

# Report of the Board of Directors

Share capital increase through cash contributions and with disapplication of pre-emptive rights, to be approved under the delegation agreed by the Ordinary General Shareholders' Meeting held on 17 May 2024 under item 20 of its agenda.

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## REPORT OF THE BOARD OF DIRECTORS OF “IBERDROLA, S.A.” IN RELATION TO THE AGREEMENT TO INCREASE THE SHARE CAPITAL BY MEANS OF CASH CONTRIBUTIONS AND WITH THE DISAPPLICATION OF PRE-EMPTIVE RIGHTS, WHICH IS PROPOSED FOR APPROVAL UNDER THE DELEGATION GRANTED BY THE ORDINARY GENERAL SHAREHOLDERS' MEETING HELD ON 17 MAY 2024 UNDER ITEM 20 OF ITS AGENDA

### 1. Purpose of the report

This report is prepared by the Board of Directors of "Iberdrola, S.A." (the "**Company**") in relation to the resolution to increase the share capital through cash contributions and with the disapplication of pre-emptive rights (the "**Capital Increase**") that the Board of Directors plans to approve on the date of this report, pursuant to the authorisation granted by the Company's Ordinary General Shareholders' Meeting held on first call on 17 May 2024 (the "**2024 General Shareholders' Meeting**") under item 20 of its agenda.

Specifically, this report is prepared in compliance with the provisions of (i) Article 286 of the *Spanish Companies Act*, as amended by Royal Legislative Decree 1/2010, of 2 July (the "**Spanish Companies Act**"), with regard to the capital increase agreement itself and the resulting amendment to the Articles of Association; and (ii) Articles 308, 504 and 506 of the *Spanish Companies Act*, with regard to the justification for the disapplication of pre-emptive rights. The report also includes the full text of the Board of Directors' resolution regarding the Capital Increase.

In accordance with the provisions of Article 506.4 of the *Spanish Companies Act*, this report will be made available to shareholders and communicated to the first General Meeting held after the approval of the implementation of the Capital Increase referred to in this report. Likewise, in compliance with the provisions of section 9.2 of the *Policy Regarding Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*, and in accordance with recommendation 5 of the *Good Governance Code of Listed Companies* of the Spanish Securities Market Commission (the "**CNMV**"), this report will be published, once the issue price of the Capital Increase has been set, on the Company's corporate website ([www.iberdrola.com](http://www.iberdrola.com)).

In accordance with sections 1 and 3 of article 504 of the *Spanish Companies Act*, given that the amount of the transaction does not exceed 20% of the share capital and the proposed issue price will not be less, in any case, than the result of applying a discount rate of 10 % to the closing price of the Company's shares on the Spanish Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil*) of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the "**Stock Exchanges**") corresponding to the last trading session prior to the announcement of the launch of the Capital Increase (it being foreseeable, based on current market conditions, that the effective discount will be around 5 %), it is presumed that such issue price corresponds to the fair value of the Company's shares, without the Company being required to obtain a report issued by an independent expert, other than the auditor of the accounts, appointed by the Commercial Registry, regarding the fair value of the Company's

shares, the theoretical value of the pre-emptive right whose exercise is proposed to be eliminated or limited, and the reasonableness of the information contained in the Board of Directors' report.

This report is issued on the basis of: (a) the presentation prepared jointly by the Finance, Control and Corporate Development Department and the General Secretariat and the Board of Directors of the Company, (b) the legal advice received from “Uría Menéndez Abogados, S.L.P.”, and (c) the information received from “J.P. Morgan SE” as structuring bank for the Capital Increase.

To facilitate understanding of the transaction giving rise to it, this document first provides a description of the authorisation granted by the 2024 General Shareholders' Meeting to the Board of Directors under which the Capital Increase is proposed to be approved, followed by a description of the main terms and conditions of the Capital Increase. Next, the reports required by Articles 286 and 297, and 308, 504 and 506 of the *Spanish Companies Act*, relating to the justification of the Capital Increase and the disapplication of the pre-emptive rights of existing shareholders in relation to the Capital Increase, respectively, are issued jointly, although set out in separate sections. The final section also includes the text of the agreement that the Company's Board of Directors plans to approve on this same date.

## **2. Authorisation of the General Shareholders' Meeting 2024**

The 2024 General Shareholders' Meeting agreed, under item 20 of its agenda and in accordance with the provisions of Article 297.1.b) of the *Spanish Companies Act*, and in accordance with the provisions of Article 17(j) of the Articles of Association and Article 21.1.D(b) of the *Regulations for the General Shareholders' Meeting*, to authorise the Board of Directors to, on one or more occasions and at any time within a period of five years from the date of the aforementioned Meeting, increase the share capital through the issue and putting in circulation of new shares —with or without a premium— whose countervalue consists of cash contributions, up to the maximum amount permitted by law, i.e. up to half of the Company's share capital on the date of approval of the resolution (i.e. up to a maximum nominal amount of 2,408,737,125.00 euros).

Likewise, in relation to capital increases carried out under this delegation, the Board of Directors was expressly authorised to disapply, in whole or in part, the pre-emptive subscription right. This power may be exercised up to a combined limit of 10% of the share capital on the date of approval of the resolution (i.e. up to a maximum nominal amount of 481,747,425.00 euros), for capital increases carried out both under this authorisation and under the authorisation contained in item 21 of the agenda of the 2024 General Shareholders' Meeting, relating to the authorisation of the Board of Directors to issue bonds exchangeable and/or convertible into shares and warrants for an amount of up to 5 billion euros and a maximum term of five years.

The full text of the aforementioned delegation of powers agreement is available on the Company's corporate website ([www.iberdrola.com](http://www.iberdrola.com)).

It is hereby stated that, to date, the Board of Directors has not made use of the aforementioned delegation or that which constitutes the subject matter of item 21 on the agenda of the 2024 General Shareholders' Meeting and that, therefore, it has the

power to issue new shares for a total nominal amount of 2,408,737,125.00 euros (an amount that would be reduced to 481,747,425.00 euros if the issue of new shares is carried out with disapplication of pre-emptive rights).

### 3. Main terms and conditions of the Capital Increase

The Capital Increase agreed by the Board of Directors under the authorisation referred to in section 2 above has the following main terms and conditions:

**(A) Capital Increase:** The Capital Increase will be carried out through cash contributions with the aim of increasing the Company's equity by an effective amount (nominal amount plus share premium) of 5.5 billion euros, through the issue and putting into circulation of 387,870,239 new ordinary shares of the Company, with a par value of 0.75 euros each, of the same class and series as those currently outstanding and represented by book entries (the **"New Shares"**). The number of New Shares has been determined by applying an issue price calculated with reference to the closing price of the Company's shares on the Spanish Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil*) of the Stock Exchanges on 21 July 2025 (15.755 euros per share), applying a 10% discount, resulting in an issue price of 14.18 euros per share (rounded up). Thus, the number of New Shares is obtained by dividing the effective amount of the Capital Increase (5.5 billion euros) by the aforementioned issue price (14.18 euros per share), rounding the result down.

For the purposes of Article 299 of the *Spanish Companies Act*, it is hereby stated that all of the Company's shares issued prior to the Capital Increase are fully paid up, with the exception of those resulting from the allocation, payment and closing of the first capital increase charged to reserves through the issue of new shares approved by the Company's General Shareholders' Meeting held on 30 May 2025 at first call (the **"2025 General Shareholders' Meeting"**), under item 9 of the agenda<sup>1</sup>, and whose execution was agreed by the Board of Directors on 24 June 2025 (the **"Paid-up Capital Increase"**), with the trading period for free allocation rights having already concluded on that date. It is expected that the number of new shares to be issued as a result of the Paid-up Capital Increase will be determined and that such new shares will be fully allocated and paid up prior to or simultaneously with the execution and payment of the Capital Increase that is the subject of this report.

Pursuant to the Capital Increase agreement, the Executive Committee or the executive chairman, Mr. José Ignacio Sánchez Galán, shall determine, based on market conditions at the time of execution of the aforementioned agreement: (i) the nominal amount of the Capital Increase and the number of New Shares to be

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<sup>1</sup> And under the section entitled *"Terms common to the dividend payment and share capital increase agreements proposed under items 8, 9 and 10 of the agenda, pursuant to which the optional dividend system "Iberdrola Flexible Remuneration" is implemented"*.

issued; and (ii) the issue price of the New Shares and, in particular, the amount of the share premium for each New Share, in each case within the limits agreed by the Company's Board of Directors.

- (B) **Issue price:** The issue price (the nominal value together with the share premium, the "**Issue Price**") of the New Shares to be issued shall correspond to that resulting from the private accelerated bookbuilding procedure for the New Shares among qualified and institutional investors to be carried out by "J.P. Morgan SE", "BofA Securities Europe SA" and "Morgan Stanley Europe SE" as global coordinators, lead managers and bookrunners for the Capital Increase (the "**Joint Global Coordinators**") and BNP PARIBAS (together with the Joint Global Coordinators, the "**Joint Bookrunners**"), as described in section 4.b below, and shall be set by the Executive Committee or by the executive chairman, Mr. José Ignacio Sánchez Galán.

In any case, for the purposes of the provisions of sections 2 and 3 of Article 504 of the *Spanish Companies Act*, and in order to ensure that the Issue Price thus determined corresponds to the fair value of the New Shares, it won't be, in any case, less than the amount resulting from applying a discount rate of 10 % to the closing price of the Company's shares on the Spanish Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil*) of the Stock Exchanges corresponding to the last trading session prior to the announcement of the launch of the Capital Increase, rounded up to the nearest whole euro cent, without prejudice to the fact that, based on current market conditions, the effective discount is expected to be around 5%.

- (C) **Nature of the New Shares:** The New Shares shall be ordinary shares, equal to those currently outstanding (of the same class and series), and shall be represented by book entries, whose accounting record shall be attributed to "*Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.*" (*Sociedad Unipersonal*) ("**Iberclear**") and its participating entities.

- (D) **Disapplication of pre-emptive rights:** Making use of the power expressly delegated by the 2024 General Shareholders' Meeting, and in accordance with the provisions of Article 506 of the *Spanish Companies Act*, the pre-emptive rights of the Company's shareholders will be disapplied in accordance with the requirements of the Company's corporate interest and in order to allow the New Shares to be subscribed by qualified Spanish and foreign institutional investors through an accelerated placement, in accordance with the provisions of section 5.a below.

It is also stated that, in accordance with the provisions of Article 504.1 of the *Spanish Companies Act*, the Capital Increase does not require a report by an independent expert report by the Commercial Registry on the fair value of the Company's shares, on the theoretical value of the pre-emptive right whose exercise is proposed to be eliminated, or on the reasonableness of the information contained in this report. All of the above is subject to the condition that the aggregate nominal value of the New Shares to be issued shall not represent, in any case, more than 20% of the Company's share capital either (a)



on the date of approval of the authorisation resolution by the 2024 General Shareholders' Meeting referred to above, or (b) on the date of execution of the Capital Increase.

- (E) **Rights of the New Shares**: The New Shares shall confer on their holders the same political and economic rights as the ordinary shares of the Company currently outstanding from the moment the Capital Increase is declared executed, subscribed and paid up by the Board of Directors or, by delegation, by the Executive Committee or by the executive chairman, Mr. José Ignacio Sánchez Galán, and the New Shares are issued, without prejudice to the registration in the name of the subscribers in the corresponding book entries attributed to Iberclear and its participating entities taking place at a later date.

In particular, purchasers of the New Shares will be entitled to receive any amounts on account of dividends and supplementary dividend payments that are paid from the date on which the Capital Increase is declared subscribed and paid up to the Company's shareholders who are shareholders on that date or on a later date (with the exception of the supplementary dividend payment charged to the results for the 2024 financial year in the amount of 0.409 euros gross per share, which will be paid on 24 July 2025 as part of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2025, since in order to receive this dividend it was necessary to be a shareholder of the Company on 7 July 2025, the "*record date*").

- (F) **Subscription and payment**: The New Shares to be issued will be fully paid up by means of cash contributions. The subscription and payment of the New Shares will be carried out by the Joint Bookrunners, acting (i) on behalf of the qualified and institutional investors among whom the private placement is made, to subsequently transfer the New Shares to them and, where applicable, (ii) by the Joint Bookrunners in their own name and on their own behalf in fulfilment of their commitment to underwrite the Capital Increase.

However, it is hereby stated that if the Capital Increase has not been subscribed (in whole or in part) and paid up before 31 July 2025, this agreement shall be null and void.

- (G) **Incomplete subscription**: In accordance with the authorisation granted by the 2024 General Shareholders' Meeting, and in accordance with the provisions of Articles 311 and 507 of the *Spanish Companies Act*, it is established that if the Capital Increase is not fully subscribed, the Company's share capital shall be increased by the amount of the subscriptions actually made.

- (H) **Application for admission to trading**: In accordance with the authorisation granted by the 2024 General Shareholders' Meeting, admission to trading of the New Shares issued pursuant to the Capital Increase will be requested on the Stock Exchanges and their incorporation into the Spanish Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil*), in the same way as the Company's currently outstanding shares. In this regard, the Company is subject to the rules that exist or may be enacted in this area and, in particular, on trading, continued listing and delisting.

## 4. Report of the Board of Directors for the purposes of Articles 286 and 297 of the Spanish Companies Act

### a. Justification for the Capital Increase

The main purpose of the Capital Increase that the Board of Directors plans to approve on the date of this report is to access the equity capital markets and raise new equity in order to maintain financial flexibility to enable the achievement of the objectives of the Company's strategic plan for the period 2024-2026 (the **"2024-2026 Strategic Plan"**) currently being implemented.

As announced to the market on the Capital Markets & ESG Day held on 21 March 2024, the strategic plan foresees net investments totalling €36 billion, of which approximately two-thirds will be allocated to the Networks business and one-third to Renewables. Furthermore, the plan sets out that 70% of the total will be directed toward growth projects, with significant geographical diversification and a firm commitment to countries with high credit ratings — 85% of the investments will be made in countries offering a combination of growth opportunities, a stable and attractive long-term regulatory framework, and a credit rating of "A" category, such as in the United States of America and the United Kingdom, which will be the main recipients —with 35% and 24% of the investments, respectively—although investments are also expected to be directed, to a lesser extent, to other countries such as Spain (15%) and Brazil (12%).

During the 2025 financial year, the Iberdrola Group has continued to pursue a growth-focused strategy focused on the Networks business, implementing improvements in its business and market profile and accelerating investments in this area, primarily in the United States of America and the United Kingdom, in line with what was announced by the Chairman during the results presentation held on 27 February 2025.

The execution of this strategy is driven by a structural enhancement of the 2024–2026 Strategic Plan, the update of which (regarding the foundations of the strategic and investment outlook) is expected to be approved by the Company's Board of Directors and presented, leading to a new strategic plan that will be unveiled to the market at the next Capital Markets Day, to be held on 24 September 2025 (the **"2025 Capital Markets Day"**). If the new strategic plan is approved by the Board of Directors, the Company plans to announce a significant volume of corporate investments at the 2025 Capital Markets Day, representing a unique opportunity to transform the Company's profile.

In this context, and given the attractive opportunities available to the Company in the various markets in which it operates, the proposed Capital Increase seeks to raise funds to help finance the elevated and growing volume of corporate investments envisaged for the coming years through a formula that, at the same time, will strengthen the Company's balance sheet and reinforce and optimise its capital structure, increasing its capacity to take on new debt while maintaining its leverage ratios and preserving its current credit ratings.



All of this is taking place in a favourable environment, both due to the positive performance of international equity markets and the Company's share price, which is close to its all-time highs.

The combination of the above factors is expected to improve profitability for shareholders, thereby contributing to the fulfilment of the Company's commitment to long-term value creation.

#### **i. Achievement of the objectives of the new strategic plan**

The main objective of the Capital Increase is to obtain the necessary resources to finance the ambitious volume of investments contemplated in the Company's new strategic plan which will be fully financed through a combination of cash generation from new investments, asset rotation, the execution of projects under 'Partnership' schemes, and access to debt markets.

In particular, one of the key pillars of the new strategic plan currently under development is a significant increase in gross global investments in the Networks business for the 2026–2031 period<sup>2</sup> — particularly in countries with stable, predictable and attractive regulatory frameworks — reaching €55 billion (representing a 75% increase compared to investments planned in this business for the 2020–2025 period) and bringing total investments to around €15 billion per year over the coming years (compared to approximately €11 to €12 billion annually in recent years).

These investments will, in turn, allow for a 75% increase in the regulated asset base (“**RAB**”) compared to the estimated figure for the 2020–2025 period (which is expected to exceed €51 billion), reaching €90 billion by 2031. By country, of the total gross organic investments in the Networks business, approximately 45%–50% will be allocated to the United Kingdom, around 35%–40% to the United States of America, 10%–15% to Brazil, and approximately 5% to Spain. With regard to RAB growth prospects in Iberdrola Group's main geographies, increases of 35%–40% are expected in the United Kingdom, and 30%–35% in the United States of America.

This volume of gross organic investments in the Networks business, together with the growth in RAB, is expected to result in an expected average return on equity (ROE) of 9.5% net for the 2026–2031 period.

The aforementioned investment strategy includes, among other elements, the new investments planned to be undertaken in the United Kingdom and the United States of America.

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<sup>2</sup> The information provided in this report regarding the foundations of Iberdrola's strategic outlook for the period between 2026 and 2031 is based on preliminary financial projections relating to the future performance of the companies within the Iberdrola Group. These projections are subject to risks, uncertainties, and assumptions, many of which are difficult to predict and are generally beyond the control of Iberdrola, S.A. Such risks could cause actual results and developments to differ materially from those expressed, implied, or projected in the forward-looking information and statements included herein or, where applicable, announced at the upcoming 2025 Capital Markets Day.

With respect to the former, ScottishPower Group submitted on 11 December 2024, to the British electricity sector regulator, the Office of Gas and Electricity Markets (“**Ofgem**”), the new remuneration framework for electricity transmission activities (*R/IO T-3 Price Control*) for the 2026-2031 period. On 1 July, Ofgem published a draft response (*R/IO-3 Draft Determinations Overview Document*) and opened a consultation period that will remain active until 26 August 2025. As set out in the draft, the ScottishPower Group proposes to make investments in excess of 12 billion British pounds (14 billion euros, approximately) during the 2026-2031 regulatory period.

Regarding the second of the mentioned territories, the new tariff frameworks have been submitted in the states of New York and Maine, agreed upon with the regulatory authorities—where planned investments for the modernization of electrical infrastructure have been significantly increased.

The Capital Increase will have a positive impact on the Company’s earnings per share, as the funds raised will enable new investments in the Networks business that will contribute to the sustainability of long-term earnings and to annual growth in the mid to high single digit over the coming years, in line with the growth forecasts communicated to the market during the results presentation of the 2024 financial year held on 27 February 2025.

Similarly, from an organic and strategic perspective, the Capital Increase is expected to help accelerate the strategy focused on the Networks business to drive the RAB growth, while respecting the minimum equity requirements for regulated businesses, and considering selective investments in Renewables with a special focus on the United States of America and the United Kingdom, countries that offer growth opportunities as well as legal certainty and stable, attractive regulatory frameworks.

## **ii. Preservation of credit rating**

Similarly, the proposed Capital Increase will contribute to preserving the Company’s current credit rating (Baa1 or BBB+ / Stable) by maintaining key leverage ratios, including the FFO/net debt ratio (that is, the ratio between funds from operations (“**FFO**”) and net debt).

As part of its commitment to the stability of the Company’s credit rating, the Company has defined the following objectives in its 2024-2026 Strategic Plan: (i) maintain a sustainable financial structure, with a greater weighting of equity and fixed-rate debt; (ii) preserve a solid liquidity position, in line with the requirements established by the credit rating agencies; and (iii) maintain a low exchange rate risk profile through the implementation of structural hedges and the use of derivative instruments. Likewise, and in line with the Company’s commitment to its shareholders, the continuation of the shareholder remuneration policy is reiterated.

In the current environment, maintaining the credit rating at “Baa1 or BBB+ / Stable” is essential to preserve and maximise the value of the Company, because: (i) it ensures continuous and competitive access to debt markets, complemented by the asset rotation strategy and the execution of projects under “*Partnership*” schemes; (ii) a downgrade of this rating would entail an increase in financial costs, restrictions on access to certain investors and a decline in the perception of the Company’s

solvency by financial institutions; and (iii) it contributes significantly to improving the Company's market valuation.

### **iii. Window of opportunity due to current favourable market conditions**

The Board of Directors believes that current market conditions are favourable for carrying out a transaction of this nature. According to the advice provided to the Board of Directors by "J.P. Morgan SE", the current economic outlook, and particularly the situation of the financial markets, offer a very favourable opportunity (commonly referred to as a "market window") to carry out a transaction such as the one described in this report. In this context, investors show a preference for growth companies with a defensive profile, low volatility, high liquidity, and a proven track record, in a scenario marked by significant macroeconomic and geopolitical uncertainty, as well as a renewed and growing interest in European securities, particularly observed among U.S. investors since May 2025.

This circumstance is reinforced, in the case of the Company, by the positive performance of its share price during the period 2024-2025, which recently reached its all-time highs after a significant revaluation of 33% during that period, outperforming other companies in the sector as well as the Eurostoxx Utilities and the Eurostoxx 50 by approximately 14 to 16 basis points. In particular, it is worth highlighting that on 3 April 2025, the Company exceeded 100 billion euros in market capitalisation for the first time in its history.

The Board of Directors is confident that this trend, which reflects the market's confidence in the Company and its strategy, will continue after the publication of the results for the first semester of 2025, which is expected to coincide with the disclosure of the inside information notice informing the market of the Board of Directors' approval of the Capital Increase.

Finally, given that this would be the first time since 2009 that the Company has resorted to this method of raising equity through a placement on the equity capital markets, the proposed Capital Increase represents a liquidity event and an attractive opportunity for qualified and institutional investors who wish to invest in the Company's shares or increase their exposure to such shares, which is expected to contribute to strong demand that will optimise the terms of the Capital Increase for the benefit of the Company and its shareholders. This opportunity is even more unique considering that, according to current forecasts, no new capital requirements are anticipated at least until 2030, thanks to cash generation, debt financing, and asset rotation.

In this regard, it is worth noting that the Capital Increase would constitute the second-largest accelerated bookbuilding offering ever recorded in Spain and the largest volume executed by a non-financial entity in the country. At the European level, it would represent the third-largest placement since 2000, and the second-largest among non-financial companies during that period.

Taken together, these factors create a favourable market opportunity to raise funds in an agile and immediate manner.

## **b. Placement method**

In view of the information provided by “J.P. Morgan SE”, the Company's Board of Directors considers that the most effective way to achieve the objectives sought is to carry out the Capital Increase through an accelerated bookbuilding procedure by the Joint Bookrunners among qualified investors. This procedure allows the desired amount of equity to be raised in a short period of time, substantially reducing the time of exposure to the risks associated with market volatility compared to other alternatives such as a capital increase with pre-emptive rights. The Board of Directors also considers that the current market circumstances are favourable for carrying out a transaction of this nature, taking advantage, as indicated above, of the current market situation and with the Company's share price at levels close to its historical highs, after experiencing a significant revaluation during the period 2024-2025.

This placement procedure, commonly used in international capital markets and already implemented in the Spanish market by numerous listed companies in recent years, including the Company itself in 2007 and 2009—in the amounts of 3,374 million euros and 1,325 million euros, respectively—, will be carried out in accordance with applicable regulations, including in particular, the provisions of *Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse*, and the usual practices and customs in this type of transaction.

For these purposes, once the Capital Increase resolution has been approved by the Board of Directors and immediately prior to the Company's submission of the inside information notice announcing the launch of the Capital Increase, the Company shall enter into an underwriting agreement with the Joint Bookrunners pursuant to which the latter shall carry out an accelerated placement of the New Shares to be issued in execution of the Capital Increase exclusively among persons who are qualified investors, whether Spanish or foreign, through a bookbuilding process. The agreement to be entered into with the Joint Bookrunners shall establish that, if they are unable to procure investors to subscribe and pay for the new shares under the terms described in this report, the Joint Bookrunners shall subscribe and pay for the New Shares.

In accordance with market practice in this type of transaction, upon completion of the bookbuilding process, the final Issue Price of the New Shares will be determined and the subscription proposals received from investors will be selected and allocated and confirmed by the investors.

The bookbuilding process to be carried out by the Joint Bookrunners will make it possible to identify investors interested in subscribing for the New Shares and the price they are willing to pay for them in a placement such as the one proposed. In accordance with national and international financial practice, the Board of Directors understands that such price (which will be set in a transparent manner and between sophisticated and knowledgeable parties) will reflect the fair value of the Company's share and, consequently, proposes that it be taken as a reference for setting the Issue Price, taking into account the limitations indicated above in section 3(b) regarding the minimum price that would be taken as a reference for this purpose.

Section 5.b below provides further details on the reasons why the Board of Directors considers that the issue price of the shares so determined will constitute a fair value for the purposes of disapplying pre-emptive rights for such shares.

Once the price resulting from the bookbuilding process is fixed and, accordingly, the effective Issue Price of the New Shares is determined, the New Shares will be fully subscribed and paid for by the Joint Bookrunners, as pre-funding banks for the Capital Increase (acting on behalf of the investors among whom the New Shares have been placed for their immediate transfer to them, process which will be coordinated by “Kutxabank Investment, S.V., S.A.” Sociedad Unipersonal, as the agent entity of the Capital Increase).

Immediately after the subscription and payment of the New Shares, the Capital Increase will be executed, with Article 10 of the Company’s Articles of Association being amended to indicate the exact amount by which the capital has been increased.

To this end, to expedite the transaction, the Capital Increase resolution delegates in any of the persons indicated in the aforementioned agreement all necessary powers to determine the precise time of execution of the Capital Increase, depending on market conditions, as well as to determine the number of New Shares to be issued and the final issue price of the New Shares, in light of the existing demand for the placement thereof, and for the execution and closing of the Capital Increase and the execution of the documents necessary for the passing of the Capital Increase resolution, including the power to draft the final text of the relevant amendment to the Company’s Articles of Association.

It is also noted that the number of New Shares will, in all likelihood, be lower than initially anticipated if deemed necessary, taking into account the established fundraising target and considering, among other circumstances, the effective Issue Price resulting from the placement of the New Shares described in this section. In such a case, a partial subscription of the Capital Increase would be declared with respect to the New Shares that are not subscribed and paid for.

## **5. Report of the Board of Directors for the purposes of Articles 308, 504 and 506 of the *Spanish Companies Act***

The Capital Increase entails the disapplication of the pre-emptive rights of the Company's shareholders. This disapplication is necessary in order to carry out the Capital Increase through the placement procedure described in section 4.b above, which, in view of the above considerations, is the most appropriate procedure given the current market conditions.

In accordance with the provisions of Articles 308, 504 and 506 of the *Spanish Companies Act*, the Company's directors must prepare a report specifying the value of the Company's shares, providing detailed justification for the proposal and the consideration to be paid for the New Shares, and indicating the persons to whom they are to be allocated. Each of these aspects is therefore analysed below in order to comply with the legal requirements described.



## **a. Justification for the disapplication of pre-emptive rights from the perspective of the corporate interest**

The Board of Directors considers that the disapplication of pre-emptive rights in the Capital Increase is fully in accordance with the substantive requirements established by applicable legislation and, in particular, with the requirement that the disapplication be required by the Company's corporate interest.

The reasons, explained in detail below, are as follows: (i) such disapplication allows a transaction to be carried out that is convenient from the point of view of the corporate interest; (ii) the procedure chosen is suitable for such purpose; and (iii) there is a proportional relationship between the objective pursued and the means chosen.

### **i. Advantages of the Capital Increase from the perspective of the corporate interest**

As indicated in section 4.a, the main objective of the proposed Capital Increase is to provide the Company with the financial flexibility necessary to carry out the investments planned in the 2024-2026 Strategic Plan and its upcoming update scheduled for September 2025, and complying with the minimum equity requirements applicable to regulated businesses. This agile mechanism for raising equity ensures, in the short and medium term, the financing required to take advantage of investment opportunities and facilitate the execution of such plan.

In addition, this transaction will contribute to maintaining the current credit rating (Baa1 or BBB+ / Stable) by complying with the main leverage ratios, among them, the FFO/net debt ratio, and strengthening the financial structure, ensuring competitive access to financing markets and a positive perception of solvency by the market.

Consequently, the Capital Increase is particularly appropriate in the current context, considering both the favourable market conditions and the current share price of the Company, which is close to its historical highs, as well as its specific needs, as it allows it to ensure the continuity of its strategic growth while optimising its financial position.

Consequently, the disapplication of pre-emptive rights in the proposed Capital Increase allows for the execution of a transaction that is beneficial from the standpoint of the Company's corporate interest, which, if structured in any other way that does not involve the raising of equity (e.g., through the use of external financing for an equivalent amount), would most likely be carried out under less advantageous conditions for the Company and would compromise the objectives of protecting the Company's leverage ratios and credit rating.

### **ii. Suitability of carrying out the Capital Increase through an accelerated placement of the New Shares with the disapplication of the pre-emptive rights of the Company's current shareholders**

The method chosen to carry out the Company's equity raising operation consists of a cash capital increase to be carried out through an accelerated placement of the New Shares to be issued by conducting a bookbuilding process among qualified investors.



This method is not only suitable for achieving the desired objective but is also the most appropriate from the perspective of the Company's corporate interest.

Indeed, according to the information received from "J.P. Morgan SE" and market practice, this technique, which is widespread and frequently used for capital increases in international capital markets (including the Spanish market), is the most appropriate in terms of maximising the issue price of the New Shares, reducing the cost of raising funds and minimising the risk of execution of the transaction. Furthermore, capital increases such as the one proposed, which are carried out through a private and accelerated placement of shares, allow new qualified shareholders to be admitted to the Company in accordance with investor quality criteria.

In this regard, the alternatives available to the Company for raising new capital compared to the proposed Capital Increase with disapplication of pre-emptive rights and accelerated placement of the New Shares among qualified investors would be as follows (i) a cash capital increase with recognition of pre-emptive rights; or (ii) a capital increase, also in cash, disapplying those rights in order to carry out a public offering of the New Shares aimed at the market as a whole (including non-qualified investors). The advantages of the proposed Capital Increase compared to these two alternatives are analysed below:

- Flexibility and execution speed: Any alternative transaction to the Capital Increase would be subject to a longer period for raising funds, and the deadlines and requirements for completing the subscription and payment of shares in an accelerated private placement are shorter.

Thus, in accordance with the provisions of Article 503 of the *Spanish Companies Act*, in a capital increase with pre-emptive rights, the period for exercising such rights cannot be less than fourteen days from the publication of the announcement of the subscription offer of the new shares in the Official Gazette of the Commercial Registry.

Likewise, as detailed below, in the case of a public offering of shares without pre-emptive rights and with retail participation, a minimum period of approximately two weeks would be required from the announcement until the issue price is set.

In both cases, the transaction would be subject to the publication of an exemption document drawn up in accordance with Annex IX of *Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC* and, where applicable, the preparation of an *offering memorandum* not registered with the CNMV or any other authority, in order to provide shareholders and investors with more detailed information on the Company and the terms of the transaction, a process that is expected to take several weeks and would be incompatible with taking advantage of the window of opportunity currently available.

These deadlines and requirements contrast with those required to complete the subscription and payment of the New Shares in an accelerated private placement such as the one proposed here, nor is it necessary to register a prospectus with the CNMV in relation to the offer or the admission to trading of the New Shares,

as the proposed transaction is aimed solely at qualified investors and the New Shares will represent less than 30 % of the volume of the Company's shares admitted to trading on the Stock Exchanges.

Furthermore, as it is a more flexible mechanism with a much shorter execution period, the accelerated private placement significantly increases the Company's room for manoeuvre and ability to react in order to take advantage of the most favourable market conditions and carry out the transaction under the best possible conditions. It would also allow the Company to shorten the execution time of the transaction, minimising its exposure to the risks associated with market volatility, especially in a situation of uncertainty in global capital markets such as the current one and taking into account that the months of August and September tend to be volatile and often show negative performance, according to the information provided by "J.P. Morgan SE".

In short, therefore, neither an issue of shares with pre-emptive rights nor a public share subscription offer could be carried out with the speed (almost instantaneousness) and flexibility in terms of their launch that the accelerated placement requires in order to ensure the raising of equity by taking advantage of the best market conditions and the Company's share price.

- Lower exposure to market volatility: It should be noted that, in recent months, equity markets have experienced significant volatility and are being affected by global geopolitical tensions and often unpredictable events. In this regard, according to the information provided by "J.P. Morgan SE", market volatility makes it inadvisable to carry out an equity raise that would expose the Company over an extended period to potential negative evolution of its share price, especially considering the positive performance it has recorded in the period 2024-2025.

It should be noted in this regard that, in the event of a capital increase with pre-emptive rights, the price of the new shares would have to be fixed at the beginning of the process, leaving the Company exposed to market developments during the trading period for the rights. In the case of a public offering of shares aimed at all types of investors, including non-qualified investors, although the final price would be fixed at the end of the subscription period, the prolonged duration of the process could entail a considerable market risk which, depending on market developments, could prevent the Company from raising the necessary resources to achieve the intended purpose or require a discount greater than the maximum contemplated in the Capital Increase, particularly considering that such transactions are not usually secured until the end of the public offer period.

In short, in view of the positive performance of the share of the Company in recent months, the Company has concluded that it is advisable to give priority to an issue with the disapplication of pre-emptive rights, taking into account the inherent volatility of the financial markets and the flexibility offered by this method of execution. With regard to the Capital Increase, it is estimated that the interest expected from investors, the size of the issue and the eminently international nature of the Company's investor base will allow for an accelerated placement and, therefore, reduced exposure to market volatility, which is expected to

minimise the discount that the Issue Price will represent with respect to the last closing price of the Company's shares available on the day of the announcement of the launch of the Capital Increase, which will contribute to limiting the dilution of the current shareholders' stake in the Company.

- Cost savings: The costs of an accelerated placement are lower than those of alternative transactions, basically for two reasons: (i) the reduction in the fees of the banks involved in the transaction, because, even though there is an underwriting, it is lower as the risk assumed by the banks involved in the transaction is lower than in other transactions where the placement and execution periods are much longer; and (ii) lower advertising and marketing costs, as there is no need to prepare or register a prospectus for the transaction or to conduct a roadshow to promote it to investors.
- Maximisation of the Issue Price: The issue price of new shares in an accelerated placement procedure usually represents a smaller discount on the share price at that time, as the market risk to which it would be subject if other alternatives were used is minimised. For example, a capital increase with pre-emptive rights requires an effective execution period of more than three weeks from the date on which the final terms are set until its closing, while the proposed capital increase only takes around two trading days from its announcement to its closing.
- Increase in the shareholder base: The proposed Capital Increase represents an opportunity to increase the Company's shareholder base by adding new qualified investors, as well as to increase the absolute value of the free float, which may result in improved liquidity of the security and increased interest and monitoring of the Company by financial analysts.

The Board of Directors considers that these circumstances, together with a foreseeable increase in the liquidity of the security, are beneficial factors for the majority of shareholders and, therefore, for the corporate interest, insofar as they may result in greater monitoring by analysts and because they favour an increase in the size and depth of the market, contributing to the correct determination of the share price on the market and reducing its volatility, which is expected to result in the generation of value for shareholders.

Furthermore, the participation of qualified investors in the transaction (including, where applicable, current institutional shareholders of the Company) would demonstrate their confidence in the Company and its business prospects, in light of the results for the first semester of 2025, which are expected to be published in parallel with the inside information notice announcing the approval of the Capital Increase by the Board of Directors to the market.

Likewise, through the accelerated private placement process, the Company will be able to participate in the selection and allocation of the New Shares to investors, thus facilitating the consolidation of a high-quality, diversified and solvent shareholder base, aligned with the interests of the Company, non-speculative and committed to long-term stability and permanence.

Finally, it is hereby stated that “J.P. Morgan SE” has issued a report addressed to the Company's Board of Directors stating that based on the factors and assumptions, limitations and assumptions set forth therein, as of 21 July 2025, the execution of the Capital Increase through an accelerated placement is the most appropriate procedure for achieving the objectives proposed by the Company.

### **iii. Proportionality of the disapplication of pre-emptive rights**

In the opinion of the Board of Directors, the measure consisting of the disapplication of pre-emptive rights amply complies with the due proportionality that must exist between the advantages obtained by the Company and the disadvantages that may be caused to those shareholders whose expectations are diminished as a result of the political dilution that any capital increase without rights necessarily entails. This statement is fully justified by the benefits to the Company referred to in section 5.a.ii above.

In any case, it is worth noting that any disadvantages that may arise for individual shareholders are practically irrelevant. On the one hand, the small amount of the planned capital increase (which will not exceed approximately 5.89%<sup>3</sup> of the share capital resulting from the implementation of the share capital reduction agreement through the redemption of treasury shares approved by the 2025 General Shareholders' Meeting under item 11 of its agenda), combined with the Company's ownership structure, characterised by a low concentration of capital, with a small number of investors holding significant stakes in its capital, and a high free float, effectively means that the disapplication will not significantly affect the position of any shareholder.

In this regard, it should be noted that any shareholder who does not participate in the Capital Increase may rebuild their shareholding and achieve a percentage similar to that held prior to the transaction. This can be done by purchasing shares in the Company on the secondary market after the Capital Increase, applying a volume of resources that, in a scenario of stable share prices, would be similar to that which would have been invested in the Capital Increase had they participated in it. In any case, as indicated above, it is the Company's intention that the Capital Increase be

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<sup>3</sup> This percentage has been determined by taking an issue price calculated with reference to the closing price of the Company's shares on the Spanish Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil*) of the Stock Exchanges on 21 July 2025 (15.755 euros per share), and applying a 5% discount, resulting in an issue price of 14.965 euros per share (rounded down to the nearest half cent). The number of New Shares, 367,524,223, is obtained by dividing the effective amount of the Capital Increase (5.5 billion euros) by such issue price (14.965 euros per share), rounding down the result. Thus, the 5.89% results from dividing the number of New Shares by the share capital, after the execution of the capital reduction agreement through the cancellation of treasury shares approved by the 2025 Annual General Meeting of Shareholders under item 11 of its agenda.

open to the participation of the main institutional investors who are already shareholders of the Company and who are interested in subscribing for New Shares.

In short, therefore, carrying out the capital increase through an accelerated placement among qualified investors with disapplication of pre-emptive rights, allows the Company to raise the necessary funds to strengthen its capital structure, while at the same time ensuring that the issue is carried out at the most favourable price possible for the Company, minimising the financial risks of the operation and taking better advantage of the current situation of the international financial markets.

In view of the above, the Board of Directors considers that the disapplication of pre-emptive rights in the Capital Increase is fully justified on grounds of corporate interest. Furthermore, it considers that the advantages of the accelerated placement for the Company in terms of price, structure and result compensate for and justify the disapplication of pre-emptive rights in favour of the aforementioned corporate interest.

## **b. Issue at fair value**

In accordance with the provisions of Articles 504.2 and 506.4 of the *Spanish Companies Act*, the Issue Price of the New Shares must correspond to their fair value.

In compliance with the above, it is proposed that the Issue Price of the New Shares be determined through a price discovery process among qualified investors who will be offered the opportunity to participate in the Capital Increase through a bookbuilding process to be carried out by the Joint Bookrunners in the context of the accelerated placement of the New Shares. This method of determining the placement price of both newly issued and outstanding shares is widely used and accepted market practice, as required by Article 505 of the *Spanish Companies Act*.

The Board of Directors considers that this price will correspond to the fair value of the Company's shares, as the aforementioned bookbuilding process measures, through a competitive process, the intensity of demand among highly professional and sophisticated qualified domestic and foreign investors (who are able to quickly evaluate the offer and determine the amount and price at which they are willing to subscribe for the shares) and, therefore, that price adequately and fairly reflects what the market is willing to pay for the New Shares.

Therefore, the method of setting the Issue Price (nominal value plus share premium) of the New Shares allows it to correspond to the fair value of the Company's shares as established in Articles 504.2 and 506.4 of the *Spanish Companies Act*.

However, in any case, the Issue Price will be equal to or greater than the figure resulting from applying a discount rate of 10 % on the closing price of the Company's share on the Spanish Automated Quotation System – Continuous Market (*Sistema de Interconexión Bursátil*) of the Stock Exchanges corresponding to the last trading session prior to the announcement of the launch of the Capital Increase, rounded up to the nearest whole euro cent, without prejudice to the fact that, based on current market conditions, the effective discount is expected to be around 5 %. In this way, the presumption that said price corresponds to the fair value of the Company's shares, as established in Article 504.3 of the *Spanish Companies Act*, will be applicable to the Issue Price thus determined.



In view of the foregoing, and as provided for in sections 1 and 2 of Article 504 of the *Spanish Companies Act*, it will not be necessary for the Company to obtain a report from an independent expert, other than the auditor of the Company's accounts, to be appointed by the Commercial Registry provided for in Article 308 of the *Spanish Companies Act* in relation to the matters provided for in that provision.

## 6. Proposal for a resolution to increase the capital

The full text of the Capital Increase resolution that the Company's board of directors proposes to adopt is included below:

✓ **Share capital increase, disapplying pre-emptive rights and through cash contributions, by means of an accelerated bookbuilding offering (ABO)**

### 1. Increase in share capital through cash contributions

Pursuant to the authorisation granted under item 20 of the agenda of the General Shareholders' Meeting of "Iberdrola, S.A." (the "**Company**") held on first call on 17 May 2024 (the "**2024 General Shareholders' Meeting**"), so that, in accordance with the provisions of Article 297.1.b) of the *Spanish Companies Act*, in Article 17(j) of the Bylaws and in Article 21.1.D(b) of the Regulations for the General Shareholders' Meeting, the Board of Directors may increase the share capital on one or more occasions and at any time within a period of five years from the date of the aforementioned Meeting, through the issue and placing into circulation of new shares—with or without a premium—whose countervalue consists of cash contributions, up to a maximum amount of 10% of the share capital existing at the time of authorisation if the pre-emptive rights for such shares are disappplied, for which disapplication the Board of Directors was also expressly authorised, it is agreed to increase the Company's share capital by an effective amount (including nominal value and issue premium) of five billion five hundred million euros (5,500,000,000.00 euros), through the issue and placing into circulation of three hundred and eighty-seven million eight hundred and seventy thousand two hundred and thirty-nine (387,870,239) new ordinary shares, with a par value of seventy-five cents (0.75) euros each, of the same class and series as those currently outstanding (subject to the provisions of section 4 below) and represented by book entries (the "**New Shares**" and the "**Capital Increase**", respectively).

In compliance with the provisions of Article 297.1.b) of the *Spanish Companies Act* and the resolution of the 2024 General Shareholders' Meeting authorising the Board of Directors to increase the share capital, the nominal amount of the Capital Increase does not exceed €481,747,425.00, i.e., it does not exceed 10% of the share capital at the time the 2024 General Shareholders' Meeting approved the authorisation to the Board of Directors.

The final nominal amount of the Capital Increase and the final number of New Shares to be issued will be determined by the Board of Directors or, by delegation pursuant to section 10 of this agreement, by the Executive Committee or by the executive chairman, Mr. José Ignacio Sánchez Galán.

The Capital Increase is aimed exclusively at qualified Spanish and foreign investors. The shares will be issued at their nominal value of seventy-five cents (0.75)



euros plus an issue premium such that the issue price is as indicated in section two of this agreement. The nominal value and issue premium corresponding to the shares issued in execution of this agreement shall be paid up in full by cash contributions.

For the purposes of the provisions of Article 299 of the Spanish Companies Act, it is hereby stated that all of the Company's shares existing prior to the Capital Increase shall be fully paid up at the time of its execution, with the exception of those resulting from the allocation, payment and closing of the first capital increase paid up from reserves through the issue of new shares approved by the Company's General Shareholders' Meeting held on 30 May 2025 at first call, under item 9 of the agenda<sup>4</sup>, and whose execution was agreed by the Board of Directors on 24 June 2025 (the "**Paid-up Capital Increase**"), with the trading period for free allocation rights having already ended on that date. It is expected that the number of new shares to be issued as a result of the Paid-up Capital Increase will be determined, and that such new shares will be fully allocated and paid up, prior to or simultaneously with the execution and payment of the Capital Increase.

In accordance with the authorisation granted by the 2024 General Meeting and in accordance with the provisions of Articles 311 and 507 of the Spanish Companies Act, the possibility of partial subscription of the Capital Increase is expressly provided for in respect of New Shares that are not subscribed and paid up, in which case the share capital will be increased only by the amount of the subscriptions made. It is hereby stated that, in any event, the specific number of shares finally issued may not exceed three hundred and eighty-seven million eight hundred and seventy thousand two hundred and thirty-nine (387,870,239) shares provided for in this resolution.

## 2. Issue price

For the purposes of Article 506.4 of the Spanish Companies Act, it is hereby stated that the issue price (the nominal value together with the issue premium) of the New Shares will correspond to the price resulting from the private placement of shares in the Company among qualified investors to be carried out by "J.P. Morgan SE", "BofA Securities Europe S.A." and "Morgan Stanley Europe SE" as global coordinators, managers and joint bookrunners of the Capital Increase that is the subject of this agreement (the "**Joint Global Coordinators**") and BNP PARIBAS, as joint bookrunner (together with the Joint Global Coordinators, the "**Joint Bookrunners**"), and shall be set by the Board of Directors or, by delegation pursuant to section 10 of this agreement, by the Executive Committee or by the executive chairman, Mr. José Ignacio Sánchez Galán. In accordance with international financial practice, the Company's Board of Directors considers that the accelerated bookbuilding offering to be carried out by the Joint Bookrunners among qualified investors will result in the fair value of the New

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<sup>4</sup> And under the section entitled "Terms common to the dividend payment and share capital increase agreements proposed under items 8, 9 and 10 of the agenda, pursuant to which the optional dividend system "Iberdrola Flexible Remuneration" is implemented".

Shares to be issued, as this will be the price that the market is willing to pay for such shares at that particular time. Therefore, the aforementioned price will be taken as a reference for setting the issue price of the New Shares.

In any event, for the purposes of sections 2 and 3 of article 504 of the Spanish Companies Act, and in order to ensure that the issue price thus determined corresponds to the fair value of the New Shares, it shall in no case be less than the figure resulting from applying a discount of 10% to the closing price of the Company's share on the Spanish Automated Quotation System – Continuous Market (Sistema de Interconexión Bursátil) of the Stock Exchanges corresponding to the last trading session prior to the announcement of the launch of the Capital Increase, rounded up to the nearest whole number of euro cents, without prejudice to the fact that, in accordance with current market conditions, the effective discount is expected to be around 5%.

For these purposes, immediately prior to the Company's disclosure of the inside information announcing the launch of the Capital Increase, the Company shall enter into an underwriting agreement with the Joint Bookrunners pursuant to which the latter shall carry out an accelerated placement of the New Shares to be issued in execution of the Capital Increase exclusively among persons who are qualified investors, whether Spanish or foreign, through an accelerated bookbuilding process. The agreement to be signed with the Joint Bookrunners shall establish that, if the latter are unable to locate investors to subscribe and pay for the new shares under the terms described herein, the Joint Bookrunners shall subscribe and pay for the New Shares.

In line with market practice in this type of transaction, upon completion of the accelerated bookbuilding process, the final issue price of the New Shares will be determined (taking into account the limitations set out in this agreement) and the subscription proposals received from investors will be selected, allocated and confirmed by the investors.

### **3. Disapplication of pre-emptive rights**

Exercising the power expressly granted by the 2024 General Shareholders' Meeting, in accordance with the provisions of Article 506 of the Spanish Companies Act, in Article 17(j) of the Bylaws and in Article 21.1.D(b) of the Regulations for the General Shareholders' Meeting, and in accordance with the provisions of the explanatory report prepared by this Board of Directors, which has been attached as an **annex** to these minutes, in response to requirements in the corporate interest of the company and to enable the placement of the New Shares among qualified investors by means of an accelerated placement, the pre-emptive rights of the Company's shareholders are hereby disappplied in their entirety.

In compliance with the provisions of Article 506.1 of the Spanish Companies Act and the resolution of the 2024 General Shareholders' Meeting authorising the Board of Directors to increase the share capital with the disapplication of pre-emptive rights, the aggregate nominal value of the New Shares to be issued shall in no case represent more than 10% of the Company's share capital on the date of adoption of said resolution by the 2024 General Shareholders' Meeting.

*It is also noted that, in accordance with the provisions of Article 504.1 of the Spanish Companies Act, the Capital Increase does not require an independent expert report appointed by the Commercial Registry on the fair value of the Company's shares, on the theoretical value of the pre-emptive rights whose exercise is proposed to be suppressed, or on the reasonableness of the information contained in the Board of Directors' report. All of the above applies insofar as the amount of the agreed issue is less than 20% of the Company's share capital (both at the time of adoption of the authorisation agreement by the 2024 General Shareholders' Meeting and on the date of execution of the Capital Increase) and the maximum discount envisaged in relation to the closing price on the last trading day prior to the announcement of the launch of the Capital Increase shall in any case be less than 10%.*

*Finally, it is expressly stated that "J.P. Morgan SE", as the structuring bank for the Capital Increase, has issued a report (the "**J.P. Morgan Report**") addressed to the Company's Board of Directors, which concludes that, as of 21 July 2025, and based on the factors and assumptions, limitations and assumptions set forth therein, the execution of the Capital Increase through an accelerated bookbuilding offering is the most appropriate procedure for achieving the objectives proposed by the Company. A copy of the J.P. Morgan Report has been made available to the members of the Board of Directors and is also included in the minutes of the meeting as an annex, duly stamped.*

#### **4. Rights of the New Shares**

*The New Shares will be ordinary shares, equal to those currently outstanding (of the same class and series), and will be represented by book entries, whose accounting record is attributed to "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." Sociedad Unipersonal ("**Iberclear**") and its participating entities.*

*The New Shares shall confer on their holders the same rights as those conferred by the Company's currently outstanding shares from the moment the Capital Increase is declared executed, subscribed and paid up and the New Shares are issued, by the Board of Directors or, by delegation pursuant to section 10 of this agreement, by the Executive Committee or by the executive chairman, Mr. José Ignacio Sánchez Galán, without prejudice to the registration of the New Shares in the name of the subscribers in the corresponding accounting records attributed to Iberclear and its participating entities. In particular, the holders of the New Shares shall be entitled to receive the amounts on account of dividends and supplementary dividend payments that are paid from the date on which the Capital Increase is declared executed, subscribed and paid up to the shareholders of the Company who are shareholders on that date or on a later date (with the exception of the supplementary dividend payment charged to the results for the 2024 financial year in the amount of €0.409 gross per share, which will be paid on 24 July 2025 as part of the first edition of the optional dividend system "Iberdrola Flexible Remuneration" for 2025, as it was necessary to be a shareholder of the Company on 7 July 2025, the "record date", in order to receive this dividend).*

## **5. Subscription and payment**

*The subscription and payment of the New Shares will take place after their placement with qualified investors and may be carried out by one or more of the Joint Bookrunners, acting: (i) on behalf of the qualified investors among whom the placement is made, to subsequently transfer them to the latter and, where applicable, (ii) by the Joint Bookrunners in their own name and on their own behalf in fulfilment of their commitment to underwrite the Capital Increase.*

## **6. Execution of the Capital Increase**

*This Board of Directors or, by delegation pursuant to section 10 of this agreement, the Executive Committee or the executive chairman, Mr. José Ignacio Sánchez Galán, shall execute and declare the Capital Increase subscribed and paid up, in whole or in part, and therefore closed, and shall amend the wording of Article 10 of the Articles of Association to bring it into line with the new share capital and the number of shares resulting therefrom. For the purposes of Article 167 of the Commercial Registry Regulations, the Board of Directors or, by delegation pursuant to section 10 of this agreement, the Executive Committee or the executive chairman, Mr. José Ignacio Sánchez Galán, shall also indicate the amount available with respect to the limit established in the authorisation of the 2024 General Shareholders' Meeting to increase the share capital, as well as the amount remaining to be used.*

*Furthermore, it is hereby stated that if the Capital Increase has not been executed, subscribed (in whole or in part) and paid up before 31 July 2025, this resolution shall be null and void.*

## **7. Admission to trading and registration of the New Shares with Iberclear**

*Likewise, in accordance with the authorisation granted by the 2024 General Shareholders' Meeting, it is agreed to apply for the admission to trading of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Spanish Automated Quotation System – Continuous Market (Sistema de Interconexión Bursátil), and to apply to the competent bodies for the inclusion of the Company's New Shares in the accounting records of Iberclear. In this regard, the Company shall comply with the rules that exist or may be enacted in this area and, in particular, on trading, continued listing and delisting.*

*Once this agreement has been executed, this Board of Directors or, by delegation pursuant to section 10 of this agreement, the Executive Committee or any of the persons identified in section 10 below may carry out the corresponding applications, prepare and submit all the appropriate documents in the terms it deems appropriate and perform any acts necessary for this purpose.*

*In accordance with the provisions of Articles 1.4.(a) and 1.5(a) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to*



trading on a regulated market and repealing Directive 2003/71/EC (the "**Regulation**"), the issue and admission to trading of the New Shares of the Company shall not entail the obligation to publish the prospectus provided for in the Regulation insofar as they relate, respectively, to: (i) "offers of securities exclusively to qualified investors"; and (ii) "fungible securities with securities already admitted to trading on the same regulated market, provided that they represent, over a period of twelve months, less than 30% of the volume of securities already admitted to trading on the same regulated market".

It is expressly stated that, in the event that the delisting of the Company's shares is subsequently requested, this will be adopted with the same formalities as applicable and, in such a case, the interests of shareholders who oppose or do not vote on the resolution will be guaranteed, in compliance with the requirements established in the Spanish Companies Act and related provisions, all in accordance with the provisions of Law 6/2023, of 17 March, on Securities Markets and Investment Services, and the provisions implementing it.

#### **8. Communications related to the Capital Increase**

It is also agreed to send the necessary communications in relation to the planned Capital Increase to the competent regulatory bodies, including announcements and/or notices of inside information or other relevant information to the Spanish Securities Market Commission relating to the launch and closing of the accelerated bookbuilding process through which the aforementioned share capital increase will be carried out, as well as, if deemed appropriate or convenient for the interests of the Company, to request that the Spanish Securities Market Commission agree to temporarily suspend trading of the Company's shares on the Spanish Stock Exchanges while the aforementioned accelerated placement is being carried out.

#### **9. Publication and maintenance of documentation relating to the 2024 General Shareholders' Meeting on the corporate website**

For the purposes of Article 11 ter of the Spanish Companies Act, it is hereby stated that the documentation relating to the 2024 General Shareholders' Meeting has been published on the Company's corporate website for the period required by law, as certified (in relation to the announcement of the 2024 General Shareholders' Meeting) by the temporary validation service provider "ZIURTAPEN ETA ZERBITZU ENPRESA-EMPRESA DE CERTIFICACIÓN Y SERVICIOS IZENPE, S.A." in its certification dated 17 May 2024, a document attached to the minutes of the 2024 General Shareholders' Meeting authorised by Mr. Ramón Múgica Alcorta, notary public in Bilbao and member of the Notarial Association of the Basque Country, under number 504 of his protocol, and that the resolutions adopted at the aforementioned 2024 General Shareholders' Meeting were published on the aforementioned website within the period required by law.

## **10. Delegation for the execution and formalisation of the above resolutions**

*The Executive Committee and/or the executive chairman, Mr. José Ignacio Sánchez Galán, are hereby authorized so that any of them, individually and jointly and severally, without prejudice to any other powers that they may hold and to any powers of attorney in force at any given time, may, in the name and on behalf of the Company, carry out any acts and execute any documents as may be necessary in connection with the aforementioned transaction, including, by way of example and without limitation:*

*(a) to establish the terms and conditions of the Capital Increase in all matters not provided for in this agreement and in accordance with its terms and conditions and, specifically, to determine the issue price of the New Shares and the number of New Shares to be issued and, consequently, the final nominal amount of the Capital Increase and the issue premium;*

*(b) declare the Capital Increase closed once the New Shares have been subscribed and paid up and, in the event of incomplete subscription, determine the final amount of the Capital Increase and the number of shares subscribed;*

*(c) amend the article of the Articles of Association relating to share capital, adapting it to the new figure resulting from the New Shares subscribed, and in general amend any other provisions of the Articles of Association that so require, adapting them to the new share capital figure and the total number of shares in issue; and*

*(d) cancel the Capital Increase and, therefore, withdraw from the accelerated bookbuilding offering of the New Shares, in the event of a substantial change in market conditions or for any other reason deemed relevant at any time prior to the payment of the issue price of the New Shares.*

*In addition, the executive chairman, Mr. José Ignacio Sánchez Galán, the chief executive officer of the Company, Mr. Pedro Azagra Blázquez, the general secretary and secretary of the Board of Directors, Mr. Santiago Martínez Garrido, the deputy secretary of the Board of Directors, Ms Ainara de Elejoste Echebarria, the Finance, Control and Corporate Development Director, Mr José Sáinz Armada, the Financial Analysis and Capital Management Director, Mr Juan José Zúñiga Benavides, and the Director of Investor Relations, Mr Ignacio Cuenca Arambarri, so that any of them, acting jointly and severally, with express powers of substitution and without prejudice to any other powers that may correspond to them and to the powers of attorney in force at any given time, may carry out the following actions in relation to the aforementioned transaction:*

*(a) negotiate and sign the contractual documentation relating to the accelerated bookbuilding process, including, without limitation, indemnity letters, the Underwriting Agreement and the Pricing Agreement, as well as any other document it deems appropriate in relation to said procedure;*

*(b) selecting the investment banks and financial advisors of its choice for the purpose of carrying out the accelerated bookbuilding process;*



(c) agree on the content of calls and contacts to be made with potential subscribers of the New Shares in the context of the accelerated bookbuilding process (wall-crossing and courtesy calls) and participate in any calls and contacts that may be necessary with the investment banks and financial advisors in order to enable them to fulfil their due diligence obligations (due diligence calls and bring-down due diligence calls);

(d) to appoint the agent bank that will participate in the Capital Increase covered by this agreement and sign with said entity the documents and contracts necessary for this purpose (including, without limitation, a confidentiality agreement and an agency services agreement);

(e) decide on the specific date on which the Capital Increase, as well as the accelerated bookbuilding offering of the New Shares issued under it, shall be carried out;

(f) accept, reject or modify, in whole or in part, the allocation proposal made by the Joint Bookrunners once the accelerated bookbuilding process for the shares has been completed, all subject to the criteria set out in the report issued today by this Board of Directors in relation to the capital increase approved herein;

(g) to execute any public and private documents that may be necessary for the total or partial execution of said capital increase;

(h) to draft and publish any announcements and/or notices of inside information or other relevant information that may be necessary or appropriate in relation to the capital increase and to carry out the actions referred to in section 8 above;

(i) carry out the acts, submit the applications, sign the documents and take the actions necessary for the full effectiveness and compliance with the preceding resolutions, as well as (and without prejudice to any other power of attorney existing to execute the Company's corporate resolutions before a notary public) so that any of them may appear before a notary public and execute the corresponding deed of capital increase and amendment of Article 10 of the Company's Articles of Association, as well as any other statutory provisions that may be required and, where appropriate, to correct and clarify this agreement in the terms necessary to achieve its full registration in the Commercial Registry;

(j) to take any necessary or appropriate actions in any jurisdiction where the Company's shares are offered or requested for admission to trading;

(k) carry out any action, declaration or procedure before the Spanish Securities Market Commission, the Governing Companies of the Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private entity or registry in order to obtain authorisation, verification and subsequent execution of the capital increase and the corresponding admission to trading of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges and their incorporation into the Spanish Automated Quotation System – Continuous Market (Sistema de Interconexión Bursátil); and

(l) to take any actions that may be necessary or convenient to ensure the effectiveness of the capital increase that is the subject of this agreement, and therefore so that any of them may carry out whatever actions are necessary or e to interpret, clarify, rectify, correct, execute and give effect to the agreement, including the execution of any public or private documents that may be necessary, the publication of any announcements that may be required by law, the registration in the appropriate registers and the performance of any acts and formalities that may be necessary for this purpose; as well as, among others, the powers to correct, clarify, interpret, complete, specify or clarify, where appropriate, the decisions taken and, in particular, to correct any defects, omissions or errors that may be found, including those found in the verbal or written assessment of the Commercial Registry, which may hinder the effectiveness of the decision.

In Madrid, on 22 July 2025