabilities in connection with information, control systems or information and communications systems used by the Group, or by any consequences of unauthorised access to or the use, disclosure, degradation, interruption, modification or destruction of information or information systems, including the consequences of acts of terrorism.

The main risks are:

- Risks related to Operations Technology (OT), such as IT and communications systems used to manage industrial operations (production, management and distribution of energy) or other operating processes such as those related to physical safety (fire protection, CCTV, alarm reception centres) or intelligent buildings (lifts, climate control, etc.).
- Those related to operations supported by information technologies (IT), particularly actions affecting the information handled by such operations, which is subject to regulation under the General Data Protection Regulation (GDPR) in Europe and other countries, as well as the Group's classified information.
- Other cybersecurity risks having an impact on reputation.

The OT Cyber infrastructure of thermal generation and of the large hydroelectric power plants is set up to control and manage the operation of each plant from the Operation Control Centre (Despacho Central de Operaciones, DCO) in Spain and for other own local generation centres. The potential impact of a cyber-attack could put generation and the safety of the whole country's electrical system at risk.

The operating management of the Group's Networks Businesses is based on cyber infrastructures used to supervise and monitor physical electricity and gas transmission and distribution networks (with offices located in the Group's facilities) and the associated field devices. These devices may be located at the IBERDROLA Group's facilities (substations, transformer centres, etc.) or at customer facilities (meters). The potential impact of a cyber-attack could put at risk the energy supply to whole distribution areas of the Group and/or borderline areas operated by other suppliers.

In the particular case of wind farms (onshore or offshore) and photovoltaic plants, said facilities are connected to Supervision, Control and Data Acquisition systems ("SCADA") that communicate with Control Centres (CORE), from which said facilities can be monitored and controlled remotely. The global impact of a cyber-attack would affect said remote control capacity, putting operating safety at risk.

These risks are managed in accordance with the basic principles defined in internal rules promoting the safe use of IT and communications systems and other cyber assets, reinforcing detection, prevention, defence and response capabilities regarding possible attacks.

The IBERDROLA Group currently has specific insurance against cyber risks, under the terms allowed by the insurance market, which is revised and updated periodically in view of the rapid evolution and wide variety of cyber risks.

Within the IBERDROLA Group, training, awareness and compliance plans on Cybersecurity and Data Protection are in place for all professionals that include standards, procedures, guidelines and risks depending on the role performed by each professional. Specifically, it is carried out for the owners and managers of critical cyberinfrastructure and for the personnel involved in protecting it.

The Group's various businesses have appointed specific cybersecurity managers and drawn up plans and processes for their internal networks and cyberinfrastructure, aligned with the Group's global framework but adapted to their specific requirements.

The IBERDROLA Group complies with local rules on critical infrastructure protection in the countries where it operates. In the case of Spain, the nuclear plant of Cofrentes meets the highest requirements in terms of physical safety and cyber security within the Group. It has its own Cybersecurity Plan, in order to comply with the Spanish Critical Infrastructures Act (Law 8/2011) and the Nuclear Safety Council, as well as its Additional Technical Guidelines, and collaborates in the exchange of information through the Spanish cybersecurity plan.

Data protection

When it comes to commercial operations, the IBERDROLA Group has implemented a global model to guarantee compliance with all obligations in force in each country. In Europe, the IBERDROLA Group is subject to the GDPR. The Personal Data Protection Policy is implemented at each of the Group's country *subholding* companies and is developed through local data protection rules and procedures adapted to the legal provisions applicable in each country.

4.5 Governance and sustainability

The Group faces risks associated with potential breaches of the provisions outlined in its Governance and Sustainability System, which covers transparency and good governance, human and social capital (including health and safety), natural capital, and a sustainable value chain. This includes compliance with anti-corruption and anti-fraud legislation.

In many cases, they are non-financial risks that the investment community has been paying close attention to in recent years. The impact of said risks, which are timely reported both internally and externally, can be of a varied nature, both in economic terms and reputational terms.

Sections 8.2 and 8.3 of the 2025 Annual Corporate Governance Report of Iberdrola, S.A. provide information on the control systems relating to the processes for preparing the Group's financial and non-financial information.

Under a continuous improvement approach, the Group complies with European non-financial *reporting* regulations (the Corporate Sustainability Reporting Directive – CSRD) and the standards approved for its implementation (the European Sustainability Reporting Standards – ESRS), with the aim of improving not only its *reporting* (see the IBERDROLA Group's Consolidated Statement of Non-Financial Information (NFI) and Sustainability Information 2025), but also its processes for identifying, measuring and managing risks, opportunities and impacts associated with the following standards:

- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine resources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource use and circular economy
- ESRS S1 Own personnel
- ESRS S2 Workers of the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end users
- ESRS G1 Business conduct

It should be noted that, in accordance with the ESRS, the IBERDROLA Group has not identified any material risks of this type, taking into account the adaptation measures already in place, with the exception of the risk associated with the impact of an increase in extreme weather events, which could affect network assets in a long-term analysis (for the 2041–2060 time horizon) and under higher-emissions scenarios.

Detailed information on these climate change risks, as well as on compliance and procurement risks, is set out below.

Fair value hedges

The IBERDROLA group has integrated mechanisms and controls into its supplier management model and purchasing procedures to ensure the effective internal implementation of sustainability improvement programmes among its suppliers. These measures help identify and mitigate potential material risks and impacts from supply activities. The tools and processes in place allow for the efficient management of this programme, for an assessment of potential sustainability risks, and for the planning of corrective action to ensure a strong sustainability performance all along the supply chain. The programme is also reviewed regularly, as detailed in the "Activity Report on Purchasing and Supplier Management 2024–2025", available on the corporate website.

Climate change

Climate change represents a systemic global risk. Companies must do their part to combat this risk through mitigation actions, reducing their emissions and decarbonising their business model, and also by acting against the impacts of climate change, by improving their adaptation and resilience capacities.

The issue of climate change involves various risks, some of which may have increasingly significant impacts over the long term. However, these are largely not new risks for the sector. Climate change accelerates risks already identified in the IBERDROLA Group's risk catalogue (see the "General Risk Control and Management Foundations of the Iberdrola Group"). IBERDROLA classifies climate change risks as follows:

- **Physical** risks, associated with a potential material impact on facilities derived from the effects of changes in the climate (rising temperatures, rising sea level, variations in rainfall, increase in both the frequency and intensity of extreme weather events, etc.). A distinction is made in this category between acute or one-off risks and chronic risks.
- **Transition** risks, linked to all risks that may arise during the gradual global decarbonisation process, such as regulatory changes, market prices, technological and reputational risks, whistleblowing, lawsuits, changes in demand, insurance costs, counterparty credit impairment, and so on.

The identification, analysis and management of climate change–related risks within the IBERDROLA Group are addressed through a multi-departmental approach, involving both corporate functions and business units. The IBERDROLA group has an integrated risk management system that acknowledges the interconnected nature of climate change risks and their unique time frame.

IBERDROLA tackles climate change risks from a favourable position, as it has:

a Wide-ranging experience in the management of risks accelerated by climate change, both physical and transition.

b Financial strength

c Iberdrola operates a diversified business, both geographically and technologically, with a focus on network operations and emissions-free generation.

IBERDROLA has been working for several years on the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), promoted by the Financial Stability Board, which have influenced climate-related financial disclosure regulations worldwide, including ESRS 1.

Note 6 in the consolidated financial statements of the 2025 Annual Financial Report details how this risk is accounted for during the preparation of the Group's financial statements.

Transition risks

The main transition risks, such as regulatory or market risks, usually call for management approaches implemented at country level. The Group's strategic positioning, as a result of its decision to focus its investment on energy obtained from renewable sources and networks, puts it on a good footing to face these risks. It is considered that the opportunities arising from the decarbonisation of the global economy (growth in renewables, investment in and development of transmission and distribution networks, increased demand from data centres, storage, electrification of transport and of energy uses in buildings and industry, etc.) outweigh the risks.

In emitting activities, IBERDROLA has an ambitious plan in place to reduce its future emissions.

Physical risks

These risks are site-specific, progressive, technology-related and relatively long-term, although, as in the specific case of extreme weather events, the increase in frequency and intensity can already be felt in the short term.

IBERDROLA monitors and manages the physical risks arising from climate change by means of a continuous process of improvement that integrates analysis of climate science, teams' operating experience and the application of these elements in the company's standard procedures.

There is considerable uncertainty in long-term global climate projections for these variables, along with the need to assess specific impacts on the locations of our assets.

The Group relies on mitigating factors such as:

- Regulatory coverage in the Networks business
- A diversified business (from a corporate, geographic and technological standpoint)
- Insurance coverage for these events
- Gradual renewal of the Group's assets: the fact that the impacts of chronic physical risks are primarily long-term means that it is largely the Group's future assets, and not its current ones, that will be more severely affected.
- Considering climate change factors when making decisions regarding new investments. The Group's Investment Guidelines establish the requirement to carry out a risk analysis for new assets at the final investment decision stage, including risks associated with climate change.
- Measures already implemented in operating assets, such as design specifications in generation (e.g. foundations) and networks (e.g. undergrounding of lines, design specifications, network meshing, vegetation management), digitalisation, and so forth.

European Sustainability Reporting Standards (ESRS)

ESRS E1 addresses risks related to climate change. For further details on scenarios, methodologies and results, please refer to the 2025 Non-financial Information Statement (NFIS) and Sustainability Report. The climate change risk analysis exercise carried out consisted mainly of identifying, across different time horizons and emission scenarios, the Group's assets and/or activities inherently exposed to material risk in the face of different climate-related hazards.

Compliance System. Fraud and corruption; and

The IBERDROLA Group companies have compliance systems that incorporate a set of rules, formal procedures, and practical actions designed to: (i) ensure operations align with ethical standards, legal requirements, and internal regulations, particularly the Governance and Sustainability System; (ii) support the fulfilment of the IBERDROLA Group's Purpose and Values along with corporate interests; and (iii) prevent, handle, and lessen the risk of regulatory and ethical non-compliances among directors, staff, or suppliers.

A crucial component of these compliance systems is the ongoing process of identifying and assessing compliance risks, which aims to establish necessary measures to neutralise or reduce these risks based on their likelihood and the gravity or severity of their consequences.

The risk of fraud and corruption is identified within the risk maps of various Group companies. Detailed measures for its control and mitigation are outlined in section 5 of the "Transparency Report on the Compliance System of the IBERDROLA Group companies".

4.6 Strategic, regulatory, tax and legal risks

The Group is exposed to risks linked to the macroeconomic, geopolitical, and social environment, as well as those stemming from changes in regulations or tax laws. This category also encompasses risks related to the company's strategy, such as investment and divestment decisions, competitive pressures, and litigation or arbitration with third parties.

Regulatory risk

The IBERDROLA Group's businesses are subject to laws and regulations governing tariffs for regulated activities and other aspects of their operations in each of the countries in which they operate. The introduction of new laws and regulations or amendments to existing ones may have an adverse effect on the Group.

In the case of the network businesses, the main risks are set out in section 4.2.1. At the Generation and Customers businesses, the main risks include: (i) intervention in the operation of wholesale markets; (ii) the modification or elimination of tariffs, premiums and incentives for renewables; (iii) the imposition or increase of levies on energy sales and on the management of nuclear waste; (iv) changes to the economic terms governing the reversion of concessions (in particular hydroelectric plants); and (v) other obligations (e.g. measures to address energy poverty, regulated price caps in the United Kingdom, etc.).

Appendix II of these financial statements set out the most significant regulatory changes of 2025 in the main markets where the Group operates.

Geopolitical uncertainties affecting the global economy could prompt measures from various governments that might impact interest rates, exchange rates, inflation, energy prices, commodities, energy markets, tax rates, and the supply chain.

Country risk

The IBERDROLA Group's main operations are concentrated in Spain, the United Kingdom, the United States and Brazil; all countries carrying low or moderate risk and whose credit ratings at 31 December 2025 were as follows:

Country	Moody´s	S&P	Fitch
Spain	A3	A+	A
United Kingdom	Aa3	AA	AA-
United States	Aa1	AA+	AA+
Brazil	Ba1	BB	BB

The IBERDROLA Group also has a significant presence in countries such as Germany, France, Australia and Portugal. The presence in countries other than those mentioned above is not significant at the Group level from an economic point of view.

All of the activities of the IBERDROLA Group are exposed, to a greater or lesser extent depending on their nature, to various risks inherent to the country where they are carried out:

a Imposition of monetary restrictions and/or limitations on the movement of capital.

b Changes in the trade environment and in government policies.

c Economic crises, political instability and social unrest that affect the Group's activities, either directly (impacting the Group's productive assets) or indirectly (for example, affecting the ability to import components or raw materials, or the location of suppliers' manufacturing facilities).

d Nationalisation or expropriation of assets.

e Transfer and convertibility of currency.

f Cancellation of operating licences.

g Early termination of government contracts.

h Changes in tax rates in levies and taxes and/or new taxes, including tariffs.

i Worsening of sovereign ratings, generating an increase in country risk premia.

Legal risks

The IBERDROLA Group companies are party to certain in-court and out-of-court disputes within the ordinary course of their activities, the final result of which is generally uncertain. An adverse outcome, or an out-of-court settlement of these or other proceedings in the future, could have a negative economic impact and affect our reputation. As is standard practice, provisions have been made for this purpose, based on the opinion of the Group's legal advisors (see Note 28).

Notes 11 and 45 to the consolidated financial statements include a more detailed description of the most significant open matters.

In addition, the Group is currently involved in several large-scale construction projects, which entail complex contractual relationships with numerous contractors. In this context, the Group has received communications from various counterparties requesting extensions of deadlines or cost increases. Although the Group is actively engaged in negotiation processes, the outcome of these claims (which are not yet litigious in nature) remains uncertain, and no provisions have been recognised in this respect.

Investment Policy

There is a risk that the Group may fail to spot suitable acquisition opportunities or secure the necessary financing, and that the transactions carried out may prove to be less profitable than anticipated. Hidden liabilities and failures in the integration of companies could also come to light. The Group might make organic investments in new markets and products that fail to meet initial profitability expectations.

Furthermore, the Group may struggle to implement the significant investment plan it has announced, both in terms of cost and timeline.

Tax effect

The “Corporate Tax Policy”, which is available on the Group's website, outlines the Company's tax strategy. For more detailed information, please refer to Notes 35, 45 and 46 of this consolidated annual financial report.

5. Significant events subsequent to year end

Events occurring after the close of the financial year are described in Note 51 to the financial statements.

6. Research and development activities

Iberdrola is a global energy leader thanks to an innovation-driven strategy that permeates all its business units and areas of activity, and which has enabled it to anticipate the energy transition for more than two decades. Innovation is a strategic variable to ensure a more electrified, secure, sustainable and efficient energy model, and constitutes one of the Group’s main drivers of long-term value creation.

Thanks to this sustained commitment, Iberdrola has been recognised for the fifth year running as the private utility that invests the most in R&D worldwide, according to the European Commission. This leadership is underpinned by the talent, experience and commitment of more than 40,000 professionals across more than 40 countries.

In 2025, the Group invested a total of EUR 425 million in R&D, 6% more than in 2024. This investment is structured through an open, decentralised and global innovation model, supported by a broad ecosystem of universities, technology centres, startups and suppliers.

Iberdrola’s R&D strategy is built around three major innovation pillars, aligned with the key vectors of transformation in the energy sector:

- **Technology and Innovation: Projects.** We champion technology and innovation applied to business projects to improve efficiency, scale up the integration of renewable energy and storage, move towards more flexible and digital electricity networks, and support the sustainable electrification of demand.
- **Open innovation ecosystem.** We strengthen an open innovation ecosystem that connects Iberdrola with universities, startups, suppliers and other stakeholders, fostering collaboration, technological development and the creation of new business models.
- **Culture of innovation.** We nurture a cross-cutting innovation culture based on continuous training, internal talent, intrapreneurship and the recognition of innovative practices within the organisation and in collaboration with the external ecosystem.

This comprehensive approach makes it possible to turn innovation into real impact, accelerate the energy transition and reinforce Iberdrola's global leadership in sustainability and innovation.

In 2025, the Iberdrola Innovation Middle East, the Group's global R&D and Innovation centre in Qatar, made further progress towards digitalisation and artificial intelligence solutions for the energy sector. Its main developments include renewable generation analysis, sizing of hybrid systems with batteries, improved network planning using AI, fault and price forecasting, demand flexibility estimation, system stability assessment and optimal battery operation, as well as the automation of interconnection processes. These activities are supported by multidisciplinary teams, a broad network of collaborators, its laboratory and its computing centre. Further highlights in 2025 included the setting-up of East-West Digital, a company focused on AI solutions for the energy sector under a SaaS (Software as a Service) model, complementing the centre's capabilities.

Some of the innovative initiatives, classified by broad area, are:

6.1 Sustainable energy

In onshore wind and photovoltaic

In 2025, innovation in onshore wind and solar focused on improving the efficiency of operating assets, optimising processes and stepping up digitalisation. Development continued on Big Data and Artificial Intelligence techniques within the MeteoFlow forecasting system to optimise renewable generation, with Deep Learning models incorporated to improve forecasting under extreme events and seasonal forecasting of generation, temperatures and precipitation. These advances were integrated into the METEORENDI project, delivering very positive results. Meanwhile, further progress was made towards the WINDTWIN project, focused on the development of advanced wind farm and turbine control strategies, predictive models for energy demand and prices, and predictive maintenance solutions.

Looking at wind resources, the SMARTMODEL project moved forward in defining methodologies for the hybridisation of operating and pipeline wind farms with solar photovoltaic generation by incorporating battery technology. In parallel, work continued on analysing wake effects using cloud computing, improving the calibration of wind maps and developing methodologies to calculate turbine efficiency. In solar power, progress was made on methodologies and tools to analyse the performance of photovoltaic plants, including studies of production losses due to soiling and analyses of differences between satellite measurements and on-site observations. Further highlights included the completion of the NEXT GEMS project, funded by Horizon 2020, which applied HPC computing and Earth-system models to these lines of work.

In relation to maintenance, development continued on the ASPA system, based on AI-driven digital turbine models, together with new tools for the automated recognition of blade defects. In civil maintenance, notable work included structural monitoring using drones, motion sensors and load cells, as well as foundation analysis through instrumentation and visual inspections. Developments based on FEM and aeroelastic models were also strengthened to improve turbine reliability, within the framework of the VIDAEROGEN and NEWPREDICT projects.

In the photovoltaics segment, the ECOSIF project was completed and SOLID was launched, both funded by the Spanish State Research Agency (Agencia Estatal de Investigación – AEI), and focused on optimising panel support structures. Notably, SOLID will develop an innovative strategy for the design and operation of photovoltaic plants aimed at maximising efficiency and profitability throughout their entire life cycle, through the use of new numerical models for simulating support structures.

Turning to grid integration, solutions were developed for hybridisation projects, including curtailment models under different scenarios and battery-based black start capabilities, as well as advances in modelling inter-area oscillations in power systems. In this area, the PERAL project, funded by the AEI, continued to develop new voltage control strategies.

In hydroelectric power

In hydroelectric generation, innovation activities in 2025 focused on facilitating the grid integration of intermittent renewable generation by increasing seasonal and dispatchable storage capacity through new pumped-storage projects. Advanced geotechnical studies were carried out during the year under the RIVERSIBLE project. Highlights in this regard include the successful completion of the HYDROSES and AVANHID projects, both funded by the AEI, as well as the continuation of the SHERPA project, funded by Horizon Europe, which aims to extend the operating range of hydroelectric plants by incorporating flows below the technical minimum, without compromising asset life, economic viability or environmental and social impact. In the field of biodiversity, the KANTAURIBAI project continued throughout the period. Funded by the LIFE Programme, this initiative focuses on improving river connectivity through infrastructure to support the upstream migration of salmonid species.

In offshore wind

In offshore wind energy, and particularly floating offshore wind, the renewables centre of excellence (CoE) was busy developing digital *offshore* solutions focused on work planning, maritime traffic coordination and personnel training management, within the framework of the NOFFWIND project. The MEGAWIND project, focused on the analysis of welded joints in *offshore* foundations, was also completed in the period, and the INNOTEC project was launched, funded by the Basque Government to investigate advanced duplex anti-corrosion protection systems combining pure zinc coatings with organic finishes for marine metal structures. Elsewhere, the RENOTWIN project continued, aimed at developing digital twin technologies for wind and hydro renewable assets.

New lines of work

Iberdrola continues to generate knowledge in new technologies and development areas such as floating photovoltaics and agrivoltaics, researching specific solutions for different crops and livestock applications, while also devising strategies for the repowering of wind farms. In tandem, Iberdrola has been busy innovating at its renewables centre of excellence through proof-of-concept initiatives focused on process digitalisation. Highlights here include the Antares tool for the integrated management of new asset projects and opportunities throughout their entire life cycle, based on AI, Big Data and machine learning, while also incorporating BIM methodology. Part of these developments has been integrated into the RENOGLOBAL, DIGIAREN and APPSOLARFV projects. Meanwhile, cybersecurity and training initiatives have been scaled up through the development of a web platform to centralise documentation for Renewable Operations and Maintenance and Pre-Sales applications.

In addition, several initiatives are noteworthy:

In the United States, further progress was made in developing and deploying renewable projects and innovation initiatives. In the solar energy segment, a pilot project was launched at the Pachwaywit and True North plants to assess the use of reflective materials beneath bifacial solar panels. The project delivered positive results by pointing to increased energy output and optimised vegetation management. Elsewhere, the Powell Creek solar plant came online in 2025. With a capacity of 202 MWdc, the facility is able to supply around 30,000 households and support growth in electricity demand associated with electrification, industry and data centres. A pilot project was also developed alongside startup Tyba to test an advanced energy storage modelling platform, enabling improved assessment and prioritisation of battery projects across different electricity markets and strengthening strategic decision-making through a data-driven approach. Among the various projects under construction, Vineyard Wind stands out as the country's first commercial-scale offshore wind farm, and will cut CO_2 emissions by more than 1.6 million tonnes per year.

In the United Kingdom, innovation is focused on deploying technologies that enable wind projects to be developed more efficiently and contribute to grid decarbonisation, supported by technological development and collaboration with external partners and the supply chain. During 2025, the Renewables business reached a significant milestone with the deployment of the first Aviation Detection Lighting System (ADLS) at a wind farm in the United Kingdom; a pilot project that will facilitate the future rollout of this technology in the country. In offshore wind, ScottishPower is focusing its innovation priorities on the deployment of next-generation turbine and foundation technologies, improved grid integration through advanced solutions, and cost reductions through automation, robotics and AI-based predictive maintenance. The company also plays an active role in sector initiatives such as Carbon Trust and Offshore Renewable Energy Catapult, partners with universities to promote research and capability development, and works with SMEs through accelerator programmes and technology trials, thus strengthening the supply chain and fostering inclusive, collaborative innovation across the sector.

In Brazil, in 2025, Neoenergia inaugurated the Noronha Verde project, which aims to transform the Fernando de Noronha archipelago into the first inhabited oceanic island in Latin America with a sustainable energy model. The initiative will make 85% of the island's energy generation clean and renewable. The installation of more than 30,000 solar panels integrated with battery storage systems is planned, ultimately delivering 22.8 MW of generation capacity and 49 MWh of storage capacity. Further highlights in the Fernando de Noronha archipelago included the commissioning of a floating photovoltaic plant at the Açude do Xaréu reservoir, with an installed capacity of 622 kWp, whose generated energy will be used mainly for water desalination to supply the island.

In Australia, Iberdrola launched the Battery Revenue Optimiser, a new retail product that allows owners of battery energy storage systems (BESS) to maximise their revenues through direct and optimised participation in the electricity spot market. The solution combines optimisation tools and market signals to determine optimal battery charging and discharging times, offering greater operational flexibility and new revenue opportunities. A further significant milestone was achieved with the completion of the first project in which solar panels were installed on a roof without the need for screws or drilling, using a fully non-invasive mounting system that reduces structural impact and installation times. Furthermore, a pioneering ballast-based mounting solution for rooftop solar panels is currently in the final stages of delivery, expanding technical options for deploying photovoltaics in urban and industrial environments.

In Mexico, phase one of the Mexico Energy Resources Operations Centre (COREX) was completed, centralising the supervision of thermal facilities and enabling the remote monitoring and operation of renewable assets. This development strengthens operational efficiency, digitalisation and centralised control over the business. The initial phase included infrastructure installation and the development of centralised monitoring. Phase two will incorporate a centralised SCADA system to directly operate all renewable facilities from COREX.

In the nuclear area, further progress was made in integrating digital tools and processes aimed at maintaining the high levels of safety, reliability and efficiency of nuclear power plants, thus strengthening the ongoing digital transformation of these facilities. In this context, highlights included the digitalisation of work orders and the use of augmented reality to support specific manoeuvres and to train personnel in maintenance operations to be carried out in areas inaccessible during normal operation. A digital twin of the Cofrentes nuclear power plant was also implemented to analyse in real time the efficiency and performance of equipment and systems in the plant's secondary system. During the refuelling exercise carried out in October, Westinghouse Optima 3 nuclear fuel was introduced, an innovative evolution of fuel for boiling water reactors, focused on reliability, efficiency and the economic performance of the fuel cycle. Meanwhile, work also continued on the construction of the metallic waste treatment building and the expansion of the individualised interim storage facility.

6.2 Flexibility solutions for the electricity system

In relation to storage, Iberdrola continued to appraise solutions based on various technologies, notably including the conceptualisation of battery projects under the GESTIONREN project and progress on the ATENA+ project, funded by Horizon Europe, which focuses on sodium batteries for hybridised and stand-alone systems. Studies on plant hybridisation also continued under the APPSOLARFV project. In parallel, progress was made on the development of six battery projects hybridised with photovoltaic installations, as well as on the development of a portfolio of ten new battery projects hybridised with wind and photovoltaic facilities. These initiatives will improve the dispatchability of renewable generation, optimise curtailment and enhance system flexibility under different operating scenarios. Moreover, work continues on a portfolio of nine stand-alone battery projects (autonomous storage systems) operating independently of the generation facilities.

In the field of thermal power generation, and more precisely combined cycle technology, work in 2025 continued along the same lines as in previous years, with Iberdrola pressing ahead with its digital transformation and adapting its plants to new low-emission operating scenarios, as well as to increasing requirements for efficiency, flexibility and rapid response. In this context, it is continuing to collaborate with the University of Zaragoza (LIFTEC) on the NeoCC project, which aims to develop innovative technological solutions to significantly improve start-up processes and operating strategies for combined cycle plants. During the year, the project reached an advanced stage of development and implementation, with commissioning expected to take place in 2026. In tandem, the Kairós project consolidated its start-up optimisation tool, incorporating advanced functionalities for managing energy matching and complex operating configurations. These developments have improved efficiency, reduced costs and emissions, and increased operational flexibility, making a tangible contribution to the sustainability and competitiveness of the plants in a year that set an all-time record for fleet startups, with more than 1,450 in 2025.

In 2025, the Energy Management area consolidated its role as a key pillar for integrating large volumes of renewable energy by incorporating flexible resources, developing innovative business models, and carrying out an extensive digitalisation of its operations, supported by advanced technologies, Artificial Intelligence and cybersecurity.

In relation to distributed generation and demand resource management, a key element for achieving high renewable penetration, the Virtual Power Plant (VPP) continued to make progress in integrating assets, focusing predominantly on the design of aggregation services that enable effective participation in the electricity market, such as the Active Demand Response Service (SRAD). A particular highlight here is the FLEXIDERMS project, aimed at developing a new business model that enhances the value of customer flexibility through an intelligent Distributed Energy Resources Management System (DERMS), optimising the aggregated management of prosumers in the form of VPPs.

When it comes to developing and adapting sustainable solutions for the energy system, and as part of the public-private partnership project grants promoted by Spain's AEI, the DEFINER and AVANHID projects were both completed in 2025. The DEFINER project targets the development of a tool for the flexible management of electricity demand in markets with high renewable penetration, while AVANHID addresses the modelling, control and optimised integration of advanced hydroelectric generation systems. Work also continued on the ONE SYSTEM project, aimed at developing a simulation model for the electricity, decarbonised gases and green hydrogen vectors, and on the PERAL project, focused on designing unified voltage control strategies that integrate generation, storage, flexible demand and self-consumption. In addition, the Group was involved in completing the ATMOSPHERE project, funded by the CDTI, which is devoted to researching technologies applied to critical equipment in green hydrogen plants, with the aim of reducing investment and operating costs.

At European level, Iberdrola continued to take part in the BeFlexible and FEDECOM projects under the Horizon Europe framework, both focusing on the development of flexibility markets and the intelligent integration of electrolysers into the electricity system. In parallel, the digitalisation of operations was stepped up, particularly at the Central Dispatch centre, with the rollout of new platforms and models for intraday operations, battery optimisation, algorithmic trading and automatic generation control, as well as enhancements to control systems to satisfy the requirements of Red Eléctrica de España.

All of this is underpinned by the development of Artificial Intelligence models in line with the ISO 42001 standard and by improved cybersecurity, with processes certified under ISO 27001. Last but not least, the Group continues to play a leading role in the design of capacity markets and in R&D focused on flexibility services and storage optimisation.

6.3 Green solutions – new products and services

New initiatives to boost customer experience

In the digital realm, we are working to improve the user experience across all channels: the public website, landing pages, the customer app, the public charging app and the private area.

A notable development is the launch of a new intelligent search engine powered by AWS Artificial Intelligence, which seeks to improve response rates on the website. An algorithm has also been developed that calculates, in real time and on a forward-looking basis, solar generation or the energy efficiency of solutions such as aerothermal systems, via the customer app.

New products and functionalities

- Through Smart Solar, we promote self-consumption as a key mechanism in moving towards a more decentralised, efficient and sustainable energy system, fostering the active participation of consumers in the generation and management of their own renewable energy through technological solutions, digital platforms and flagship projects. In 2025, this model was bolstered with the creation of a dedicated operations team for installations delivered by Iberdrola, centralising the coordination of maintenance services as well as the monitoring and alarm management of plants operated by the company. Moreover, the first projects featuring storage systems were added to the Solar Communities portfolio, providing benefits both for end users—by supporting supply during peak hours—and for Iberdrola, by enabling optimisation of installed capacity on building rooftops, increasing supply capacity by up to 40% compared to installations without storage.

- *Smart Services*. Relying on smart platforms, advanced functionalities and personalised services, Iberdrola promotes savings, optimisation of energy use and decarbonisation across the residential, commercial and industrial segments. Among the main solutions developed in Spain is the Advanced Smart Assistant (ASA), an intelligent energy management service for Smart Solutions customers. At the outset, it will enable control of electric vehicle charging by optimising electricity use to reduce costs and maximise renewable consumption. Building on this technology, the Smart Charging Plan was launched in late 2025, through which users can charge their vehicles at a very low cost (€0.05/kWh). Notably, it was named the most innovative product of 2024 at the Environmental Finance Company Awards. This solution has also been rolled out in the United Kingdom through ASA v3.0, which optimises charging based on wholesale market prices. Iberdrola is also advancing solutions for industrial and commercial customers through the development of the Microgrid product, integrating self-consumption, storage and other forms of energy use such as electric vehicle charging, with the aim of maximising self-consumption, reducing contracted capacity and generating savings. Meanwhile, an integrated platform for the management of Energy Saving Certificates has been launched alongside Balantia, and development is continuing on microgrids under the Microgrids as a Service model, combining solar generation, batteries and energy management software.

- *Smart Mobility* is Iberdrola's offering for transport electrification as part of its broader decarbonisation strategy. The company has deployed a broad network of public and private charging solutions, including ultra-fast charging stations, combined medium- and high-power points for different uses, and installations with storage and photovoltaic canopies supplying solar communities. It has also developed dedicated hubs for buses and trucks, along with pioneering smart charging solutions with storage to enhance the day-to-day running of electric bus public transport. This leadership was recognised with awards such as Best Charging Point Operator (CPO) by Electromaps in 2025.

- *Smart Clima* brings together Iberdrola's suite of solutions aimed at energy savings and decarbonisation in homes and buildings, in line with European and national regulatory objectives. Through turnkey solutions adaptable to all types of customers, Iberdrola encourages the replacement of fossil fuels with efficient electric technologies, combining active measures—such as aerothermal systems, air conditioning and heat-pump water heaters—with passive retrofit and thermal insulation improvements (blown-in insulation, ETICS, ventilated façades). These solutions are complemented by digital tools across Iberdrola's channels that allow customers to monitor equipment performance via the Iberdrola Customers App, optimise their consumption, and visualise economic and environmental savings, ensuring simplicity, efficiency, quality and cost control. The area also promotes the decarbonisation of urban heating systems through renewable district heating and cooling networks, such as the one in Palencia, currently under construction. It also champions biomethane projects to cover non-electrifiable thermal uses, notably the project Biogas facility for biomethane production and agricultural use of digestate in Milagros, which will culminate in the deployment of Iberdrola's first biogas plant, with construction slated for 2026.
- With the *Smart Cities* project, Iberdrola is focusing on port decarbonisation through the deployment of Onshore Power Supply (OPS) infrastructure, enabling berthed vessels to be supplied with renewable electricity, disconnect auxiliary engines and significantly reduce air and noise pollution while improving operational efficiency. In Spain, these projects are being developed at the ports of Vigo, Pasaia and Alicante, serving roll-on/roll-off cargo and container vessels. OPS infrastructure incorporates advanced solutions for safe cable management and connection, tailored to each port and vessel type. The projects also include Solar Communities capable of supplying the OPS itself and providing renewable energy to other port-area operators through a shared self-consumption model, thus championing a more sustainable, collaborative energy model aligned with the transition to climate-neutral ports.
- The *Industrial Decarbonisation* team works to reduce industrial-sector emissions with the aim of achieving climate neutrality through the competitive electrification of production processes, replacing fossil fuels with technologies such as electric boilers, heat pumps and thermal storage. In 2025, progress was made on decarbonisation projects for companies including Bayer, BASF, SABIC, Moeve, Frinsa, Michelin, Arcilla Blanca and Heineken, several of which were submitted to European and national support programmes. Notable projects here include Green Heat Asturias, aimed at decarbonising Bayer's aspirin plant—whose funding has enabled work to begin for commissioning in late 2026—and Green Heat Tarragona, focused on decarbonising the Tarragona Chemical Hub.

- In the *United Kingdom*, the customer business continues to roll out decarbonisation solutions for the domestic segment, combining the installation of low-carbon technologies—such as heat pumps, solar panels, batteries and EV chargers—with digital home energy management solutions. Within this framework, the Smart Solutions team supports communities and organisations in developing energy efficiency initiatives and the transition to net-zero emissions, tailored to local needs. In doing do, they work alongside the renewable generation division and with communities that benefit from funds linked to wind farms. When it comes to electric mobility, the EV Optimise solution has been enhanced, enabling customers to charge their vehicles at the most cost-effective times and when carbon intensity is lowest, while at the same time making the electricity system more flexible and resilient. The solution was named Overall Vehicle Charging Innovation of the Year at the AutoTech Breakthrough Awards 2025. Meanwhile, initiatives such as Half Price Weekends have been developed, aimed at encouraging customers to shift their electricity consumption to periods of lower demand, typically weekends, thus helping them access more affordable electricity and lower their energy bills. In relation to customer service, new Artificial Intelligence-based tools have been introduced to improve the efficiency of customer support and query resolution, enhancing service quality and the overall customer experience.
- In *Brazil*, notable initiatives focus on enhancing the range of sustainable solutions and making commercial processes more efficient. These include the ANEEL RDI project on the Tokenisation of Environmental Assets in the electricity sector. This initiative involves the development of a blockchain-based platform for the trading of renewable generation certificates and carbon credits, facilitating their registration, tracking, and market operation. Furthermore, the Green Solutions Sales App has been developed, featuring a suite of tools to further optimise the range of electrification solutions. The app allows users to estimate energy costs and customer benefits, streamlining the feasibility assessment of proposals, while allowing them to manage commercial opportunities through dashboards with strategic information in Power BI, enabling more agile and efficient decision-making.

6.4 Smart grids

In 2025, i-DE Redes Eléctricas Inteligentes made further progress in modernising, digitalising and automating distribution networks, leveraging R&D as a key enabler to improve supply quality, ensure the large-scale integration of renewable energy and enable the electrification of mobility, buildings and industry.

Also in 2025, the Global Smart Grids Innovation Hub (GSGIH) further cemented its position as an international benchmark for innovation in smart grids. The Smart Grids Academy was promoted alongside the regional council of Bizkaia and the GAIA cluster, aimed at upskilling professionals in the sector in the digital skills required by smart electricity networks. The initiative includes training pathways focused on areas such as Artificial Intelligence, cybersecurity, smart industry and smart electricity networks.

Meanwhile, further progress was made in increasing the value of data through the Innovation Data Space (i-DS), the GSGIH data space, with the development of new environments designed to address specific business needs and foster innovation. The two new environments are: i-DS Open Data, which provides members with an expanded sample of network data for experimentation and the generation of new use cases, and i-DS Research, aimed at enabling agile and secure data sharing in R&D&I projects. All of this fosters a culture of open innovation and collaboration with the technological and academic ecosystem.

Another major milestone in 2025 was the staging of ENLIT 2025 in Bilbao, one of the leading international forums dedicated to the energy transition. The event provided an opportunity to showcase Iberdrola's commitment to the strategic role of electricity networks in the electrification of the economy and regional development, while also raising the profile of the Global Smart Grids Innovation Hub as a centre of innovation and knowledge in smart grids.

In terms of digitalisation, efficiency and data use, i-DE continued rolling out the BIM methodology in the design and construction of very high-voltage lines and electricity substations. This methodology has improved efficiency in decision-making, ensured centralised and real-time information management, reduced the margin of error, and enhanced traceability throughout the engineering and construction phases.

As part of the transition towards its new role as a Distribution System Operator (DSO), i-DE continues to head up projects focused on making the electricity network more flexible. In this area, work progressed in 2025 on the launch of the S2F project, framed within the regulatory sandbox of the Ministry for the Ecological Transition and the Demographic Challenge and funded by IDAE. The project assesses the use of flexibility in distribution networks through two main use cases: local flexibility markets and flexible connections, with the involvement of sector associations, market operators, research centres and national distribution companies.

At the European level, i-DE continues to lead the BeFlexible project under the Horizon Europe programme, now in its final phase, with demonstrators highlighting both the opportunities and barriers to implementing flexibility services. Progress is also being made on the TwinEU project, aimed at developing a digital twin concept for a reliable and resilient European energy infrastructure, and on the ECLIPSE project, focused on implementing the European Common Reference Framework for energy consumer applications. The strategies developed under these initiatives will be tested in several countries, including Spain.

In Spain, progress continued on three projects under the Public–Private Partnership call of the Ministry of Science, Innovation and Universities, namely ASIGNA, PlaReDET and AFOROBT. These projects aims to improve the security, resilience and advanced planning of distribution networks, while also improving the automatic detection and analysis of incidents affecting low-voltage networks. Progress was also made on several projects focused on anticipating and managing the growth of electrification and the digitalisation of networks, notably the DEMELEK project. Funded by the Basque Government, this project is looking to develop forward-looking models to estimate the evolution of electricity demand. Projects such as MICROFLEX and AZTERTUZ also moved forward, with the aim of applying flexibility, storage, automation and robotics solutions to improve supply quality and the efficiency of energy infrastructure maintenance. Progress was also made in the final phases of projects such as ASTRA-CC, focused on the development of direct current network architectures to facilitate the integration of renewables, storage and fast charging, and SensoCeT, aimed at the digitalisation and predictive maintenance of the distribution network through smart sensors at substations.

Last but not least, several notable initiatives were undertaken in 2025 in relation to sustainability, the environment and prevention, including life-cycle analysis of electrical equipment, meter recycling, the incorporation of robotics, VR/AR and IoT solutions to improve safety in field operations, and strengthened collaboration with startups and universities through challenges launched with PERSEO, consolidating i-DE's commitment to a more sustainable, secure and innovative electricity network.

In the United Kingdom, Energy Networks continued to spearhead innovation in energy networks throughout 2025, embedding innovation across the organisation to create value for customers and contribute to the net-zero emissions objective. Progress was made on a portfolio of flagship projects funded by the Strategic Innovation Fund (SIF) of Ofgem, aimed at improving network resilience, developing whole energy systems and advancing the use of power electronics. Key projects include Predict4Resilience (P4R), which is developing an Artificial Intelligence-based solution to predict electricity network failures caused by extreme weather events. In close collaboration with SIA Partners, the University of Glasgow and Scottish & Southern Electricity Networks, the project has enabled testing in an operational environment, supporting the early mobilisation of resources and potentially reducing outage durations. Meanwhile, the D-Suite project, being developed alongside UK Power Networks, the University of Newcastle and Integrated Powertech, analysed the use of power electronics technologies in low-voltage networks to facilitate the integration of low-carbon technologies, increase available capacity and minimise the need for conventional network reinforcement. The Blade project investigated the use of offshore wind farms to support electricity network restoration following a national blackout, while Flexible Railway Energy Hubs is progressing the development of microgrid solutions for the rail sector, aimed at more efficient energy use and emissions reduction. In tandem, projects funded through the Network Innovation Allowance (NIA) are currently being developed, focusing on advanced asset management, smart monitoring and the planning of new connections.

In Brazil, several projects were undertaken in 2025 to improve the quality, reliability, efficiency and sustainability of electricity networks, while at the same time strengthening infrastructure security and digitalisation. In transmission, the use of drones and Artificial Intelligence was expanded for line maintenance activities, reducing inspection response times and operating costs by 75%, while also improving the early and more reliable identification of anomalies. In distribution, highlights included various Research, Development and Innovation (RDI) projects regulated by ANEEL, which will have a direct positive impact on network operations. The *Smart Safety Eye* project uses Artificial Intelligence to analyse videos and images to improve safety in field work by identifying non-compliant behaviours and helping to reduce the number of incident that occur. Meanwhile, *Godel Smart Sensor* AT is developing a system for remote, real-time monitoring of lines between 69 kV and 138 kV using sensors, concentrator units and analytical platforms. In addition, the Saturable-Core Reactor (SCR) project enables dynamic voltage regulation in low-voltage networks, instantly adjusting short-duration variations, reducing technical losses and improving the quality of electricity supply. When it comes to planning and digitalisation, the Climate Forecasting Platform combines numerical models of the climate system with machine learning techniques to anticipate demand and project the energy market of Neoenergia distribution companies with greater accuracy over horizons of up to ten years. Last but not least, we have the Modular Mobile BESS Project, as a mobile energy storage solution designed for regions with seasonal demand peaks, with a capacity of 9 MVA and scheduled to enter operation in the first quarter of 2026. The project is expected to deliver annual OPEX savings while helping to reduce CO_2 emissions.

In the United States, the Group continues to promote projects aimed at modernising and strengthening electricity networks by facilitating the integration of renewable energy and improving system resilience. A key initiative is the *New England Clean Energy Connect* (NECEC) project, a 145-mile, 1,200 MW high-voltage direct current transmission line that will connect the New England electricity system with that of Hydro-Québec at the border with Canada. The project will enable the supply of clean hydroelectric power to the six states in the region, thus helping to reduce emissions and lower energy costs. Elsewhere, in the state of Maine, *Avangrid subsidiary Central Maine Power* (CMP) is closely involved in the *Flexible Interconnections and Resilience for Maine* (FIRM) project. This initiative will enable the deployment of advanced smart grid technologies, such as active network management and dynamic line rating, to facilitate the connection of new renewable generation. In parallel, subsidiaries New York State Electric & Gas (NYSEG) and Rochester Gas and Electric (RG&E) have continued to make progress on the large-scale rollout of smart meters in the state of New York, contributing to a more efficient, flexible and customer-oriented electricity network.

6.5 Green hydrogen

In 2025, Iberdrola received the grant award decision for the project ES52, Renewable Hydrogen for the production of green ammonia and fertilisers, corresponding to Puertollano Phase I and Puertollano Phase II. The project was selected by the European Commission under the Hy2Use initiative within the framework of the Important Projects of Common European Interest (IPCEI). This recognition further strengthens the Company's positioning in the development of green hydrogen as a key vector for industrial decarbonisation.

Further highlights in 2025 included the completion of expansion works at the Barcelona hydrogen refuelling station. The facility, which has been supplying renewable hydrogen to metropolitan buses operated by Transports Metropolitans de Barcelona (TMB) since 2022, has now reached a refuelling capacity of up to 60 buses. This expansion was made possible by the incorporation of advanced technologies, including higher-capacity cooling systems (chillers), refuelling with infrared (IR) communication, and the modernisation of storage units. These upgrades have significantly reduced refuelling times and increased operational safety levels.

The Benicarló green hydrogen production plant was commissioned in January 2025 and, during the year, supplied renewable hydrogen to its client IFF, adapting to its operational requirements and helping to reduce emissions in the fragrance manufacturing process.

At national level, Iberdrola successfully concluded the ATMOSPHERE project in 2025, delivering notable results in the technologies analysed, relating to storage, generation and safety at green hydrogen plants. In parallel, progress was made on the development of the SERE-H2 project, focused on validating a cooling system (chiller) at the Barcelona hydrogen refuelling station, as well as on the H2SALT project, which analyses the business model and costs associated with hydrogen storage in salt caverns.

On the international stage, Iberdrola continues to take part in the FEDECOM, AMBHER, HyLICAL and ANDREAH projects, which are aimed at developing hydrogen plant optimisation tools, advanced storage solutions, new liquefaction technologies and ammonia cracking systems to obtain high-purity hydrogen.

In Brazil, Neoenergia's Green Hydrogen Pilot Plant, located in Brasília, was commissioned in 2025. The plant is designed to produce and supply green hydrogen for use in fuel-cell vehicles. Generation is powered by a photovoltaic plant that provides the renewable energy used in the electrolysis process.

In Australia, a novel optimisation model was developed in 2025 to determine the optimal configuration of renewable hydrogen plants, balancing CAPEX against electricity price forecasts.

6.6 IBERDROLA Ventures – PERSEO

Iberdrola Ventures – PERSEO is Iberdrola's entrepreneurship and startup collaboration programme, created in 2008 to foster an innovative ecosystem in the electricity sector. It focuses on technologies and business models that support electrification, decarbonisation and the sustainability of the energy system.

Through the programme, investment has been made in more than 25 startups worldwide, providing funding support, sector expertise and market access in countries such as Spain, the United Kingdom, Brazil, Australia and the United States. Iberdrola's extensive asset base acts as a "real-world laboratory" for the development of solutions in renewables, smart grids, demand electrification, process digitalisation and environmental protection, supported by a diverse project portfolio and complemented by other funding programmes. Among the main milestones achieved in 2025, the following stand out:

- Pilots: a total of 17 pilot projects were carried out with startups, mainly based on Artificial Intelligence, focused on the inspection and maintenance of network and renewable assets, electrification and demand management, and the monitoring of impacts on biodiversity. Pilots were also conducted with hardware solutions, such as those developed by Incalexa and Metalframe, based on modular and scalable structures for deploying solar PV generation and EV charging points in car parks. These solutions are currently in the commercial phase.

- Challenges: five challenges were launched in 2025 among the startup community, in areas such as electricity network planning, photovoltaic asset inspection and the maintenance of wind generation facilities.

- Investment: TRIBBU was added to the PERSEO portfolio. The startup develops a digital platform for car sharing in urban environments, championing energy savings and helping to reduce levels of congestion on the road. Meanwhile, the Seaya Andromeda Sustainable Tech Fund I FCR reached a 60% investment level, with 11 portfolio companies and four new investments during the year.

- "Venture Builder": PERSEO continues to promote the creation of new businesses focused on electrification and the circular economy. A notable example is CPD4Green, a company wholly owned by Iberdrola and dedicated to developing electrified sites for data centres. In less than two years, it has built up a portfolio of over 700 MW in Spain, with additional potential of 5,000 MW, and in 2025 announced a strategic alliance with Echelon Data Centres. Elsewhere, EnergyLoop began operations at its wind turbine blade recycling plant in Navarra, while Carbon2Nature consolidated its international expansion into Brazil and Mexico, continued to grow in Australia, and began marketing carbon credits to its first customers.

Further information on the R&D+i projects in which IBERDROLA is involved can be found under the Innovation section of the corporate website.

https://www,iberdrola,com/innovacion

7. Acquisition and disposal of treasury shares

The Group's Treasury Share Policy establishes the following:

Treasury share transactions are considered those transactions carried out by the Company, whether directly or through any of the Group's companies, the object of which are Company shares, as well as financial instruments or contracts of any type, whether or not traded in the stock market or other organised secondary markets, which grant the right to acquire, or the underlying assets of which are, Company shares.

Treasury share transactions will always have legitimate purposes, such as, among others, to provide investors with liquidity and sufficient depth in the trading of Company shares, to execute treasury share purchase programmes approved by the Board of Directors or General Shareholders' Meeting resolutions, to fulfil legitimate commitments undertaken in advance or any other acceptable purposes in accordance with applicable regulations. Under no circumstances shall the purpose of treasury share transactions be to interfere with the free establishment of prices. In particular, any conduct referred to in Section 83 ter 1) of the Securities Market Act and Section 2 of Royal Decree 1333/2005 of 11 November, implementing the Securities Market Law as to matters of market abuse, must be avoided.

The Group's treasury share transactions will not be carried out, under any circumstances, based on inside information.

Treasury shares will be managed providing full transparency as regards relationships with market supervisors and regulatory bodies.

Note 22 to the consolidated financial statements presents the transactions in IBERDROLA treasury shares held by Group companies in the last financial years. Further information on transactions in financial years 2025 and 2024 is provided in the following tables:

Own shares in Iberdrola, S.A	No. of shares	Nominal (millions of euros)	Own share cost (millions of euros)	Average share price (euros)	Total shares	% of capital
Balance at 01.01.2024	**105,786,997**	**79**	**1,211**	11.45	**6,350,278,000**	**1.67**
Acquisitions	172,479,098	129	2,074	12.03		
Reduction in share capital	(183,299,000)	(137)	(2,072)	11.31		
Disposals [1]	(6,554,658)	(5)	(73)	11.20		
Iberdrola Retribución Flexible optional dividend system [2]	1,963,661	1	0	0.00		
Balance at 31.12.2024	**90,376,098**	**67**	**1,140**	**12.61**	**6,364,251,000**	**1.42**
Acquisitions	197,966,180	148	3,014	15.23		
Reduction in share capital	(200,561,000)	(150)	(2,690)	13.41		
Disposals [1]	(6,148,012)	(5)	(77)	12.57		
Iberdrola Retribución Flexible optional dividend system [2]	2,042,417	2	0	0.00		
Balance at 31.12.2025	**83,675,683**	**62**	**1,387**	**16.58**	**6,681,227,377**	**1.25**

[1] Includes shares delivered to employees
[2] Shares received.

Treasury shares in trust of SCOTTISHPOWER	No. of shares	Nominal (millions of euros)	Own share cost (millions of euros)	Average share price (euros)	Total shares	% of capital
Balance at 01.01.2024	**639,668**	**0**	**8**	**0.00**	**6,350,278,000**	**1.01**
Acquisitions	197,506	1	2	12.64		
Disposals [1]	(276,810)	0	(2)	7.89		
Iberdrola Retribución Flexible optional dividend system [2]	82,234	0	0	0.00		
Balance at 31.12.2024	**642,598**	**1**	**8**	**12.87**	**6,364,251,000**	**1.01**
Acquisitions	162,259	0	3	16.11		
Disposals [1]	(257,853)	0	(3)	8.41		
Iberdrola Retribución Flexible optional dividend system [2]	71,043	0	0	0.00		
Balance at 31.12.2025	**618,047**	**1**	**8**	**14.10**	**6,681,227,377**	**0.93**

[1] Includes shares delivered to employees
[2] Shares received.

In 2025 and 2024, treasury shares held by the IBERDROLA Group were always below the relevant legal limits.

Finally, the conditions and time periods of the current mandate given by the shareholders to the Board of Directors to acquire or transfer treasury shares are detailed below.

At the General Shareholders' Meeting held on 17 June 2022, the shareholders resolved to expressly authorise the Board of Directors, with powers of substitution, pursuant to the provisions of Section 146 of the Spanish Companies Act, to carry out the derivative acquisition of shares of IBERDROLA, S.A. under the following conditions (coinciding with those of the authorisation that was in force from 13 April 2018 until that date):

- Acquisitions may be carried out directly by the Company, or indirectly through subsidiaries, though not by those that carry out regulated activities pursuant to the provisions of the Spanish Law on the Electricity Sector and the Law on the Hydrocarbon Sector.
- Acquisitions may be made by means of purchase and sale transactions, swaps or any other transaction permitted by law.
- Acquisitions may be made up to the maximum threshold allowed by law (10% of share capital).
- Such acquisitions may not be made at a price higher than the market price or lower than the par value of the shares.
- The authorisation was granted for a period of five years running from approval of the resolution.
- As a result of the acquisition of shares, including those that the Company or the person acting in their own name but on the Company's behalf had previously acquired and held in treasury, the resulting shareholders' equity cannot fall below the amount of the share capital plus the restricted reserves required by law or under the By-Laws.

Shares acquired under the aforementioned authorisation may be disposed of, redeemed, or used for the remuneration systems provided for in the Spanish Companies Act. They may also be used to carry out programmes to promote participation in the Company's capital, such as dividend reinvestment plans, loyalty bonuses or other similar instruments.

- **Stock market data**

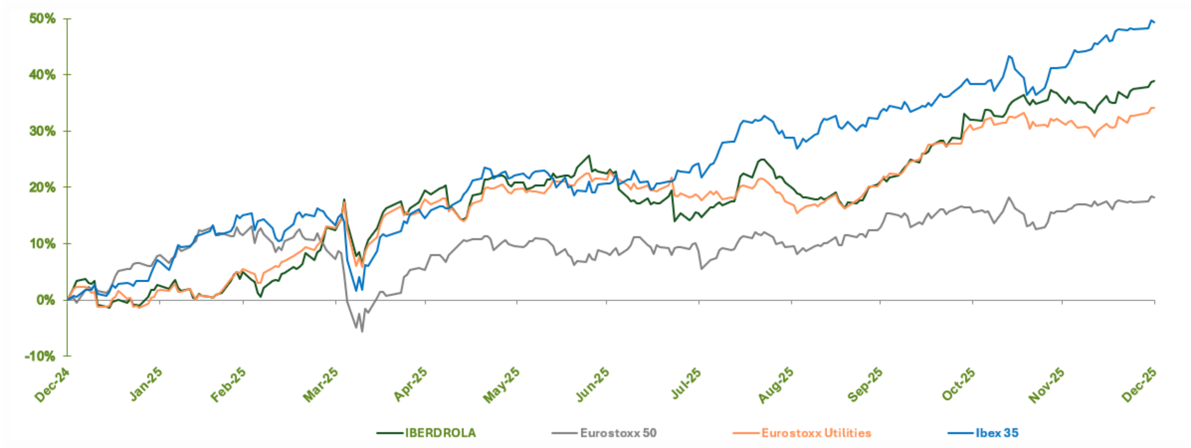
		2025	2024
Stock market capitalisation [(1)]	Millions of euros	123,369	84,645
Earnings per share continuing operations	Euros	0.845	0.590
P.E.R. (share price at year end/profit per share)	Times	21.848	22.524
Price / Carrying amount (capitalisation on carrying amount at year end) [(2)]	Times	2.460	1.800

[(1)] 6,681,227,377 and 6,364,251,000 shares at 31 December 2025 and 2024, respectively.

[(2)] Capitalisation at 31 December 2025 (123,369) / Equity of the parent company (50,050). Capitalisation at 31 December 2024 (84,645) / Equity of the parent company (47,125).

- **The IBERDROLA share**

Stock market performance of IBERDROLA versus the indexes



	2025	2024
Number of shares outstanding	6,681,227,377	6,364,251,000
Share price at period end	18.47	13.30
Average share price for the year	15.70	12.27
Average daily volume	9,973,349	11,186,880
Maximum volume 30/05/2025 and 31/5/2024, respectively	47,306,599	51,401,917
Minimum volume 24/12/2025 and 24/12/2025, respectively	1,546,396	1,849,018
Shareholder remuneration (Euros)	0.645	0.558
- Gross interim dividend (31/01/2025 and 31/01/2024) (1)	0.231	0.202
- Gross final dividend (24/07/2025 and 29/07/2024) (1)	0.409	0.351
- Engagement dividend (02/06/2025 and 21/05/2024)	0.005	0.005
Dividend yield (3)	4.85 %	4.70%

(1) Amount paid on account of the dividend under the *Iberdrola Retribución Flexible system.*

(2) Final dividend under the *Iberdrola Retribución Flexible* optional dividend system.

(3) Interim dividend, final dividend and attendance fee for the General Shareholders' Meeting/period-end share price.

8. Other information

Compliance with Section 262.1 of the Spanish Companies Act with respect to the average supplier payment period

As detailed in Note 37, the Company's average payment period to its suppliers in 2025 was 14 days.

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.

- Definitions of Alternative Performance Measures

https://www,iberdrola,com/documents/20125/42337/medidas-alternativas-rendimiento-definiciones,pdf

- Alternative Performance Measures for the quarter

https://www.iberdrola.com/documents/20125/5693151/medidas-alternativas-rendimiento-25FY.pdf

9. Annual Corporate Governance Report 2025

In accordance with Article 538 of the Spanish Companies Act, this management report incorporates by reference the full text of the 2025 Annual Report on Directors' and Executives' Remuneration approved by the Board of Directors of Iberdrola, S.A. and published on the website of the National Securities Market Commission (www.cnmv.es) as well as on the corporate website (www.iberdrola.com).

10. Annual Director Remuneration Report 2025

In accordance with Article 538 of the Spanish Companies Act, this management report incorporates by reference the full text of the 2025 Annual Report on Directors' and Executives' Remuneration approved by the Board of Directors of Iberdrola, S.A. and published on the website of the National Securities Market Commission (www.cnmv.es) as well as on the corporate website (www.iberdrola.com).

11. Statement of Non-Financial Information. Sustainability Report

The statement of non-financial information, referred to in Section 262 of the Spanish Companies Act and Section 49 of the Code of Commerce, is presented in a separate report called Statement of Non-financial Information. The consolidated Sustainability Report of Iberdrola, S.A. and its subsidiaries for financial year 2025 expressly indicates that the information contained therein is part of this consolidated Management Report. Said document will be verified by an independent assurance provider and is subject to the same requirements in terms of approval, deposit and publication as this consolidated Management Report.

Annual financial information

Statement of responsibility

2025

ANNUAL FINANCIAL REPORT STATEMENT OF RESPONSIBILITY 2025

The members of the Board of Directors of "Iberdrola, S.A." state that, to the best of their knowledge, the individual annual accounts of "Iberdrola, S.A." (balance sheet, profit and loss statement, statement of changes in shareholders' equity, statement of cash flows and notes), as well as the consolidated annual accounts of "Iberdrola, S.A." and its subsidiaries (consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated notes) for the fiscal year ended on December 31, 2025, prepared by the Board of Directors at its meeting held on February 24, 2026, and prepared in accordance with the applicable accounting principles, present a true and fair view of the equity, financial position and results of "Iberdrola, S.A." as well as of its subsidiaries included within its scope of consolidation, taken as a whole, and that the management reports supplementing the individual and consolidated annual accounts and the consolidated Statement of non-financial information. Sustainability report contain a fair analysis of the business evolution, results and financial position of "Iberdrola, S.A." and of its subsidiaries included within its scope of consolidation, taken as a whole, as well as a description of the principal risks and uncertainties facing them.

Bilbao, February 24, 2026

Mr José Ignacio Sánchez Galán
Executive 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

This note is drafted by the general secretary and secretary of the Board of Directors to put on record that (i) the second vice-chair, Mr Anthony Luzzatto Gardner, as he was absent due to justifiable cause, and (ii) the director Ms Regina Helena Jorge Nunes, as she was connected to the meeting by remote means of communication, have not signed this document, having been signed on their behalf and respectively by the independent directors Mr Ángel Jesús Acebes Paniagua and Ms María Ángeles Alcalá Díaz, on the basis of the authorisations expressly granted for such purpose by Mr Gardner and by Ms Jorge Nunes, in which they state their vote in favor of the proposal to formulate the Annual Financial Report for fiscal year 2025.

Santiago Martínez Garrido