Iberdrola, S.A. and subsidiaries

Interim condensed consolidated financial information and Consolidated interim management report

Six-month period ended 30 June 2026

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

(Together with the condensed consolidated interim financial information and the consolidated interim management report of Iberdrola, S.A. and subsidiaries for the six-month period ended 30 June 2026)

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

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

Report on the Condensed Consolidated Interim Financial Information

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

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

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Introduction

We have carried out a limited review of the accompanying condensed consolidated interim financial information (the "interim financial information") of Iberdrola, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the statement of financial position at 30 June 2026, and the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the six-month period then ended, and explanatory notes (all condensed and consolidated). The Directors of the Parent are responsible for the preparation of this interim financial information in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our limited review.

Scope of Review

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

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

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six-month period ended 30 June 2026 has not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial statements.

Emphasis of Matter

We draw your attention to the accompanying note 2, which states that this interim financial information does not include all the information that would be required in a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial information should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended 31 December 2025. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying consolidated interim management report for the six-month period ended 30 June 2026 contains such explanations as the Directors of the Parent consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial information, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The consolidated interim management report is not an integral part of the interim financial information. We have verified that the accounting information contained therein is consistent with that disclosed in the interim financial information for the six-month period ended 30 June 2026. Our work is limited to the verification of the consolidated interim management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Iberdrola, S.A. and subsidiaries.

Other Matter

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

KPMG Auditores, S.L.

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

(Signed on original in Spanish)

David España Martín

24 July 2026

IBERDROLA, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AND

CONSOLIDATED INTERIM MANAGEMENT REPORT

FOR THE SIX-MONTH PERIOD

ENDED 30 JUNE 2026

Contents

Translation of Financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

Condensed consolidated statement of financial position at 30 June 2026

Set out below is the condensed consolidated statement of financial position at 30 June 2026 and 31 December 2025, in millions of euros:

Assets	Note	30.06.2026 (unaudited)	31.12.2025 (*) (audited)
Intangible assets		**28,673**	**22,240**
Goodwill		8,565	8,389
Other intangible assets	8	20,108	13,851
Investment property		**437**	**440**
Property, plant and equipment	**7**	**98,589**	**93,842**
Property, plant and equipment in use		84,246	80,445
Property, plant and equipment under construction		14,343	13,397
Right-of-use assets		**2,662**	**2,420**
Non-current investments		**6,378**	**10,197**
Equity-accounted investees	5, 6	1,612	1,497
Non-current equity investments	8	47	43
Other non-current financial assets	8	3,212	7,269
Derivative financial instruments	8	1,507	1,388
Non-current trade and other receivables		**5,609**	**4,759**
Current tax assets	**16**	**404**	**395**
Deferred tax assets		**1,755**	**1,688**
Total non-current assets		**144,507**	**135,981**
Assets held for sale	**5**	**0**	**3,541**
Nuclear fuel		**405**	**434**
Inventories		**2,831**	**2,364**
Current trade and other receivables		**10,405**	**12,095**
Current tax assets		944	1,027
Other tax receivables		787	784
Current trade and other receivables		8,674	10,284
Current investments	**8**	**3,289**	**2,677**
Other current financial assets		2,944	2,433
Derivative financial instruments		345	244
Cash and cash equivalents	**9**	**3,665**	**3,670**
Total current assets		**20,595**	**24,781**
Total assets		**165,102**	**160,762**

(*) The condensed consolidated statement of financial position at 31 December 2025 is presented for comparative purposes only.

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

Translation of Financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

Condensed consolidated statement of financial position at 30 June 2026

Equity and liabilities	Note	30.06.2026 (unaudited)	31.12.2025 (*) (audited)
Parent		**50,850**	**50,068**
Subscribed capital	10	5,068	5,011
Valuation adjustments	10	(6)	219
Other reserves		52,893	46,803
Treasury shares	10	(6,617)	(2,550)
Translation differences	10	(4,824)	(5,700)
Net profit for the period and the year		4,336	6,285
Non-controlling interests		**11,596**	**13,351**
Total equity		**62,446**	**63,419**
Capital grants		**1,398**	**1,191**
Facilities transferred or financed by third parties		**7,078**	**6,861**
Non-current provisions		**4,342**	**4,279**
Provision for pensions and similar obligations	13	989	1,022
Other provisions		3,353	3,257
Non-current financial liabilities		**53,334**	**48,024**
Bank borrowings, bonds or other marketable securities	8.14	46,454	42,159
Equity instruments having the substance of a financial liability	8	758	553
Derivative financial instruments	8	2,024	1,624
Leases		2,656	2,416
Other non-current financial liabilities		1,442	1,272
Other non-current liabilities		**227**	**235**
Current tax liabilities		**322**	**415**
Deferred tax liabilities		**8,595**	**7,995**
Total non-current liabilities		**75,296**	**69,000**
Liabilities linked to assets held for sale	**5**	**0**	**942**
Current provisions		**1,043**	**753**
Provision for pensions and similar obligations	13	11	16
Other provisions		1,032	737
Current financial liabilities		**23,216**	**23,694**
Bank borrowings, bonds or other marketable securities	8.14	13,169	11,931
Equity instruments having the substance of a financial liability	8	137	139
Derivative financial instruments	8	748	374
Leases		186	178
Trade payables		5,030	6,463
Other current financial liabilities		3,946	4,609
Other current liabilities		**3,101**	**2,954**
Current tax liabilities		365	289
Other tax payables		1,439	1,475
Other current liabilities		1,297	1,190
Total current liabilities		**27,360**	**28,343**
Total equity and liabilities		**165,102**	**160,762**

(*) The condensed consolidated statement of financial position at 31 December 2025 is presented for comparative purposes only.

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

Translation of Financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

Condensed consolidated income statement for the six-month period ended 30 June 2026

Set out below is the condensed consolidated income statement for the six-month periods ended 30 June 2026 and 30 June 2025, in millions of euros:

	Note	30.06.2026 (unaudited)	Restated (Note 2.c) 30.06.2025 (*) (unaudited)
Revenue	6, 15.1	22,469	22,100
Supplies		(10,212)	(9,747)
Gross income		**12,257**	**12,353**
Personnel expenses		(2,099)	(1,956)
Capitalised personnel expenses		616	579
External services		(1,871)	(1,824)
Other operating income	5	641	457
Net operating expenses		(2,713)	(2,744)
Taxes	15.2	(1,494)	(1,582)
Gross operating profit - EBITDA		**8,050**	**8,027**
Valuation adjustments, trade and contract assets	6	(224)	(177)
Amortisation, depreciation and provisions	6	(2,600)	(2,588)
Operating profit - EBIT		**5,226**	**5,262**
Result of equity-accounted investees	5.6	55	48
Finance income		1,154	1,473
Finance expense		(2,268)	(2,079)
Net finance income/(expense)		(1,114)	(606)
Profit before tax		**4,167**	**4,704**
Income tax	16	(760)	(978)
Net profit for the year from continuing operations		**3,407**	**3,726**
Profit for the year from discontinued operations (net of tax)	**5, 2.c**	**1,028**	**138**
Non-controlling interests		(99)	(302)
Net profit for the period attributable to the parent		**4,336**	**3,562**
Earnings per share in euros for continuing operations:			
Basic earnings per share in euros		0.480	0.511
Diluted earnings per share in euros		0.479	0.510
Earnings per share in euros for discontinued operations:			
Basic earnings per share in euros		0.155	0.021
Diluted earnings per share in euros		0.155	0.021

(*) The condensed consolidated income statement for the six-month period ended 30 June 2025 is presented for comparison purposes only.

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

Translation of Financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

Condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2026

Set out below is the condensed consolidated statement of comprehensive income at 30 June 2026 and 30 June 2025, in millions of euros:

	30.06.2026 (unaudited)			Restated (Note 2.c) 30.06.2025 (*) (unaudited)		
	Parent	Non-controlling interests	Total	Parent	Non-controlling interests	Total
Net profit for the period	**4,336**	**99**	**4,435**	**3,562**	**302**	**3,864**
Other comprehensive income to be reclassified to the consolidated income statement in subsequent years						
In valuation adjustments (Note 10)	**(215)**	**3**	**(212)**	**(266)**	**16**	**(250)**
Change in value of cash flow hedges	(281)	5	(276)	(365)	24	(341)
Change in hedging cost	0	0	0	(1)	0	(1)
Tax effect	66	(2)	64	100	(8)	92
In Translation differences	**1,332**	**104**	**1,436**	**(3,321)**	**(41)**	**(3,362)**
Total	**1,117**	**107**	**1,224**	**(3,587)**	**(25)**	**(3,612)**
Other comprehensive income of equity-accounted investees (net of taxes)						
In Valuation adjustments	**(4)**	**0**	**(4)**	**(3)**	**0**	**(3)**
Total	(4)	0	(4)	(3)	0	(3)
Total net profit recognised directly in equity	**1,113**	**107**	**1,220**	**(3,590)**	**(25)**	**(3,615)**
Total comprehensive income for the period	**5,449**	**206**	**5,655**	**(28)**	**277**	**249**

(*) The condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2025 is presented for comparison purposes only.

The accompanying Notes are an integral part of this condensed consolidated interim financial information.

Translation of Financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

Condensed consolidated statement of changes in equity for the six-month period ended 30 June 2026

Set out below is the condensed consolidated statement of changes in equity at 30 June 2026 and 30 June 2025, 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 01.01.2026	**5,011**	**(2,550)**	**969**	**18,405**	**1,782**	**25,647**	**219**	**(5,700)**	**6,285**	**13,351**	**63,419**
Comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**(219)**	**1,332**	**4,336**	**206**	**5,655**
Transactions with shareholders or owners											
Scrip issue (Note 10)	57	0	0	(57)	0	0	0	0	0	0	0
Distribution of earnings (Note 10)	0	0	33	0	0	5,944	0	0	(6,285)	(171)	(479)
Transactions with treasury shares	0	(4,067)	0	0	0	1	0	0	0	0	(4,066)
Business combinations (Note 5)	0	0	0	0	0	0	0	0	0	(87)	(87)
Transactions with non-controlling interests (Note 5)	0	0	0	0	0	406	(6)	(456)	0	(704)	(760)
Other changes in equity											
Equity instruments-based payments	0	0	0	0	0	(112)	0	0	0	0	(112)
Issuance of perpetual subordinated bonds (Note 10)	0	0	0	0	0	0	0	0	0	600	600
Cancellation of perpetual subordinated bonds (Note 10)	0	0	0	0	0	0	0	0	0	(1,600)	(1,600)
Interest accrued on perpetual subordinated bonds	0	0	0	0	0	(131)	0	0	0	0	(131)
Other changes	0	0	0	0	0	6	0	0	0	1	7
Balance at 30.06.2026	**5,068**	**(6,617)**	**1,002**	**18,348**	**1,782**	**31,761**	**(6)**	**(4,824)**	**4,336**	**11,596**	**62,446**

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

(*) The condensed consolidated statement of changes in equity for the six-month period ended 30 June 2025 is presented for comparison purposes only.

The accompanying Notes are an integral part of this condensed consolidated interim financial information.

Translation of Financial statements originally issued in Spanish and prepared in accordance with IFRS as adopted by the European Union (see Note 22). In the event of a discrepancy, the Spanish-language version prevails.

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2026

Set out below is the condensed consolidated statement of cash flows for the six-month periods ended 30 June 2026 and 30 June 2025, in millions of euros:

	Note	30.06.2026 (unaudited)	Restated (Note 2.c) 30.06.2025 (*) (unaudited)
Profit before tax from continuing activities		4,167	4,704
Profit before tax from discontinued operations		1,026	136
Adjustments for			
Amortisation, provisions, valuation adjustments of financial assets and personnel expenses for pensions		2,964	2,905
Net profit/(loss) from investments in associates and joint ventures		(55)	(48)
Capital grants applied and other deferred income		(188)	(181)
Finance income and finance costs		1,172	665
Gain/(loss) before tax on disposal of subsidiaries	5	(1,195)	0
Changes in working capital			
Change in trade receivables and other		1,593	40
Change in inventories		(124)	(371)
Change in trade payables and other liabilities		(2,457)	(711)
Provisions paid		(159)	(139)
Income tax paid		(509)	(407)
Dividends received		39	25
Net cash flows from operating activities		**6,274**	**6,618**
Acquisition of subsidiaries		(5)	0
Acquisition of intangible assets		(481)	(293)
Acquisition of associates		(228)	(141)
Acquisition of investment property		(2)	(5)
Acquisition of property, plant and equipment		(4,161)	(3,874)
Capitalised interest paid		(181)	(260)
Capitalised personnel expenses paid		(616)	(581)
Capital grants and other deferred income		15	4
Payments for other investment flows		(657)	(770)
Interest received		132	100
Net proceeds/(payments) for current financial assets		(98)	99
Income taxes		(76)	(461)
Proceeds from disposal of non-financial assets		23	3
Proceeds from disposal of subsidiaries	5	3,249	166
Change in cash due to modification of the consolidation scope	5	5	0
Net cash flows used in investing activities		**(3,081)**	**(6,013)**
Dividends paid		(308)	(479)
Dividends paid to non-controlling interests		(197)	(152)
Perpetual subordinated bonds			
Instruments issued	10	600	0
Redemption	10	(1,600)	(800)
Interest paid		(128)	(154)
Bank borrowings, bonds or other marketable securities			
Issues and disposals		9,672	12,439
Redemption		(7,884)	(10,755)
Interest paid excluding capitalised interest		(945)	(810)
Financial liabilities from leases			
Payment of principal		(105)	(88)
Interest paid excluding capitalised interest		(54)	(49)
Equity instruments having the substance of a financial liability			
Instruments issued		300	31
Payments		(153)	(102)
Acquisition of treasury shares		(2,035)	(1,627)
Proceeds from disposal of treasury shares		138	87
Payments for transactions with non-controlling interests	5	(1,109)	0
Proceeds for transactions with non-controlling interests	5	336	250
Net cash flows used in financing activities		**(3,472)**	**(2,209)**
Effect of exchange rate fluctuations on cash and cash equivalents		**202**	**(55)**
Net increase/(decrease) in cash and cash equivalents		**(77)**	**(1,659)**
(-) Cash and cash equivalents from assets and liabilities held for sale		**72**	**(58)**
Cash and cash equivalents at the beginning of year		**3,670**	**4,082**
Cash and cash equivalents at end of period		**3,665**	**2,365**

(*) The condensed consolidated statement of cash flows for the six-month period ended 30 June 2025 is presented for comparison purposes only.

The accompanying Notes are an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2026

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.

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

a) Accounting standards applied

The Board of Directors of IBERDROLA prepared this condensed consolidated interim financial information for the six-month period ended 30 June 2026 (the “consolidated financial information”) on 21 July 2026.

This consolidated financial information has been prepared in accordance with IAS 34 – Interim Financial Reporting, and also includes other information not required in that standard, as set forth under Article 12 of Royal Decree 1362/2007. However, they do not include all the information and disclosures required in the consolidated financial statements by the International Financial Reporting Standards adopted in the European Union (hereinafter, IFRS-EU). Therefore, to ensure they are properly interpreted, this consolidated financial information should be read alongside the consolidated financial statements of the IBERDROLA Group for the year ended 31 December 2025.

The accounting policies used to prepare this consolidated financial information are consistent with those used in the consolidated financial statements for the year ended 31 December 2025. The regulations approved by the European Union for application from 1 January 2026 have had no impact on the consolidated financial statements of the IBERDROLA Group.

Regulations issued but not yet implemented

In addition, at the date of preparation of this consolidated financial information, the following standards, amendments and interpretations had been issued with an effective date on or after 1 January 2027:

Standard		Mandatory application	
		IASB	EU
IFRS 18	Presentation of financial statements and disclosures	01.01.2027	01.01.2027
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates	01.01.2027	(*)
IFRS 20	Regulatory Assets and Regulatory Liabilities	01.01.2029	(*)
Amendments to IAS 28:	Changes to the fair value option for investments in associates and joint ventures	01.01.2029	(*)

(*) 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”). IFRS 18 establishes specific classification criteria for, among other things, exchange differences and derivative financial instruments, although the IBERDROLA Group’s net profit will not be affected by the new classification 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.

IFRS 20 sets out the requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities, regulatory income and regulatory expenses. The IBERDROLA Group is currently assessing the regulatory arrangements in force in each of the countries in which it operates to determine whether they require the recognition of regulatory assets and liabilities under the requirements of IFRS 20, as well as to quantify the impact at the date of initial application.

The IBERDROLA Group believes that the application of the other amendments will not result in significant changes to the consolidated financial statements.

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

b) Working capital deficit

As at 30 June 2026, the condensed consolidated financial information show a shortfall in working capital (current liabilities exceed current assets) of EUR 6,765 million. The directors state that this shortfall will be covered by generating funds from the businesses of the IBERDROLA Group. Furthermore, the IBERDROLA Group has undrawn loans and facilities amounting to EUR 16,127 million, as indicated in Note 14.

c) Comparative information

As disclosed in Note 7 to the IBERDROLA Group's 2025 consolidated annual financial statements, the IBERDROLA Group acquired control of Electricity North West Limited (ENW) in March 2025, and in April 2026 completed the disposal of its stake in Mexico (Note 5). These transactions should be taken into account when comparing the figures for the six-month period ended 30 June 2026 with those for the corresponding comparative period.

In July 2025, the IBERDROLA Group entered into a sale and purchase agreement with COX ABG Group, S.A. for the sale of the subsidiary Iberdrola Mexico, which holds the IBERDROLA Group's various businesses in Mexico. The sale was completed in April 2026 (Note 5). The profit after tax from that discontinued activity is included under the heading "Net profit for the period from discontinued operations (net of tax)" in the condensed consolidated income statement for the six-month periods ended 30 June 2026 and 2025, in accordance with applicable accounting principles. The results and cash flows for the six-month periods ended 30 June 2026 and 2025 relating to those activities are disclosed in Note 5 to these financial statements. Accordingly, the comparative information for the previous period has been restated.

Furthermore, following the disposal of the Iberdrola Mexico subsidiary, the Mexico geographical area is no longer considered an operating segment and the amounts relating to Iberdrola Mexico previously included within the "Customers" and "Renewables and Sustainable generation" businesses have been excluded from the business segment reporting (Notes 6, 7 and 15). Accordingly, the comparative information for the prior period has been restated.

3. Seasonal variations

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

4. Sources of uncertainty and use of accounting estimates

The preparation of this consolidated financial information required the IBERDROLA Group to make assumptions and estimates. The criteria used to calculate the estimates included in this consolidated financial information are consistent with those applied in preparing the IBERDROLA Group's consolidated annual financial statements for 2025.

The macroeconomic landscape remained fraught with uncertainty throughout the first half of the year, due to ongoing geopolitical tensions (mainly the conflicts in Iran and Ukraine), along with the trade war triggered by the tariffs imposed by the US administration. Against this backdrop, the European Central Bank raised its key interest rates by 25 basis points to 2.25% at its June meeting, while the Bank of England and the US Federal Reserve kept their policy rates unchanged at 3.75%, reiterating a data-dependent approach and making no commitment to further rate moves.

In view of the current management of the Group's supply chain and financial risks, based on the knowledge available at the date of issue of this condensed consolidated financial information, the consequences of such a scenario are not expected to have a material adverse effect on the business plans and, therefore, on the recoverable amount of the Group's non-current non-financial assets. Nevertheless, there are certain assets, primarily *offshore* wind farms, whose recoverable amount could be adversely affected by a decline in forward electricity prices during periods not covered by regulated or subsidised tariffs.

Furthermore, the IBERDROLA Group reviews the useful lives of its assets annually on the basis of internal and external sources of information. During the six-month period ended 30 June 2026, as a result of that review, the IBERDROLA Group extended the useful life of its *onshore* wind farms with a capacity of less than 1 MW from 30 to 40 years. It also extended the useful life of the non-structural components of its *onshore* wind farms with a capacity of more than 1 MW from 25 to 40 years, in line with the useful life of the structural components, which remains unchanged at 40 years. Consequently, the heading "Depreciation, amortisation and provisions" in the condensed consolidated income statement for the six-month period ended 30 June 2026 includes the impact of this change in accounting estimate, which, in accordance with prevailing accounting standards, has been applied prospectively from 1 January 2026 and resulted in a reduction in depreciation and amortisation expense of EUR 122 million.

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

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

Business combinations

In March 2026, Neoenergia completed the acquisition of an indirect 6% interest in the consortium that operates the Corumbá III hydroelectric power plant, thus increasing its direct and indirect ownership interest to 76%. The acquisition was completed for an approximate amount of BRL 28 million, subject to customary adjustments. Following the acquisition and the amendment of the shareholders' agreement, the IBERDROLA Group obtained control of the plant.

Fair value of the assets and liabilities acquired

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

	Carrying amount	Fair value
Intangible assets	6	11
Property, plant and equipment	77	149
Non-current trade and other receivables	1	1
Current tax assets	1	1
Deferred tax assets	2	2
Current trade and other receivables	7	7
Cash and cash equivalents	8	8
Total	**102**	**179**

	Carrying amount	Fair value
Non-current provisions	5	5
Deferred tax liabilities	0	26
Current provisions	1	1
Current financial liabilities	6	6
Other current liabilities	2	2
Total	**14**	**40**

Goodwill

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

	Total
Fair value of previous holding	114
Fair value of non-controlling interests	41
Consideration paid	5
Fair value at the date control was obtained	**160**
Fair value of acquired net assets	139
Goodwill arising on the acquisition	**21**

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.

Prior to the takeover, the interest in Energética Corumbá III, S.A. was accounted for using the equity method. The revaluation of the previously held interest to fair value at the acquisition date gave rise to a gain of EUR 45 million, as recognised in the condensed consolidated income statement for the six-month period ended 30 June 2026.

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 subsidiaries

– In January 2026, the sale of the interests in Energyworks Milagros, S.L., Energyworks San Millán, S.L., Energyworks Fonz, S.L. and Energyworks Monzón, S.L. was completed. At 31 December 2025, these interests had been recognised under "Assets held for sale" and "Liabilities held for sale" in the amounts of EUR 38 million and EUR 16 million, respectively. This transaction generated a capital gain of EUR 38 million, as recognised under "Other operating income" in the condensed consolidated income statement for the six-month period ended 30 June 2026.

– In January 2026, the sale of the interest in Iberdrola Renovables Magyarország KFT was completed. This interest was recognised under "Assets held for sale" and "Liabilities held for sale" as at 31 December 2025, in the amounts of EUR 108 million and EUR 23 million, respectively. This transaction resulted in a capital loss of EUR 17 million, which was recognised under "Other operating income" in the condensed consolidated income statement for the six-month period ended 30 June 2026.

- In March 2026, Iberdrola France completed the sale of its onshore wind portfolio in the country to Technique Solaire, a French renewable energy group. The assets sold comprise 118 megawatts (MW) of operational wind capacity, as well as a portfolio of 639 MW of onshore wind and photovoltaic projects. This transaction resulted in a capital loss of EUR 13 million, which was recognised under “Other operating income” in the condensed consolidated income statement for the six-month period ended 30 June 2026.

  As at 31 December 2025, that interest was recognised under “Assets held for sale” and “Liabilities held for sale” in the amounts of EUR 108 million and EUR 24 million, respectively.

- In November 2025, Neoenergia, S.A. entered into a share purchase agreement with EDF Brasil Hidro Participações S.A. for the sale of its entire stake in Energética Águas da Pedra, S.A. (EAPSA), the owner of the UHE Dardanelos hydroelectric power plant, located in the state of Mato Grosso (Brazil). In addition, Neoenergia agreed to invest in the acquiring company in order to retain an indirect minority interest of 25% in the asset following completion of the transaction. The transaction was completed in April 2026.

  As at 31 December 2025, that interest had been recognised under “Assets held for sale” and “Liabilities held for sale” in the amounts of EUR 408 million and EUR 116 million, respectively. The transaction resulted in a capital gain of EUR 69 million, which was recognised under “Other operating income” in the condensed consolidated income statement for the six-month period ended 30 June 2026.

- In April 2026, Hidrola I, S.L.U., a wholly owned subsidiary of Iberdrola, S.A., completed the sale of the shares representing the entire share capital of Iberdrola Mexico S.A. de C.V. to COX Asset Mexico, S.A. de C.V., an indirectly wholly owned subsidiary of COX ABG Group, S.A. This transaction resulted in a net capital gain of EUR 1,019 million (EUR 1,075 million before tax), which was recognised under “Net profit for the period from discontinued operations (net of tax)” in the condensed consolidated income statement for the six-month period ended 30 June 2026.

  As at 31 December 2025, that interest had been recognised under “Assets held for sale” and “Liabilities held for sale” in the amounts of EUR 2,879 million and EUR 763 million, respectively.

The sale of Mexico meets the requirements to be classified as a discontinued operation. The profit after tax from discontinued operations is included under "Net profit for the year from discontinued operations (net of tax)" in the condensed consolidated income statement, broken down as follows (amounts are shown net of intercompany transactions, which have been removed):

	June 2026	June 2025
Revenue	449	643
Supplies	(294)	(303)
Gross income	**155**	**340**
Personnel expenses	(19)	(35)
Capitalised personnel expenses	0	2
External services	(35)	(71)
Other operating income	(93)	27
Net operating expenses	(147)	(77)
Taxes	(1)	(3)
Gross operating profit - EBITDA	**7**	**260**
Amortisation, depreciation and provisions	0	(55)
Operating profit - EBIT	**7**	**205**
Profit/(loss) of equity-accounted investees	1	0
Finance income	56	204
Finance costs	(111)	(263)
Net finance income/(expense)	(55)	(59)
Profit before tax	**(47)**	**146**
Income tax	56	0
Net profit/(loss) for the year from discontinued operations (net of taxes)	**9**	**146**

Additionally, the heading "Net profit for the period from discontinued operations (net of tax)" in the condensed consolidated income statement for the six-month period ended 30 June 2025 included a loss of EUR 8 million corresponding to the discontinuation of operations related to the provision of engineering and construction services.

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

	June 2026	June 2025
Cash flows from operating activities	**(26)**	**262**
of which:		
Tax payments	(44)	(74)
Cash flows from investing activities	**(20)**	**(493)**
of which:		
Tax payments [(1)]	0	(445)
Interest received	2	15
Cash flows from financing activities	**(15)**	**(28)**
of which:		
Interest paid	(3)	(1)
Net increase/(decrease) in cash and cash equivalents	**(61)**	**(259)**

[(1)] The amount paid in the six-month period ended 30 June 2025 relates to the tax paid on the divestment in Mexico completed in 2024.

Transactions with non-controlling interests

Co-investment framework agreement with NBIM Iberian Reinfra AS

Based on the co-investment alliance between the IBERDROLA Group and Norges Bank Investment Management, the IBERDROLA Group incorporated 646 MW of solar photovoltaic capacity in February 2026 corresponding to the Caparacena and Ciudad Rodrigo facilities, reaching 1,500 MW of renewable installed capacity.

As the IBERDROLA Group already controlled those projects, the transaction was accounted for as an equity transaction with non-controlling interests. This resulted in an increase of EUR 209 million under “Non-controlling interests” and a credit of EUR 7 million under “Other reserves” in the condensed consolidated statement of financial position as at 30 June 2026.

Acquisition of 16.21% of the share capital of Neoenergia S.A.

In November 2025, the IBERDROLA Group filed an application with the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários – CVM) to register a tender offer for all the shares of Neoenergia S.A. (Neoenergia) not controlled by the IBERDROLA Group or held by Neoenergia as treasury shares, representing 16.21% of its share capital (the “Tender Offer”), in order 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 was paid entirely in cash and was the result 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% shareholding in Neoenergia S.A., completed on 31 October 2025);

- adding the interest on that amount based on 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.

As a result of the Tender Offer, the IBERDROLA Group controls 100% of Neoenergia’s share capital, by means of the acquisition of 196,768,136 shares, representing 16.21% of its share capital, with the total consideration amounting to BRL 6,677 million. The Tender Offer was settled during the six-month period ended 30 June 2026.

Since the IBERDROLA Group already controlled NEOENERGIA, the transaction was recognised as a transaction in non-controlling interests, thus generating a decrease of EUR 1,047 million under “Non-controlling interests”, a charge of EUR 6 million under “Valuation adjustments”, a charge of EUR 456 million under “Translation differences” and a credit of EUR 399 million under “Other reserves” in the condensed consolidated statement of financial position at 30 June 2026.

Windanker capital increases

Windanker GmbH carried out capital increases during the six-month period ended 30 June 2026, which were subscribed by its two shareholders in proportion to their respective shareholding percentages. This resulted in a credit of EUR 58 million under “Equity – Non-controlling interests” in the condensed consolidated statement of financial position at 30 June 2026.

Other transactions

In April 2026, the IBERDROLA Group, acting through its subsidiary NEOENERGIA, strengthened its strategic alliance with GIC, the Singapore sovereign wealth fund, in Brazil’s electricity transmission network business. The agreement signed provides for GIC to be a partner in a portfolio of seven projects in the states of Santa Catarina, São Paulo, Minas Gerais, Rio de Janeiro, Mato Grosso do Sul, Bahia and Rio Grande do Norte, for an amount of approximately BRL 2,418 million. Completion of the transaction is subject to securing the customary regulatory approvals, including those of the Administrative Council for Economic Defence (CADE) and the National Electric Energy Agency (ANEEL).

6. Segment reporting

In July 2025, the IBERDROLA Group entered into a sale and purchase agreement with COX ABG Group, S.A. for the disposal of its subsidiary Iberdrola Mexico, which holds the Group’s businesses in Mexico. Upon completion, Iberdrola Mexico became classified as a discontinued operation at the 2025 year-end.

The sale was completed in April 2026, whereupon the Mexico geographical area ceased to be considered an operating segment and was therefore excluded from the geographical segment reporting. Moreover, the amounts relating to Iberdrola Mexico previously included within the “Customers” and “Renewables and Sustainable generation” businesses were excluded from the business segment reporting. In both cases, the comparative information for the prior period was restated.

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

Geographical areas:

- Spain
- United Kingdom
- United States
- Brazil; and

- Iberdrola Energía Internacional (IEI), with the main countries being Germany, France and Australia.

Business areas:

- Networks business: comprises activities related to the transmission and distribution of energy, primarily involving gas and electricity, along with other regulated operations.

- Renewable Energy and Sustainable Generation business: includes the generation of electricity from renewable sources (*onshore* and *offshore* wind, photovoltaic and hydro) and from other energy sources, conventional nuclear generation and combined cycle plants in Spain.

- Customers business: covers activities related to energy retail supply, primarily involving gas and electricity, as well as the provision of other products and services, including hydrogen.

- Other businesses: other non-energy businesses.

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

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

The key figures of the operating segments identified are shown below. For the sake of comparison, the comparative balances for the condensed consolidated income statement are shown for the six-months period ended 30 June 2025, while the comparative balances for the condensed consolidated statement of financial position are shown at 31 December 2025.

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

Segmentation by country

30.06.2026	Spain	United Kingdom	United States	Brazil	IEI	Other business, Corporation and adjustments	Total
REVENUE (NOTE 15.1)	8,413	4,017	4,361	4,803	1,234	(359)	**22,469**
PROFIT/(LOSS)							
Segment operating profit – EBIT	2,033	1,369	735	1,009	115	(35)	**5,226**
Result of equity-accounted investees - net of taxes	3	(7)	50	5	1	3	**55**
ASSETS							
Segment assets	35,003	40,284	48,124	18,605	11,727	(1,973)	**151,770**
Equity-accounted investees	188	144	835	313	74	58	**1,612**
LIABILITIES							
Segment liabilities	10,498	9,797	14,222	4,378	2,197	(4,568)	**36,524**
OTHER INFORMATION							
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	947	1,865	1,204	23	905	112	**5,056**
Valuation adjustments, trade receivables and other assets (Expense)/income	20	67	86	49	2	0	**224**
Depreciation and amortisation	904	527	593	289	203	35	**2,551**
Charges/(reversals) for other provisions	11	4	26	6	2	0	**49**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	18	40	59	7	4	14	**142**

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2026.

Restated (Note 2.c) 30.06.2025	Spain	United Kingdom	United States	Brazil	IEI	Other business, Corporation and adjustments	Total
REVENUE (NOTE 15.1)	8,330	3,930	4,724	4,249	1,338	(471)	**22,100**
PROFIT/(LOSS)							
Segment operating profit – EBIT	2,036	1,135	1,138	813	211	(71)	**5,262**
Result of equity-accounted investees - net of taxes	1	25	13	11	(2)	0	**48**
OTHER INFORMATION							
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	707	1,826	1,550	10	551	29	**4,673**
Valuation adjustments, trade receivables and other assets (Expense)/income	(27)	72	82	47	3	0	**177**
Depreciation and amortisation	902	509	634	273	193	24	**2,535**
Charges/(reversals) for other provisions	1	12	33	4	1	2	**53**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	16	41	(2)	5	4	18	**82**

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

Segmentation by country at 31 December 2025

31.12.2025	Spain	United Kingdom	United States	Brazil	IEI	Other business, Corporation and adjustments	Total
ASSETS							
Segment assets	36,170	38,076	45,804	11,259	10,910	(1,542)	**140,677**
Equity-accounted investees	196	113	765	315	55	53	**1,497**
LIABILITIES							
Segment liabilities	11,762	9,227	13,782	3,992	2,200	(3,936)	**37,027**

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

	30.06.2026	31.12.2025
Non-current assets		
Spain	27,936	27,783
United Kingdom	37,222	35,398
United States	43,345	40,979
Brazil	10,553	4,358
IEI	10,528	9,671
Corporation and adjustments	777	753
Total	**130,361**	**118,942**

Segmentation by business

30.06.2026	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
REVENUE (NOTE 15.1)	10,782	4,860	10,477	(3,650)	**22,469**
PROFIT/(LOSS)					
Segment operating profit – EBIT	2,772	1,476	1,033	(55)	**5,226**
Result of equity-accounted investees - net of taxes	20	67	(24)	(8)	**55**
ASSETS					
Segment assets	87,583	52,083	5,844	6,260	**151,770**
Equity-accounted investees	409	1,028	117	58	**1,612**
LIABILITIES					
Segment liabilities	26,355	11,868	4,372	(6,071)	**36,524**
OTHER INFORMATION					
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	2,649	2,010	228	169	**5,056**
Valuation adjustments, trade receivables and other assets (Expense)/income	137	0	86	1	**224**
Depreciation and amortisation	1,275	991	184	101	**2,551**
Charges/(reversals) for other provisions	29	20	0	0	**49**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	90	24	8	20	**142**

(*) Includes the amount related to interest and personnel expenses capitalised during the six-month period ended 30 June 2026.

Restated (Note 2.c) 30.06.2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
REVENUE (NOTE 15.1)	10,296	4,909	10,620	(3,725)	**22,100**
PROFIT/(LOSS)					
Segment operating profit – EBIT	2,928	1,501	918	(85)	**5,262**
Result of equity-accounted investees - net of taxes	43	7	(2)	0	**48**
OTHER INFORMATION					
Total cost incurred during the period in the acquisition of property, plant and equipment, intangible assets and right-of-use assets (*)	2,292	2,020	288	73	**4,673**
Valuation adjustments, trade receivables and other assets (Expense)/income	133	0	44	0	**177**
Depreciation and amortisation	1,174	1,053	221	87	**2,535**
Charges/(reversals) for other provisions	38	9	5	1	**53**
Expenses for the period other than depreciation and amortisation not resulting in cash outflows	23	23	8	28	**82**

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

Segmentation by business at 31 December 2025

31.12.2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
ASSETS					
Segment assets	77,317	49,531	7,097	6,732	**140,677**
Equity-accounted investees	386	931	128	52	**1,497**
LIABILITIES					
Segment liabilities	25,187	11,199	5,378	(4,737)	**37,027**

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

	30.06.2026	31.12.2025
Networks	74,073	64,998
Renewable Energy and Sustainable Generation	45,024	42,991
Customers	1,465	1,395
Other business, Corporation and adjustments	9,799	9,558
Total	**130,361**	**118,942**

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

	30.06.2026	31.12.2025
Segment assets	**151,770**	**140,677**
Non-current investments	6,378	10,197
Current investments	3,289	2,677
Cash and cash equivalents	3,665	3,670
Assets held for sale	0	3,541
Total assets	**165,102**	**160,762**

	30.06.2026	31.12.2025
Segment liabilities	**36,524**	**37,027**
Equity	62,446	63,419
Non-current financial liabilities	51,892	46,752
Bank borrowings, bonds or other marketable securities	46,454	42,159
Equity instruments having the substance of a financial liability	758	553
Derivative financial instruments	2,024	1,624
Leases	2,656	2,416
Current financial liabilities	14,240	12,622
Bank borrowings, bonds or other marketable securities	13,169	11,931
Equity instruments having the substance of a financial liability	137	139
Derivative financial instruments	748	374
Leases	186	178
Liabilities linked to assets held for sale	0	942
Total Liabilities and Equity	**165,102**	**160,762**

7. Property, plant and equipment

The following table displays the total cost incurred in the acquisition of property, plant and equipment, as well as the depreciation and impairment charge made in the six-month periods ended 30 June 2026 and 30 June 2025, broken down for each of the IBERDROLA Group's operating segments and business units and expressed in millions of euros:

	30.06.2026		Restated (Note 2.c) 30.06.2025	
	Cost incurred in property, plant and equipment (1)	Charge for depreciation and impairment allowances	Cost incurred in property, plant and equipment (1)	Charge for depreciation and impairment allowances
Customers business	40	34	95	50
Renewable Energy and Sustainable Generation business	1,725	912	2,027	976
Networks business	2,533	884	2,221	814
Other business, Corporation and adjustments	19	22	20	19
Total	**4,317**	**1,852**	**4,363**	**1,859**

(1) Includes the amount relating to interest and personnel expenses capitalised during the six-month period ended 30 June 2026 and 30 June 2025, respectively.

Investment commitments at 30 June 2026 and 30 June 2025 amounted to EUR 7,463 million and EUR 9,772 million, respectively.

During the six-month periods ended 30 June 2026 and 30 June 2025, the IBERDROLA Group did not make significant disposals of property, plant and equipment in relation to this condensed consolidated financial information.

8. Disclosures relating to financial assets and liabilities

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

	Non-current financial assets							
	Equity instruments		Other financial assets		Derivatives		Total	
Category	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25
Assets at fair value through profit or loss	47	43	0	0	933	605	**980**	**648**
Assets at amortised cost	0	0	3,212	7,269	0	0	**3,212**	**7,269**
Hedging derivatives	0	0	0	0	574	783	**574**	**783**
Total	**47**	**43**	**3,212**	**7,269**	**1,507**	**1,388**	**4,766**	**8,700**

	Current financial assets							
	Equity instruments		Other financial assets		Derivatives		Total	
Category	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25
Assets at fair value through profit or loss	0	0	0	0	228	71	**228**	**71**
Assets at amortised cost	0	0	2,944	2,433	0	0	**2,944**	**2,433**
Hedging derivatives	0	0	0	0	117	173	**117**	**173**
Total	**0**	**0**	**2,944**	**2,433**	**345**	**244**	**3,289**	**2,677**

In May 2026, the concessions held by Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro were renewed early for a further 30 years. These renewals resulted in the reclassification of EUR 5,537 million from “Other non-current financial investments” to “Other intangible assets” in the condensed consolidated statement of financial position.

Category	Non-current financial liabilities									
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Derivatives		Total	
	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25
Liabilities at fair value through profit or loss	0	0	0	0	0	0	1,112	855	**1,112**	**855**
Liabilities at amortised cost	15,922	14,421	30,532	27,738	758	553	0	0	**47,212**	**42,712**
Hedging derivatives	0	0	0	0	0	0	912	769	**912**	**769**
Total	**15,922**	**14,421**	**30,532**	**27,738**	**758**	**553**	**2,024**	**1,624**	**49,236**	**44,336**

Category	Current financial liabilities									
	Bank borrowings		Bonds and other marketable securities		Other financial liabilities		Derivatives		Total	
	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25	30.06.26	31.12.25
Liabilities at fair value through profit or loss	0	0	0	0	0	0	276	89	**276**	**89**
Liabilities at amortised cost	4,953	3,279	8,216	8,652	137	139	0	0	**13,306**	**12,070**
Hedging derivatives	0	0	0	0	0	0	472	285	**472**	**285**
Total	**4,953**	**3,279**	**8,216**	**8,652**	**137**	**139**	**748**	**374**	**14,054**	**12,444**

The IBERDROLA Group's General Terms of Risk Control and Management described in its consolidated financial statements for the year ended 31 December 2025 (and the Risk Guidelines implementing and further specifying those Terms) remain in full effect as of the date of authorisation for issue of this condensed consolidated financial information, with the review and approval process for 2026 having been successfully completed.

The fair value of "Bank borrowings, bonds or other marketable securities" under current and non-current liabilities in the IBERDROLA Group's condensed consolidated statement of financial position at 30 June 2026 and 31 December 2025 amounts to EUR 59,275 and 54,001 million, respectively. The carrying amount is EUR 59,623 and 54,090 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 recognises derivative financial instruments at fair value and classifies 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 financial instruments recognised at their fair value are as follows, expressed in millions of euros:

sin dato	Value at 30.06.2026	Level 1	Level 2	Level 3
Derivative financial instruments (financial assets)	**1,852**	39	1,217	596
Derivative financial instruments (financial liabilities)	**(2,772)**	0	(2,127)	(645)
Total	**(920)**	**39**	**(910)**	**(49)**

sin dato	Value at 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	**(366)**	**41**	**(294)**	**(113)**

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

sin dato	2026	2025
Balance at 1 January	**(113)**	**(150)**
Income and expense recognised in the condensed consolidated income statement	(4)	15
Income and expense recognised in equity	62	(53)
Purchases	5	0
Sales and settlements	1	10
Translation differences	0	24
Transfers outside Level 3	0	(1)
Balance at 30 June	**(49)**	**(155)**

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

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

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

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

These measurement models take into account the risks of the asset or liability, including the credit risk of both the counterparty (*Credit Value Adjustment*) and the entity itself (*Debit Value Adjustment*). 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.

9. Cash and cash equivalents

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

No data	30.06.2026	31.12.2025
Cash	1,787	1,824
Other cash equivalents	1,878	1,846
Total	**3,665**	**3,670**

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 use of cash.

10. Equity

Subscribed capital

Changes in the share capital of IBERDROLA over the six-month period ended 30 June 2026 and financial year 2025 are as follows:

No data	Date of filing at the Mercantile Registry	% Capital	Number of shares	Face value	Euros
Balance at 01.01.2025			**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**
Scrip issue	4 February 2026	1.147 %	76,618,226	0.75	57,463,670
Balance at 30.06.2026			**6,757,845,603**	**0.75**	**5,068,384,203**

On 4 February 2026, the public deed was executed formalising the second application of the scrip issue (bonus share issue), having been approved by the shareholders at the General Shareholders' Meeting of IBERDROLA held on 30 May 2025, under item 10 on the agenda, and used to implement the *Iberdrola Retribución Flexible* optional dividend system.

During the relevant period, the holders of 1,088,096,797 shares elected to receive the Interim dividend. Thus, the gross amount paid out under the Interim dividend was EUR 275 million. As a result, those shareholders expressly waived 1,088,096,797 free-of-charge allocation rights and, therefore, the right to receive 14,905,436 new shares.

The shareholders at the General Shareholders' Meeting held on 29 May 2026 approved, under item 6 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 22 May), having fulfilled all conditions to which payment of the dividend was subject, i.e. the approval of the dividend itself (under item 6 of the agenda), and that a *quorum* of 70% of share capital was reached. The dividend amounted to EUR 33 million (EUR 0.005 gross per share) and was paid on 1 June 2026.

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

Valuation adjustments

Changes during the periods ended 30 June 2026 and 30 June 2025, in millions of euros, are as follows:

	01.01.2026	Transactions with non-controlling interests (Note 5)	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to income	30.06.2026
Valuation adjustments of equity-accounted investees (net of tax):	**22**	**0**	**(6)**	**0**	**2**	**18**
Cash flow hedges:						
Interest rate swaps (Note 8)	425	0	(92)	0	(8)	325
Collars	0	0	(4)	0	0	(4)
Commodity derivatives	55	0	64	0	(163)	(44)
Currency forwards	(74)	(6)	5	2	29	(44)
Other	(116)	0	(127)	0	13	(230)
	290	**(6)**	**(154)**	**2**	**(129)**	**3**
Hedging costs:	**(5)**	**0**	**(52)**	**0**	**52**	**(5)**
Tax effect:	**(88)**	**0**	**47**	**0**	**19**	**(22)**
Total	**219**	**(6)**	**(165)**	**2**	**(56)**	**(6)**

No data	01.01.2025	Modification of the consolidation scope	Change in fair value and other	Allocation to the values of hedged assets	Amounts allocated to income	30.06.2025
Valuation adjustments of equity-accounted investees (net of tax):	22	0	(3)	0	0	**19**
Cash flow hedges:						
Interest rate swaps	719	1	19	0	(308)	431
Commodity derivatives	161	0	(68)	0	(108)	(15)
Currency forwards	(84)	1	(55)	18	(4)	(124)
Other	(293)	0	110	0	29	(154)
	503	**2**	**6**	**18**	**(391)**	**138**
Hedging costs:	**(3)**	**0**	**(57)**	**0**	**56**	**(4)**
Tax effect:	**(148)**	**(1)**	**16**	**(5)**	**90**	**(48)**
Total	**374**	**1**	**(38)**	**13**	**(245)**	**105**

Treasury shares

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

At 30 June 2026 and 31 December 2025 the balances of the various instruments are as follows (in millions of euros):

No data	30.06.2026		31.12.2025	
	Number of shares	Millions of euros	Number of shares	Millions of euros
Treasury shares held by IBERDROLA	185,510,536	3,284	83,675,683	1,387
Treasury shares held by SCOTTISH POWER	584,817	9	618,047	8
Total return swaps	18,652,075	333	16,000,000	228
Put options sold	148,716,248	2,582	56,138,579	901
Accumulators (exercised shares)	482,262	9	0	0
Accumulators (potential shares)	20,439,420	400	1,444,792	26
Total	**374,385,358**	**6,617**	**157,877,101**	**2,550**

Physically settled derivatives

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

- Total *return swap*

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

The key features of these contracts at 30 June 2026 and 31 December 2025 are as follows:

30.06.2026	Number of shares	Strike price	Expiry date	Interest rate	Millions of euros
Total Return Swap	6,335,583	10.9361	22/07/2026	Euribor 3 meses + 0,47%	75
Total Return Swap	12,316,492	20.9219	23/11/2026	Euribor 3 meses + 0,54%	258
Total	**18,652,075**				**333**

31.12.2025	Number of shares	Strike price	Expiry date	Interest rate	Millions of euros
Total Return Swap	10,000,000	11.893	22/07/2026	Euribor 3 meses + 0,47%	119
Total Return Swap	6,000,000	18.140	22/11/2026	EUROSTR + 0,64%	109
Total	**16,000,000**				**228**

- Sold *put* with physical settlement

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

The key features of these contracts at 30 June 2026 and 31 December 2025 are as follows:

30.06.2026	Number of shares	Average price in the period	Expiry date	Millions of euros
Put option	148,716,248	17,3591	17/07/2026 to 21/01/2028	2,582

31.12.2025	Number of shares	Average price in the period	Expiry date	Millions of euros
Put option	56,138,579	16.050	08/05/2026 to 30/06/2026	901

Accumulators on own shares

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

The accumulation mechanism operates as follows:

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

The key features of these contracts at 30 June 2026 and 31 December 2025 are as follows:

30.06.2026	Number of shares	Average price in the period	Expiry date	Millions of euros
Realised	482,262	18.4262	07/07/2026	9
Maximum potential (1)	20,439,420	19.5758	07/07/2026 a 18/12/2026	400

31.12.2025	Number of shares	Average price in the period	Expiry date	Millions of euros
Maximum potential (1)	1,444,792	17.7638	19/06/2026	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).

Perpetual subordinated bonds

In February 2026, Iberdrola Finanzas, S.A. set the terms and conditions of an issue of EUR 600 million of perpetual subordinated green notes guaranteed by IBERDROLA. The issue comprised a single tranche, priced at 100% of its principal amount, paying a coupon of 3.95% and including a par call option exercisable six years and nine months after the issue date.

In April 2026, Iberdrola International, B.V. decided to repurchase a perpetual subordinated bond issue carried out in 2020 (guaranteed by IBERDROLA.) for a total amount of EUR 1,600 million.

The balance of perpetual subordinated bonds at 30 June 2026 and 31 December 2025 amounted to EUR 8,250 million and EUR 9,250 million, respectively.

11. Long-term compensation plans

Share-based long-term compensation plans

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

The key features of the plan are summarised below:

Long-term compensation programme	Settled in shares	Measurement period	Settlement period	Maximum number of beneficiaries	Maximum number of shares	Level of achievement of IBERDROLA
IBERDROLA 2023-2025	Iberdrola	2023-2025	2026-2028	300	14,000,000 (1)	100% (2)

(1) Includes shares pertaining to executive officers who also happen to be directors.

In the exercise of the powers granted by the General Shareholders' Meeting, and without exceeding the maximum authorized number of shares or modifying the key terms of the approved remuneration system, the Board of Directors resolved to adjust the individual allocation for a limited number of beneficiaries in respect of up to two of the three annual instalments comprising the 2023–2025 Strategic Bonus, in all cases within the overall share limit approved by the General Shareholders' Meeting.

(2) On 24 February 2026, the Board of Directors, at the proposal of the Remuneration Committee, resolved to settle the 2023-2025 Strategic Bonus with level of achievement of 100%.

For the subholding companies, 50% of the assessment is based on the achievement of the IBERDROLA Group's targets, while the remaining 50% is based on the achievement of the subholding company's specific financial, business and sustainability targets.

Accordingly, the first of the three annual settlements was completed during the first half of 2026, resulting in the delivery of 2,824,219 shares. These shares include those delivered to executive directors and senior management (Note 19).

Cash-based long-term compensation plans

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	Level of achievement
AVANGRID 2023-2025	2023-2025	2026-2028	125	95.8% (1)
NEOENERGIA 2023-2025	2023-2025	2026-2028	70	81.6% (2)

(1) On 18 March 2026, the AVANGRID Executive Committee approved the settlement of the 2023–2025 AVANGRID Long-Term Incentive Programme, based on an achievement level of 95.8%. As a result, the first of the three annual settlements took place during the first half of 2026.

(2) On 9 March 2026, the NEOENERGIA Board of Directors approved the settlement of the 2023–2025 NEOENERGIA Long-Term Incentive Programme, based on a level of achievement of 81.6%. As a result, the first of the three annual settlements took place during the first half of 2026.

12. Litigation payments

Litigation payments of EUR 21 million and EUR 24 million were made, respectively, during the six-month periods ended 30 June 2026 and 30 June 2025.

13. Provision for pensions and similar obligations

At 30 June 2026 and 2025, the IBERDROLA Group concluded that, as at those dates, there were no significant changes in the assumptions previously relied on to measure its pension obligations at 31 December 2025 and 2024, respectively.

14. Bank borrowings, bonds or other marketable securities

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

	30.06.2026	31.12.2025
In euros		
Long-term and medium term bonds	12,155	11,032
Commercial paper	3,404	3,629
Loans and drawdowns of credit facilities	10,248	8,403
Other financing transactions	3,472	1,179
Unpaid accrued interest	227	178
	29,506	**24,421**
Foreign currency		
US dollars	14,155	12,983
Pounds sterling	5,247	7,175
Brazilian reais	9,830	8,604
Other	460	488
Unpaid accrued interest	425	419
	30,117	**29,669**
Total	**59,623**	**54,090**

Outstanding debt denominated in currencies other than the euro primarily consists of issuances in the capital markets. In US dollars, borrowings mainly comprise bills, bonds and commercial paper; in pounds sterling, financing is concentrated primarily in bills and bonds. In Brazilian reais, the composition is more evenly balanced between bank financing and capital market issuances, although the latter continues to account for a slightly larger share.

The most significant financing transactions carried out by the IBERDROLA Group during the six months ended 30 June 2026 were as follows:

Borrower	Transaction	Arranged	Amount (millions)	Currency	Interest rate	Maturity
First quarter						
Neoenergia Elektro	Green public Infrastructure Bond (Debenture)	Mar-26	600	BRL	IPCA+7.01%	Mar-31
Neoenergia Elektro (1)	Green public Infrastructure Bond (Debenture)	Mar-26	300	BRL	CDI -1.105%	Mar-33
Neoenergia Pernambuco	Green public Infrastructure Bond (Debenture)	Mar-26	600	BRL	IPCA+7.01%	Mar-31
Neoenergia Pernambuco (1)	Green public Infrastructure Bond (Debenture)	Mar-26	300	BRL	CDI -1.105%	Mar-33
Neoenergia Coelba (1)	Green public Infrastructure Bond (Debenture)	Mar-26	568	BRL	CDI -1.105%	Mar-33
Neoenergia Coelba	Green public Infrastructure Bond (Debenture)	Mar-26	1,132	BRL	IPCA+7.01%	Mar-31
Neoenergia Cosern (1)	Green public Infrastructure Bond (Debenture)	Mar-26	165	BRL	CDI -1.105%	Mar-33
Neoenergia Cosern	Green public Infrastructure Bond (Debenture)	Mar-26	335	BRL	IPCA+7.01%	Mar-31
Neoenergia Elektro (2)	Green 4131 loan	Jan-26	32	EUR		Jan-29
Neoenergia Elektro (2)	4131 loan	Feb-26	30	CHF		Feb-29
Neoenergia EKTT8 (2)	4131 loan	Mar-26	8	CHF		Mar-28
Neoenergia Transmission (2)	4131 loan	Mar-26	6	CHF		Mar-28
Neoenergia Coelba	Sustainability-linked bilateral loan	Mar-26	262	BRL		Mar-31
Iberdrola Financiación	Sustainability-linked bilateral loan	Mar-26	75	EUR		Mar-31
Iberdrola Financiación	Sustainability-linked bilateral loan	Mar-26	25	EUR		Mar-31
Iberdrola Financiación (3)	Green EIB loan	Jan-26	175	EUR		To be determined
Iberdrola Financiación (3)	Green Development Bank loan (NWF)	Mar-26	600	GBP		To be determined
Neoenergia Coelba (2)(4)	Sustainability-linked Development Bank loan (JICA)	Mar-26	15,607	JPY		Mar-34
Iberdrola Internacional	US commercial paper	Feb-26	2,000	USD		

Second quarter						
Iberdrola Finanzas	Green public bond	Jun-26	750	EUR	3.13%	Jun-30
Iberdrola Finanzas	Green public bond	Jun-26	750	EUR	3.75%	Jun-36
Iberdrola Finanzas	Green public bond	Jun-26	135	CHF	1.26%	Jun-32
Iberdrola Finanzas	Green public bond	Jun-26	125	CHF	1.58%	Jun-36
Neoenergia Coelba (1)	Green public Infrastructure Bond (Debenture)	Jun-26	700	BRL	CDI- 0.61%	Jun-33
Neoenergia Elektro (1)	Green public Infrastructure Bond (Debenture)	Jun-26	700	BRL	CDI- 0.58%	Jun-36
Iberdrola Financiación	Sustainability-linked bilateral loan	Jun-26	40	EUR		Jun-31
Iberdrola Financiación	Sustainability-linked bilateral loan	Jun-26	175	EUR		Jun-31
Iberdrola Financiación	Sustainability-linked bilateral loan	Jun-26	50	EUR		Jun-33
Iberdrola Financiación (3)	Green EIB loan	May-26	350	EUR		To be determined

(1) Terms of the transactions, including interest rate swaps.
(2) Currency swap contracts for the company's currency.
(3) Funding expected to be available in 2026-2027.
(4) Neoenergia Coelba transaction executed with the Japan International Cooperation Agency (JICA), denominated in JPY.

The most significant extensions arranged by the IBERDROLA Group during the six months ended 30 June 2026 were as follows:

Borrower	Transaction	Extension signature date	Millions	Currency	Option to extend	Maturity
Iberdrola Financiación	Sustainable bilateral loan	March 2026	600	EUR	0	Jun-28
Iberdrola Financiación / AGR Inc	Sustainable credit facility	June 2026	2500	EUR	0	Jul-31
NY State Electric & Gas Company	Tax exemption voucher	June 2026	45	USD	0	Jul-31

At 30 June 2026 and at the date of authorisation for issue of this consolidated financial information, the IBERDROLA Group was fully up to date on all its financial debt payments and there had been no circumstances affecting the change of control or adverse changes in its credit quality or other similar circumstances. Therefore, it had not been necessary to meet the early maturity of the debt or modify the cost related to the loans held by it, or to change the classification of current and non-current payables as set out in the condensed consolidated statement of financial position.

At 30 June 2026, the IBERDROLA Group had undrawn loans and credit facilities amounting to EUR 16,127 million. Additionally, at 30 June 2026 there were current cash deposits which, due to their contractual terms, the IBERDROLA Group included in its liquidity position as at that date. The following table provides a breakdown by maturity of the liquidity position at 30 June 2026, based on the balance of the "Cash and cash equivalents" and "Current financial investments (up to 12 months)" headings of the condensed consolidated statement of financial position, in millions of euros:

No data	Available
Available maturity	
2026 – first half of 2027	194
Second half of 2027 – 2028	2,587
2029 and beyond	13,346
Total	**16,127**
Current financial investments (up to 12 months)	1,594
Cash and cash equivalents	3,665
Liquidity position	**21,386**

15. Income and expenses

15.1 Revenue

The table below shows details of this caption in the condensed consolidated income statement for the six-month periods ended 30 June 2026 and 30 June 2025, by category and segment (Note 6), in millions of euros:

30.06.2026	Spain	United Kingdom	United States	Brazil	IEI	Other business, Corporation and adjustments	Total
In regulated markets	**1,802**	**1,397**	**3,553**	**3,953**	**0**	**(2)**	**10,703**
Electricity	1,802	1,397	2,640	3,953	0	(2)	9,790
Gas	0	0	913	0	0	0	913
In non-regulated markets	**6,609**	**2,614**	**799**	**179**	**1,163**	**(370)**	**10,994**
Electricity	5,898	1,751	652	173	1,143	(364)	9,253
Gas	311	819	0	0	9	(14)	1125
Other	400	44	147	6	11	8	616
Income from construction contracts	**1**	**0**	**0**	**671**	**0**	**0**	**672**
Income from lease contracts	**0**	**0**	**1**	**0**	**0**	**15**	**16**
Valuation and inefficiencies of commodities derivatives	**1**	**6**	**8**	**0**	**71**	**(2)**	**84**
Total	**8,413**	**4,017**	**4,361**	**4,803**	**1,234**	**(359)**	**22,469**

Restated (Note 2.c) 30.06.2025	Spain	United Kingdom	United States	Brazil	IEI	Other business, Corporation and adjustments	Total
In regulated markets	**1,694**	**1,166**	**3,929**	**3,333**	**0**	**(1)**	**10,121**
Electricity	1,694	1,166	2,901	3,333	0	(1)	9,093
Gas	0	0	1,028	0	0	0	1,028
In non-regulated markets	**6,517**	**2,764**	**792**	**177**	**1,305**	**(492)**	**11,063**
Electricity	5,730	1,775	643	173	1,286	(512)	9,095
Gas	420	957	0	0	8	4	1,389
Other	367	32	149	4	11	16	579
Income from construction contracts	**0**	**0**	**0**	**739**	**0**	**0**	**739**
Income from lease contracts	**0**	**0**	**0**	**0**	**0**	**15**	**15**
Valuation and inefficiencies of commodities derivatives	**119**	**0**	**3**	**0**	**33**	**7**	**162**
Total	**8,330**	**3,930**	**4,724**	**4,249**	**1,338**	**(471)**	**22,100**

30.06.2026	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
In regulated markets	**10,099**	**147**	**730**	**(273)**	**10,703**
Electricity	9,186	147	730	(273)	9,790
Gas	913	0	0	0	913
In non-regulated markets	**10**	**4,636**	**9,737**	**(3,389)**	**10,994**
Electricity	0	4,184	7,897	(2,828)	9,253
Gas	0	0	1,427	(302)	1,125
Other	10	452	413	(259)	616
Income from construction contracts	**672**	**0**	**0**	**0**	**672**
Income from lease contracts	**1**	**0**	**0**	**15**	**16**
Valuation and inefficiencies of commodities derivatives	**0**	**77**	**10**	**(3)**	**84**
Total	**10,782**	**4,860**	**10,477**	**(3,650)**	**22,469**

Restated (Note 2.c) 30.06.2025	Networks	Renewable Energy and Sustainable Generation	Customers	Other business, Corporation and adjustments	Total
In regulated markets	**9,549**	**227**	**668**	**(323)**	**10,121**
Electricity	8,521	227	668	(323)	9,093
Gas	1,028	0	0	0	1,028
In non-regulated markets	**8**	**4,646**	**9,826**	**(3,417)**	**11,063**
Electricity	0	4,178	7,830	(2,913)	9,095
Gas	0	0	1,621	(232)	1,389
Other	8	468	375	(272)	579
Income from construction contracts	**739**	**0**	**0**	**0**	**739**
Income from lease contracts	**0**	**0**	**0**	**15**	**15**
Valuation and inefficiencies of commodities derivatives	**0**	**36**	**126**	**0**	**162**
Total	**10,296**	**4,909**	**10,620**	**(3,725)**	**22,100**

15.2. Taxes

The following significant events occurred in the six-month period ended 30 June 2026:

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

  The tax base is determined by the total amount the taxpayer is entitled to receive for producing and feeding electricity into the grid, measured at power station busbars during the taxable period, with an applicable tax rate of 7%.

  The amount recorded by the IBERDROLA Group in the six-month period ended 30 June 2026 totalled EUR 86 million, compared with EUR 164 million recognised for the six-months period ended 30 June 2025.

  It should be noted in this regard that Royal Decree-Law 7/2026 of 20 March, approving the Comprehensive Response Plan for the Middle East Crisis, introduced a 10% reduction in the tax base for the first quarter of 2026 and a further 100% reduction for the second quarter.

  Royal Decree-Law 18/2026 of 29 June, adopting certain measures within the framework of the Comprehensive Response Plan for the Middle East Crisis, extends these measures by introducing a 30% reduction in the tax base for the third quarter of 2026 and a 40% reduction for the fourth quarter.

  Finally, the same regulation provides that the tax rate will be 3.5% (half the standard rate) in financial year 2027 and 0% from 2028 onwards.

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

  The expense recognised in respect of this item for the six-month periods ended 30 June 2026 and 2025 amounted to EUR 115 million and EUR 140 million, respectively.

- Tax on the production of spent nuclear fuel and radioactive waste from nuclear power generation, as outlined in Law 15/2012.

  The respective costs of this tax in the six-month periods ended 30 June 2026 and 30 June 2025 were EUR 52 million and EUR 56 million.

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

  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.

  The applicable tax rate has been 1.036 euro cents per kWh since 1 July 2024.

  These rates represented expenses of EUR 117 million and EUR 118 million, respectively, as the best available estimate, for the six-month periods ended 30 June 2026 and 30 June 2025.

- In the United Kingdom, energy efficiency schemes in the domestic sector through the ECO, Fuel Poverty and WHD schemes accounted for EUR 80 million and EUR 115 million in the six-month periods ended 30 June 2026 and 30 June 2025, respectively.

16. Income tax expense

Pursuant to IAS 34 — Interim Financial Reporting, the amount included under “Income tax” in the condensed consolidated income statement for the six-month periods ended 30 June 2026 and 30 June 2025 has been calculated on the basis of the best estimate of the expected tax rate for the corresponding annual periods.

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

The other Spanish-resident entities 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.; Group 581/24, whose parent company is Energías Renovables Romeo, S.L.; or pay income tax on an individual basis.

The table below shows how the accrued income tax expense was determined for the six months ended 30 June 2026 and 30 June 2025, in millions of euros:

	30.06.2026	30.06.2025
Consolidated profit/(loss) from continuing operations before tax	**4,167**	**4,704**
Consolidated profit/(loss) from discontinued operations before tax	**1,026**	**136**
Consolidated profit/(loss) before tax	**5,193**	**4,840**
Non-deductible expenses and non-taxable income (*)	(1,568)	(112)
Profit/(loss) of equity-accounted investees	(55)	(48)
Adjusted accounting profit (a)	**3,570**	**4,680**
Gross tax calculated at the applicable tax rate in each country (b)	**963**	**1,194**
Tax deductions due to reinvestment of windfall profits and other tax credits (c)	(76)	(65)
Adjustment of income tax expense from previous financial years (**)	8	(125)
Adjustment of deferred tax assets and liabilities	(18)	(45)
Other (***)	(119)	17
Income tax (income)/expense	**758**	**976**
Accrued income tax from continuing operations (income)/ expense	**760**	**978**
Accrued income tax from discontinued operations (income)/expense	**(2)**	**(2)**
Effective tax rate (b+c)/a	**24.85%**	**24.12%**

(*) In 2026, this mainly corresponds to the adjustment of the exemption applied to the capital gain obtained on the transfer of the interest in Iberdrola Mexico, S.A. de C.V.

(**) In 2025, this mainly included the tax impact arising from the exclusion from the income tax base of the discount to present value corresponding to the PIS/COFINS credits recorded at the distributors of the Neoenergia Group and arising from the exclusion of ICMS from the tax base for the aforementioned taxes.

(***) This mainly corresponds to the reversal of provisions for tax litigation, mainly arising from the Supreme Court's dismissal of the appeal filed by the State Attorney against the favourable judgment handed down by the National Court (*Audiencia Nacional*) concerning the conflict in the application of the tax rules (anti-avoidance) procedure.

Global Minimum Tax – Top-up Tax

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

Under these model rules, the Group is required 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%.

The legislation implementing the model rules has been approved in many of the jurisdictions in which IBERDROLA has a presence.

In Spain, the country of the group's parent company, Directive (EU) 2022/2523 of the Council of 15 December 2022 was transposed into Spanish law, mainly and in terms of the elements affecting IBERDROLA, by means of Law 7/2024, of 20 December, and the Regulation of the Region of Biscay 6/2025 of 12 December.

According to the aforementioned rules, the first financial year in which the new global minimum tax obligations became effective for the IBERDROLA Group was 2024. The Group is subject to the tax rules of the Historical Territory of Biscay (although it was subject to the provisions of Law 7/2024 on an interim basis in 2024, pending incorporation of the tax into the Basque Economic Agreement). The tax self-assessment for this first period, from which no tax will be payable, must be filed in July 2026.

The Group has assessed the impact of the global minimum tax rules based on its most recent tax returns, its country-by-country report and the financial statements of the Group's constituent entities. Based on this assessment, IBERDROLA does not expect the application of the model rules to have a significant impact on its equity in financial years 2025 or 2026, owing to one or more of the following circumstances in each of the jurisdictions in which it operates: an effective tax rate equal to or greater than the minimum rate prescribed by the global minimum tax rules; a substantial level of employees and tangible assets, resulting in the exclusion of income subject to the minimum tax; or immaterial levels of revenue and profit. Accordingly, the condensed consolidated income statement for the six-month period ended 30 June 2026 does not include any impact on current tax expense arising from these rules.

There is currently widespread uncertainty over the impact of the GloBE rules on the deferred tax assets and liabilities of entities subject to those rules. Accordingly, the amendments to IAS 12, "Income Taxes", issued by the IASB in May 2023 to reflect 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 this condensed consolidated financial information for 2026.

Administrative proceedings

Among its principles, the IBERDROLA Group 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, the Group strives to ensure cooperative dealings with the authorities, in accordance with the principles of transparency and mutual trust.

All of the IBERDROLA Group's 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 occurrence of contingent liabilities is also analysed. The Group's general approach is to record provisions for tax litigation when there is a probable risk of an outcome detrimental to the Group's interests, while it does not record such provisions when the risk is possible or remote.

Ongoing tax inspections at the reporting date in June 2026 depend on the tax law applicable in each country, but no material impacts arising therefrom not already included in these financial statements are expected.

Administrative proceedings in Spain

On 25 January 2024, the Tax and Customs Control Unit of the Central Delegation for Large Taxpayers at the State Tax Administration Agency informed Iberdrola, S.A. that it was beginning investigations into the Temporary Energy Levy for 2023. This is in line with Iberdrola's role as the main operator in the energy sector, in accordance with the decisions of the National Commission for Markets and Competition of 10 December 2020, 16 December 2021 and 9 June 2020, referenced in Section 1.1 of Law 38/2022.

In the course of this general inspection, IBERDROLA requested the exclusion of certain income from the levy base, fundamentally corresponding to expenses borne by the distributors' retail supply companies to be passed onto the end customer, equivalent to those arising from the regulated activities exempt from the levy. 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 inspection proceedings, an order was issued for the reimbursement of an amount of EUR 33 million plus late-payment interest. The income associated with this reimbursement reduced the effective expense corresponding to this levy in financial year 2024.

In January 2025, the Company received notification of the settlement confirming the disputed tax assessment initiated in July 2024. The settlement accepted the request to exclude certain income from the tax base and to refund the amounts paid, including the corresponding interest. However, it denied the request for total rectification, as the tax authorities determined that they lacked jurisdiction to assess whether the rule creating the levy is consistent with domestic and/or EU law, or to submit issues of unconstitutionality to the Constitutional Court or preliminary questions to the High Court of Justice in this respect. In May 2026, the Central Tax Appeals Board (*Tribunal Económico-Administrativo Central*) notified the Company of its decision dismissing the appeal lodged against the aforementioned tax assessment, which will be subject to a contentious-administrative appeal before the National Court within the time period granted for such purpose.

IBERDROLA also filed a claim for rectification of the self-assessments filed and paid in relation to the levy for financial year 2024, similar to that submitted for 2023. The rectification procedure initiated following the filing of that claim concluded upon the notification, on 17 March 2025, of the commencement of a general tax inspection and investigation in relation to the Temporary Energy Levy for 2024. In October 2025, the settlement confirming the disputed tax assessment issued in June was notified, as the tax inspection authorities rejected the claim for rectification of the self-assessments, again arguing that they lacked jurisdiction to assess the lawfulness of the rule creating the levy.

In October 2025, the Company lodged an economic-administrative appeal against the tax assessment before the Central Tax Appeals Board. The appeal remains pending following the submission of the corresponding pleadings in January 2026.

Meanwhile, in May 2024, the Tax and Customs Unit of the AEAT's Office for Large Taxpayers notified Iberdrola Energía España, S.A. and Iberdrola, S.A. of the initiation of general inspection and investigation proceedings in relation to income tax and VAT for financial years 2018 to 2020, in their capacity as individual companies and as the respective representatives of Income Tax Group 2/86 and VAT Group 0220/08. Those proceedings were substantially completed by the end of June 2026, with the notification of tax assessment decisions upholding the assessments proposed in the notices of disagreement issued at the beginning of the year, against a consolidated administrative appeal for reconsideration was filed in early July. Those decisions have not had any material adverse impact on the Group, as the main matters in dispute relate to jurisdictional disagreements between the State tax authority and the Biscay provincial tax authority regarding the power to audit and collect income tax in relation to certain individual companies that were originally members of the Spanish tax consolidation group, which will be for the competent bodies to resolve.

A transfer pricing matter between the same tax authorities—the State tax authorities and the Biscay provincial tax authorities—remains potentially subject to adjustment. Following the cooperation between them required under the Economic Agreement with the Autonomous Community of the Basque Country, the matter must be resolved by the Arbitration Board in light of the jurisdictional dispute raised by the latter authority, again with no material impact on the Group given the statutory mechanisms in place to prevent double taxation.

Administrative proceedings in other countries

- As a large taxpayer at both federal and state level in the United States, the Avangrid Group is currently subject to various tax inspection procedures regarding other taxes.
- In the United Kingdom, ScottishPower has been assigned low-risk taxpayer status by HM Revenue and Customs (HMRC). There are currently no ongoing general inspection procedures.
- In Mexico, in financial year 2020 and subsequent years, the Mexican tax authority (SAT) initiated numerous inspection procedures in relation to several Group companies.

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

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

Very positive progress was made during financial years 2024 and 2025 in most of the tax inspections that remained ongoing in respect of the companies that remained part of the Group. At financial year-end 2025, essentially the only matters remaining under protest via applications for revocation were the settlements notified to the engineering subsidiary following the 2017 income tax inspection and to Iberdrola Energía Noroeste, S.A. de C.V. following the sales tax inspection for financial year 2020.

In April 2026, following the fulfilment of all the conditions precedent agreed between the parties, Hidrola I, S.L.U., a wholly owned subsidiary of Iberdrola, S.A., completed the sale of the shares representing the entire share capital of Iberdrola Mexico S.A. de C.V. to COX Asset Mexico, S.A. de C.V., an indirectly wholly owned subsidiary of COX ABG Group, S.A.

The purchaser has assumed responsibility for the outcome of all litigation duly disclosed prior to completion of the transaction.

The engineering subsidiary remains within the Group, and very significant progress was made during the first half of 2026 in relation to the tax inspection proceedings.

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

The IBERDROLA Group's directors and tax advisors believe that the aforementioned issues will not give rise to further material liabilities for the Group beyond those already recognised at 30 June 2026.

Tax litigation

Tax litigation in Spain

Tax litigation for financial years 2008 to 2011

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

As regards VAT, the Central Tax Appeals Board ruling was favourable to the interests of IBERDROLA (thus annulling the tax audit reports and assessments issued by the Tax Inspectorate), while the decisions on income tax were unfavourable.

On 7 July 2020, IBERDROLA filed contentious-administrative appeals against these latter rulings before the National Court.

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

In relation to this latter matter, on 28 November 2024 the National Court handed down a judgment allowing the appeal concerning the income tax assessments issued on 30 September 2016 by the Central Office for Large Taxpayers for the 2009, 2010 and 2011 tax years. The judgment set aside the Spanish Tax Office's (*Agencia Española de Administración Tributaria*) referral of the matter under the procedure for determining the existence of a conflict in the application of tax law and allowed the appeal in full as regards the resulting tax adjustments. Although the State Attorney appealed the judgment to the Supreme Court, the latter declared the appeal inadmissible in an order dated 11 February 2026, thereby definitively annulling the tax assessments under appeal.

With regard to the remaining appeals, during the second term of 2026 the National Court delivered two judgments partially upholding the Company's claims. In particular, the judgments confirmed the deductibility of certain items taken into account in determining the tax goodwill arising on the acquisition of Scottish Power. However, the Court dismissed the Company's claim concerning the compatibility of the fair value adjustment to the stake resulting from the hedge of its net investment with the exemption applicable to dividends received from that Group company. An appeal in respect of that issue was pending at 30 June.

Tax litigation for financial years 2012 to 2020

Additionally, in December 2020 IBERDROLA was notified of the Central Tax Appeals Board's decision relating to claims filed arising from tax assessments signed in protest in limited review proceedings regarding income tax for financial years 2012 to 2014. The dispute with the 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.

On 25 January 2021, IBERDROLA filed a contentious-administrative appeal before the National Court regarding the other matters in dispute, which remains pending before the National Court at the present date.

In relation to the same issue, on 6 September 2021 IBERDROLA filed a claim with the Central Tax Appeals Board against the enforcement by the technical department of the Technical Office of the Office for Large Taxpayers of that Board's decision partially upholding the aforementioned assessment, which did not merely recognise the effects of that assessment in the affected years (2012 to 2014), but extended its effects to other preceding years. These financial years had already been subject to a general inspection. Moreover, in some of the cases there was a final judgment and res judicata therefore applied. On 3 January 2024, IBERDROLA was notified of the Central Tax Appeals Board's decision dismissing the Company's claims. The corresponding contentious-administrative appeal was filed within the relevant time limit before the National Court, with the statement of claim submitted in June 2024 and the final written submissions filed in February 2025, respectively. The appeal remained pending at the end of the reporting period. In any case, the decisions of the National Court may be appealed before the Supreme Court.

In addition, in December 2021 and July 2022, appeals were lodged before the Central Tax Appeals Board against the income tax settlements notified to Iberdrola Energía España, S.A., as representative of Tax Group 2/86, in connection with the tax assessments signed in protest by the Group in 2021 and 2022 in respect of financial years 2012 to 2014 and 2015 to 2020, respectively. The adjustments in dispute were substantially the same as those disputed in relation to financial years 2008 to 2011. On 5 June 2024, notice was served of the Central Tax Appeals Board's decision partially upholding the Group's claims in relation to financial years 2012 to 2014. Within the prescribed time limit, the Company filed the corresponding contentious-administrative appeal before the National Court in respect of the issues on which its claims had been dismissed. The statement of claim was filed in November 2024 and the final written submissions in February 2025. During the first half of 2025, the Company was notified of the Central Tax Appeals Board's decision on the joined appeal relating to financial years 2015 to 2020, which also partially upheld the Group's claims. Within the prescribed time limit, the Company also filed a contentious-administrative appeal before the National Court in respect of the issues on which its claims had been dismissed, and the statement of claim has also been filed. During the first quarter of 2026, the National Court accepted the State Attorney's acquiescence in respect of the adjustments made by the Spanish Tax Office on the basis of the alleged conflict in the application of the tax law (anti-avoidance) procedure, and ordered the appeal to continue in relation to IBERDROLA's remaining claims.

With regard to VAT, the corresponding tax appeal was lodged before the Central Tax Appeals Board in July 2022 against the settlement confirming the tax assessment signed in protest issued to Iberdrola, S.A., as representative of VAT Group 0220/08BVA, in respect of financial years 2015 to 2017. The assessment arose from adjustments made by the Spanish Tax Office following the inclusion in the pro rata recovery percentage denominator of capital gains arising on share disposals and corporate restructuring transactions. The Central Tax Appeals Board dismissed the claims of the Company, which filed the corresponding contentious-administrative appeal before the National Court in April 2025. The appeal was admitted and the statement of claim and final written submissions were filed in January and May 2026, respectively. The appeal is pending a date for deliberation and judgment in due course. In any event, the National Court judgment may be appealed before the Supreme Court.

Tax litigation related to the Temporary Energy Levy

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

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

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

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

The contentious-administrative appeals filed by AELEC and IBERDROLA are currently awaiting a decision and are both based on defects in the ordinary legality of the Ministerial Order subject to appeal as well as on grounds of unconstitutionality and infringement of Council Regulation (EU) 2022/1854 of 6 October 2022 found to exist in Spanish Law 38/2022 establishing the levy.

Tax litigation in other countries

In the United States, the most significant matter was the appeal pending before the Appeals Tribunal in relation to the New York State Income Tax audit for financial years 2012–2014. Following various attempts over recent financial years, and after the case had been assigned to an Administrative Law Judge, in the first half of 2026 the parties reached a negotiated settlement rather than pursuing the dispute through litigation, with no material impact on the results of the Avangrid Group.

In the United Kingdom, the only significant matter under dispute concerns the deductibility of certain payments made at the instruction of the electricity regulator (Ofgem). In February 2022, the *First-tier Tribunal* (Tax Chamber) ruled in favour of HMRC. The Company appealed that decision to the Upper Tribunal, which also found in favour of HMRC, following which Scottish Power was granted leave to file the corresponding appeal before the *Court of Appeal*. In January 2025, the Court of Appeal ruled in favour of the Company. However, HMRC applied for and was granted leave to appeal that decision before the Supreme Court. The hearing was scheduled for 18 May 2026, and judgment is expected to be handed down at some point in August or September 2026.

In general, no significant tax litigation is ongoing in the other jurisdictions where the Group operates, except for Brazil, where a large number of litigation and administrative and judicial proceedings are in progress. The Group considers it probable that the final rulings will be favourable (Note 18).

The IBERDROLA Group's directors and tax advisors consider that the proceedings described in the above paragraphs will not give rise to further material liabilities for the Company beyond those already recognised at 30 June 2026.

Further developments in relation to financial goodwill (Section 12.5 of the consolidated text of the Income Tax Law)

In previous financial years, the Spanish authorities applied the State aid reimbursement procedure established in the General Tax Act, thus recovering the sum from the application of Section 12.5 TRLIS in financial years 2002 to 2015 by the IBERDROLA Group, amounting to a total of EUR 665 million (EUR 576 million as principal and EUR 89 million as late-payment interest). IBERDROLA settled this amount by (i) offsetting against the EUR 363 million received under the 2016 income tax rebate, and (ii) paying EUR 302 million in February 2018. All of the foregoing is by application 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) annulled the European Commission's Decision (EU) 2015/314 of 15 October 2014 (the Third Decision), upholding all the pleas in law submitted by the entities concerned, including 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 recovered by the Spanish Tax Office must be refunded, together with the corresponding additional late-payment interest, and are recognised in an amount of EUR 790 million under "Current tax assets" within current assets in the condensed consolidated statement of financial position at 30 June 2026.

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

As at the end of June 2025, the effects arising from the request for recognition of the deduction of the goodwill that the Group had been unable to claim in terms of income tax for financial years 2016 to 2019 were also recognised, as the now definitively annulled Decision Three remained enforceable until September 2023.

Following completion of the general income tax audit of the State Tax Group, which in 2026 fully recognised the additional adjustment claimed in relation to financial years 2018 and 2019, the corresponding portion of the receivable for those financial years, with late-payment interest, has been derecognised.

The cash actually received by the Spanish Tax Office in respect of these tax years has been almost entirely offset as a result of the adjustments referred to above concerning the authority to audit and collect income tax from certain companies initially included in the State tax group. However, the relevant amounts must ultimately be refunded, together with the late-payment interest accruing until that time, by whichever tax authority—State or provincial—is ultimately found to have jurisdiction following the resolution of the relevant proceedings.

The remaining amount claimed, together with the corresponding late-payment interest, is recognised under "Current tax assets" within non-current assets in the condensed consolidated statement of financial position as at 30 June 2026, together with the related deferred tax liability.

17. Charges and reversals for asset impairment

As indicated in the consolidated financial statements of the IBERDROLA Group for 2025, the IBERDROLA Group analyses its assets for indications of impairment. If such indications are found, an impairment test is conducted. The IBERDROLA Group also conducts a systematic analysis of the impairment of cash-generating units that include goodwill or intangible assets in progress or with an indefinite useful life. Recoverable amount is defined as the higher of fair value less costs to sell and value in use, which is the present value of estimated future cash flows.

The sensitivity analyses performed in 2025 on the key assumptions used for the various cash-generating units or groups of cash-generating units considered did not reveal any significant impairment risk, except for the offshore renewable assets under development in the United States and the US onshore renewable energy cash-generating unit, in respect of which any change would entail an additional impairment, as they had been subject to valuation adjustments in previous years. The monitoring carried out during the first half of 2026 shows that the underlying performance has not changed substantially compared with that envisaged in the previous business plan, although it will be necessary to continue such monitoring through to the end of the year.

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

18. 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 this consolidated financial information, because the criteria established in accounting regulations are not met, are as follows:

Contingent liabilities

- 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. In relation to this particular matter, on 28 November 2024, the National Court upheld the appeal concerning the dispute over the settlements dated 30 September 2016 issued by the Office for Large Taxpayers for income tax in connection with financial years 2009, 2010 and 2011. The judgment annulled the Spanish Tax Office's referral to the conflict in applying the tax rules (anti-avoidance) procedure and fully upheld the appeal in connection with the tax adjustments associated with that procedure. Although the State Attorney appealed the judgment to the Supreme Court, said court declared the appeal inadmissible in an order dated 11 February 2026, thereby definitively annulling the settlements under appeal. With regard to the remaining appeals, during the second quarter of 2026 the National Court issued judgments partially upholding the Company's claims, mainly confirming the deductibility of certain items taken into account in determining the financial goodwill arising from the acquisition of Scottish Power, and ruling against the Company on the issue of whether the adjustment to the value of the investment portfolio resulting from the hedge of the net investment was compatible with the exemption for dividends received from that group entity. That issue remained subject to appeal at 30 June.

- Contentious-administrative appeals filed before the National High Court on 30 July 2024 and 4 June 2025 in relation to Central Tax Appeals Board rulings that only partially upheld the tax appeals filed on 17 December 2021 and 29 July 2022, respectively, against the income tax assessment notices issued to Iberdrola Energía España, S.A., in its capacity as representative of Tax Group 2/86, in connection with the tax assessments signed in protest by the Group in 2021 and 2022, relating to financial years 2012 to 2014 and 2015 to 2020, respectively. The adjustments in dispute are substantially the same as those discussed in relation to the years 2008 to 2011. In the appeal corresponding to financial years 2012 to 2014, pleadings were submitted in November 2024, followed by written submissions in February 2025. The appeal relating to 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. During the first quarter of 2026, the National Court accepted the State Attorney's acquiescence in respect of the adjustments made by the Spanish Tax Office under the alleged conflict in applying the tax rules (anti-avoidance) procedure, and ordered the proceedings to continue in relation to IBERDROLA's remaining claims.

- Contentious-administrative appeal filed before the National High Court on 7 April 2024 in relation to the Central Tax Appeals Board's ruling rejecting the tax appeal filed on 29 July 2022 against the VAT assessment notice for financial years 2015 to 2017 issued to Iberdrola, S.A. in its capacity as representative of the 0220/08BVA Group of Entities. The main adjustment in dispute arises from the Inspectorate's inclusion in the denominator for Iberdrola S.A.'s VAT pro rata portion of gains arising from portfolio transfers and/or corporate restructuring transactions. The Inspectorate reduced the deductible input VAT in financial year 2015 and its effect on subsequent financial years due to the adjustment of input VAT on the acquisition of investment assets. The National Court admitted the appeal, and the statement of claim and final submissions were filed in January and May 2026, respectively. The appeal is pending a date for deliberation and judgment in due course.

- 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 against the enforcement by the Technical Office of the Office for Large Taxpayers of the aforementioned Board's partially favourable ruling, which both recognised the effects of that assessment in the affected financial years (2012 to 2014) and extended those effects to other previous financial years. These financial years had already been subject to a general inspection. Moreover, in some of the cases there was a final judgment and res judicata therefore applied. On 3 January 2024, notice was served of the Central Tax Appeals Board's decision rejecting the Company's claims. The respective contentious-administrative appeal has been filed with the National Court, although a decision date cannot be estimated.

- On 24 November 2015, the National Commission on Markets and Competition (CNMC) fined Iberdrola Generación (now Iberdrola Energía España) an amount of EUR 25 million for a very serious violation, in accordance with the provisions of Section 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 appeal before the National Court has concluded, and the case was scheduled for deliberation and judgment on 11 April 2026. The National Court has issued a judgment upholding the appeal and annulling the sanction imposed by the CNMC, which may file an appeal against the judgment.

- Iberdrola Castilla y León (IBERCYL) has been summoned as a party with subsidiary civil liability alongside the Regional Government of Castile and Leon 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 Castile and Leon. 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 in 2026, 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, leaving charges against only one of the defendants linked to the company but not changing the petition or the amount of the subsidiary civil liability. The judgment is pending notification at the present date.

- In April 2026, the CNMC initiated more than 50 sanction proceedings against operators in the Spanish electricity sector as part of its investigation into the nationwide blackout of 28 April 2025. The CNMC has also approved a report including recommendations and systemic proposals to make the electricity system more efficient and resilient, identifying areas for improvement in the technical, operational and regulatory frameworks to be coordinated at domestic and European level. The CNMC has separated the proceedings from the blackout, stating that: “The facts under investigation in these proceedings do not, in themselves, attribute the origin or root cause of the blackout to the affected companies, as the incident was a product of multiple contributing factors. The initiation of these proceedings does not prejudge the final outcome of the investigation.” Twenty-four proceedings have been initiated against various investee companies of Iberdrola España in relation to voltage control at power plants, covering the period from 28 April 2023 to 28 May 2025, that is, a two-year period that is not limited to the day of the blackout. There are also two proceedings in relation to power outages at the Cofrentes and Almaraz nuclear power plants before the blackout in 2025 and after it in 2026, which are therefore not the cause of the incident. The assessment for the Iberdrola España companies is that there is a possible risk arising from the sanction proceedings initiated by the CNMC in relation to both voltage control and the outages at the nuclear power plants.

- 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.

  Noteworthy civil litigation includes the following:

  - Claims for damages brought against Neoenergia Coelba by service providers seeking the return of contractual guarantees and payment of amounts for services provided. In addition, certain proceedings have been brought by third parties in connection with alleged interruptions to electricity supply and alleged material damage resulting from incidents involving the Company's electricity network.

  - Public civil action brought by the Federal Public Prosecutor's Office (MPF) against Coelba, FUNAI and IBAMA, seeking compensation for collective moral damages and material damage relating to the Cabrobó–Pedra Branca power transmission line.

  The most significant tax disputes in Brazil are those brought against the claims upholding the infringement proceedings instituted in relation to:

- amortised gain/goodwil/ 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, both the lower and appellate courts had issued several favourable decisions concerning this issue, in relation to several of the financial years challenged by the Brazilian Treasury with respect to Neoenergia Pernambuco and Neoenergia Cosern. However, the underlying issue remained pending a final ruling by the Supreme Court until 2025. In January 2025, the Supreme Court issued a favourable final judgment in the matter concerning the amortised gain tax benefit utilised by Neo Pernambuco from 2001 to 2006. In addition, in September 2025, the Superior Court of Justice issued a favourable ruling in the Termopernambuco goodwill cases (2007 and 2008), and in November a favourable final judgment was handed down in the Pernambuco goodwill case (2001-2006). Further favourable final rulings were issued during the first half of 2026, resulting in the full cancellation of the tax assessments relating to the goodwill recognised in connection with Neo Elektro (2018) and Termopernambuco (2005-2008), following a favourable decision by the CARF (Brazil's Administrative Tax Appeals Council) and a favourable appeal court judgment, respectively. In March, moreover, the CARF accepted Neoenergia Elektro’s voluntary appeal (2019 and 2020) seeking annulment of the infringement notice, although the decision remains subject to appeal;

- 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, in relation to which the CARF issued an administrative decision unfavourable to the Company’s interests at year-end, with the tax authorities prevailing on the casting vote in respect of the principal tax liability, against which the corresponding appeal was lodged. Following the administrative proceedings, we succeeded in having the 75% penalty cancelled. However, the tax liability remained outstanding, making it necessary to bring annulment proceedings in 2026 in respect of the remaining part of the infringement notice;

- 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;

- questions concerning alleged failure to collect ICMS, registering debit cancellations without proof of origin or with procedural errors, against Neoenergia Brasília;

- in relation to the IPTU (Urban Property Tax, a Brazilian municipal tax levied on urban real estate), Neoenergia Renováveis has brought a declaratory action seeking a declaration of the non-existence of a legal tax relationship, joined with an action seeking annulment of a tax assessment, against the Municipality of Rio do Fogo. In essence, the proceedings seek the annulment of the IPTU assessments for financial years 2006, 2007 and 2011–2025, together with a declaration that there is no legal tax relationship between the Company and the municipality, on the grounds that there is no legal basis for levying that tax; and

- there is also an ongoing dispute over the imposition of the IPTU by the Municipality of Salvador (Bahia), affecting Coelba.

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

- 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;

- Legal proceedings involving the National Electric Energy Agency (ANEEL), relating to regulatory disputes and challenges regarding the lawfulness of administrative decisions adopted by the Agency.

- Through some subsidiaries, Avangrid Renewables has engineering, procurement and construction (EPC) contracts with Sterling and Wilson Solar Solutions, Inc. (SWSS) for the development of two solar plants: Lund Hill in Klickitat, WA (Lund Hill), and Pachwáywit Fields in Gillam County, OR (Montague). Avangrid Renewables believes that SWSS has breached several of its obligations under the respective EPC contracts, including construction defects and non-payment to certain subcontractors. As a result, Avangrid Renewables had to rely on letters of credit for both Montague and Lund Hill. In response, SWSS filed liens on both projects, 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 also started foreclosure proceedings in Washington State. On 26 February 2024, SWSS filed a lawsuit with a New York State court against the Lund Hill project company and Avangrid Renewables, based on the same facts as the earlier foreclosure proceedings, and seeking USD 59.9 million in damages.

- On 17 May 2024, Avangrid entered into a Merger Agreement and Plan with IBERDROLA, S.A. and Arizona Merger Sub, Inc. The Merger Agreement establishes that, on the terms and subject to the satisfaction or waiver of the conditions established therein, Merger Sub will merge with AVANGRID, making AVANGRID a wholly owned subsidiary of IBERDROLA. On 27 November 2024, Milton Deutsch filed a class action lawsuit before the Supreme Court of the State of New York, County of New York, against AVANGRID and IBERDROLA (the “Deutsch Action”). The lawsuit alleges certain breaches of fiduciary duties by AVANGRID and members of its Board of Directors related to the merger, including actions against IBERDROLA. Additional plaintiffs have since sought to join this action. The court has scheduled a hearing to decide whether to permit these parties to take part in the proceedings. On 27 January 2025, another class action lawsuit with similar claims to the Deutsch Action was filed against AVANGRID in the Southern District of New York. Rulings have been issued upholding the motions to dismiss filed by AVANGRID and IBERDROLA, with the courts finding that all applicable legal requirements have been met. The plaintiffs in the state actions have filed appeals, and a judgment has since been handed down upholding the trial court’s decision. The plaintiffs now have 30 days in which to seek leave from the Court to appeal that decision.

- The US gas companies own, or have owned, land on which gas production plants operate or have operated. This land was polluted as a result of these activities. In some cases, the soil has now been decontaminated, while in others the soil has been assessed and classified, but has yet to be cleaned. Finally, in some other cases, the extent of the pollution has yet to be determined. Where the extent of the pollution cannot be determined, no provisions have been recorded at 30 June 2026 because the cost cannot reasonably be estimated as the matter requires the regulators’ involvement 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.

<u>Contingent assets</u>

- AVANGRID initiated legal proceedings against the former owners of certain sites in order to recover the costs of environmental restoration work it was forced to pay.

<u>Other information</u>

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

Contingent assets and liabilities at 31 December 2025 are described in the IBERDROLA Group’s consolidated financial statements for that financial year.

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

19.1. Remuneration of the Board of Directors

Remuneration and other benefits received by the directors in the six-month periods ended 30 June 2026 and 30 June 2025, in millions of euros, are presented in the following table, by remuneration item:

No data	30.06.2026	30.06.2025
Remuneration for membership of the Board and/or Board Committees	3.9	3.9
Other items	0.1	0.1
Total	**4.0**	**4.0**

19.2 Remuneration of 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 30 June 2026, senior management consisted of four members (the same number as in 2025), along with the executive chairman and the chief executive officer.

Senior management comprises those members of the Company’s management who perform global functions —other than support, advisory or *staff* functions— and who report directly to the Company’s Board of Directors, chairman or chief executive officer, as well as any other person whom the Board of Directors, at the proposal of its chairman, designates as such, and, in all cases, the Chief Internal Audit and Risk Officer.

Remuneration accrued by and paid to directors and senior management during the first half of 2026 and 2025, expressed in millions of euros, is as follows.

Executive officers who are also directors [(1)]	30.06.2026	30.06.2025
Cash remuneration	1.8	1.7
Variable remuneration	3.9	4.4
Remuneration in kind and payments on account not charged	0.1	0.1
Social Security	0.4	0.2
Employer's contribution to pension plan / employee benefits insurance	0.2	0.1
Risk Policy (death and permanent disability)	0.1	0.1
Other items [(2)]	0.3	0.3
Total	**6.8**	**6.9**

Other executive officers (4 members) [(3)]	30.06.2026	30.06.2025
Remuneration in cash [(4)]	1.2	1.2
Variable remuneration [(4)]	1.4	1.3
Remuneration in kind and payments on account not charged	0.1	0.2
Social Security	0.2	0.1
Employer's contribution to pension plan / employee benefits insurance	0.3	0.3
Risk Policy (death and permanent disability)	0.6	0.5
Other items [(2)]	0.3	0.3
Total	**4.1**	**3.9**

(1) The total remuneration paid to the Chief Executive Officer from 1 January 2025 until his replacement on 24 June 2025 amounted to EUR 1,943 thousand. 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 thousand.

(2) Includes the remuneration of officers who are directors and of senior management who have served as directors of Neoenergia, S.A. and AVANGRID, Inc.

(3) In addition to the executive chairman and the chief executive officer.

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

The first of the three annual payments of the *2023–2025 Strategic Bonus* was made during the first half of 2026, consisting of the delivery of 861,166 shares, after having calculated the level of achievement of the targets to which this remuneration is pegged. The third of the three annual payments of the *2020–2022 Strategic Bonus* was made during the first half of 2025, consisting of the delivery of 941,670 shares.

Moreover, the *2023–2025 Deferred Extraordinary Remuneration* was paid during the first half of 2026 for a total gross amount of EUR 1,500 thousand.

In addition, there were no related-party transactions involving the executive officers during the first half of 2026 and 2025.

20. Related-party transactions and balances

The following transactions take place within the normal course of business and are carried out under normal market conditions.

The most significant transactions carried out with the IBERDROLA Group during the six months ended 30 June 2026 and 30 June 2025, in millions of euros, were as follows:

No data	Six-month period ended 30.06.2026				
No data	Significant shareholders (1)	Directors and executive officers (2)	Group companies, associates and joint ventures	Other related parties	Total
Expenses and income					
Finance expenses	0	0	(2)	0	**(2)**
Services received	0	0	(1)	0	(1)
Purchases (3)	0	0	(143)	0	**(143)**
Total expenses	**0**	**0**	**(146)**	**0**	**(146)**
Finance income	0	0	15	0	**15**
Services rendered	0	0	29	0	29
Sales	0	0	11	0	11
Total income	**0**	**0**	**55**	**0**	**55**
Other transactions					
Purchase of PP&E, intangible and other assets	0	0	4	0	4

No data	Six-month period ended 30.06.2025				
No data	Significant shareholders (1)	Directors and executive officers (2)	Group companies, associates and joint ventures	Other related parties	Total
Expenses and income					
Finance expenses	0	0	(1)	0	**(1)**
Services received	0	0	(1)	0	(1)
Purchases (3)	0	0	(107)	0	**(107)**
Total expenses	**0**	**0**	**(109)**	**0**	**(109)**
Finance income	0	0	2	0	**2**
Services rendered	0	0	16	0	16
Sales	0	0	30	0	30
Total income	**0**	**0**	**48**	**0**	**48**
Other transactions					
Purchase of PP&E, intangible and other assets	0	0	6	0	6

Balances with related parties, in millions of euros, were as follows at 30 June 2026 and 30 June 2025:

No data	30 June 2026				
No data	Significant shareholders (1)	Directors and executive officers (2)	Group companies, associates and joint ventures	Other related parties	Total
Trade and other receivables	0	0	21	0	21
Loans and credits granted	0	0	618	0	618
Total receivables	**0**	**0**	**639**	**0**	**639**
Trade and other payables	0	0	(39)	0	(39)
Loans and credits received	0	0	(104)	0	(104)
Total payables	**0**	**0**	**(143)**	**0**	**(143)**

No data	30 June 2025				
No data	Significant shareholders (1)	Directors and executive officers (2)	Group companies, associates and joint ventures	Other related parties	Total
Trade and other receivables	0	0	12	0	12
Loans and credits granted	0	0	128	0	128
Total receivables	**0**	**0**	**140**	**0**	**140**
Trade and other payables	0	0	(34)	0	(34)
Loans and credits received	0	0	(118)	0	(118)
Total payables	**0**	**0**	**(152)**	**0**	**(152)**

(1) At 30 June 2026 and 30 June 2025, there were no significant shareholders who 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.

(2) Refers to transactions other than those disclosed in Note 19.

(3) Relates mainly to purchases of electric power.

21. Events occurring after 30 June 2026

The following significant events have occurred since 30 June 2026 and up to the date of authorisation for issue of this condensed consolidated financial information:

Reduction in share capital

On 1 July 2026, the public instrument relating to the share capital reduction approved at the General Shareholders' Meeting of the Company held on 29 May 2026, under item 10.1 of the agenda, was executed. The share capital reduction was effected through the cancellation of treasury shares.

Details of the reduction in share capital are as follows:

No data	Date of filing at the Mercantile Registry	% Capital	Number of shares	Face value	Euros
Reduction in share capital	6 July 2026	2.706 %	182,845,603	0.75	137,134,202

Following the capital reduction, share capital stands at EUR 4,931,250,000, represented by 6,575,000,000 shares, each having a par value of EUR 0.75.

Iberdrola Retribución Flexible

On 2 July 2026, the following terms were established in relation to the implementation of the first increase in capital by means of a scrip issue (*Iberdrola Retribución Flexible*), as approved by the shareholders at the General Shareholders' Meeting of IBERDROLA held on 29 May 2026, under item 8 on the agenda:

- The maximum number of shares to be issued under the capital increase is 131,500,000.
- The number of free-of-charge allocation rights required to receive one new share is 50.
- The maximum par value of the capital increase is EUR 98,625,000.
- The gross amount of the Total Final Dividend per share is EUR 0.427, which is the sum of:

  (i) the Adjustment Dividend, amounting to EUR 0.002 gross per share; and

  (ii) the Final Dividend, amounting to EUR 0.425 gross per share.

Capital markets

The most significant financing arranged by the IBERDROLA Group after 30 June 2026 in the capital markets is as follows:

Borrower	Transaction	Amount (millions)	Currency	Interest rate	Maturity
Iberdrola Finanzas	Private bond	600	CNH	2.010 %	Jun 32

The IBERDROLA Group's liquidity position, taking into account financing operations signed after 30 June 2026, amounts to EUR 21,464 million (Note 14).

Investment in Caruna Oy and Caruna Espoo Oy

On 21 July, Iberdrola Energía Internacional, S.A.U entered into a share purchase agreement with Suomi Power Networks TopCo B.V. for the direct or indirect acquisition of 80% of the share capital of Suomi Power Networks MidCo B.V., a Dutch company that indirectly holds 100% of the shares in two Finnish concession companies, Caruna Oy and Caruna Espoo Oy which, together, constitute the main electricity distribution operator in Finland (Caruna Group).

The valuation attributed to 100% of the Caruna Group, in enterprise value terms, including net financial debt, is approximately EUR 5,000 million, and will entail a total approximate outlay by Iberdrola Energía Internacional for 80 % of its share capital of EUR 2,014 million, comprising a payment of approximately EUR 1,014 million on the closing date of the transaction and a deferred payment of approximately EUR 1,000 million, payable within the 30 months following closing, subject to the customary adjustments in transactions of this nature.

The transaction has been entered into on customary market terms and is subject to the conditions precedent typical of transactions of this nature, including, among others, obtaining third-party approvals and the relevant regulatory authorisations regarding foreign investments in Finland, foreign subsidies and merger control by the European Commission. The Transaction is expected to be completed by the end of 2026 or during the first quarter of 2027.

22. Explanation added for translation into English

This condensed consolidated financial information is 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

INDUSTRY REGULATION AND OPERATION OF THE ELECTRICITY AND GAS SYSTEM

Various provisions affecting the energy sector were enacted in the first half of 2026. This section addresses the most significant developments.

Spain

- New regulations

Various provisions affecting the energy sector were enacted during the first half of 2026. The most significant developments are presented below:

Remuneration

Resolution of 23 January 2026 of the National Commission on Markets and Competition (CNMC), provisionally establishing the remuneration of companies owning electricity transmission facilities for financial year 2026, and Resolution of 23 January 2026 of the CNMC, provisionally establishing the remuneration of electricity distribution companies for financial year 2026.

Resolution of 26 February 2026 of the CNMC, establishing the remuneration of companies owning electricity transmission facilities for financial year 2023. It sets the remuneration for electricity transmission at EUR 1,471 million for 2023.

RECORE

Order TED/53/2026 of 27 January, 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. The Order establishes the remuneration parameters for renewable energy, cogeneration and waste (RECORE) facilities for the 2025–2031 period, and more specifically for the 2026–2028 sub-period. It maintains the reasonable rate of return for the 2026–2031 period, reduces the standard operating hours of the facilities, makes the adjustment for actual market prices for the previous sub-period of 2023–2025 and updates the market technology price shaping coefficients in line with those resulting for 2025.

Tariffs and charges

Order TED/634/2026 of 17 June, approving the distribution of the amounts to be financed in respect of the *bono social* (social electricity tariff) 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. The Order establishes the unit values for financing the 2026 social electricity tariff following the increase in discounts approved by Royal Decree-Law 7/2026. These values will apply from settlement No. 7 for the 2026 financial year.

Supply

Royal Decree 88/2026 of 11 February, approving the General Regulation on the Supply, Marketing and Aggregation of Electricity. The Royal Decree regulates the supply of electricity and also includes provisions governing the closure of power plants that are not awarded capacity market contracts, the role of the independent aggregator, and other matters relating to generation access and grid connection.

Urgent measures

Royal Decree-Law 7/2026 of 20 March, approving the Comprehensive Response Plan for the Middle East Crisis. It introduces both temporary measures (including temporary tax relief and protection measures for vulnerable groups) and structural measures (promoting electrification and the development of renewable energy, energy storage and self-consumption) aimed at reducing the impact of the crisis caused by rising hydrocarbon prices. Resolution of 26 March 2026 of the Congress of Deputies, ordering the publication of the Resolution approving Royal Decree-Law 7/2026 of 20 March enacting the Comprehensive Response Plan to the Middle East Crisis.

Royal Decree-Law 18/2026 of 29 June, adopting certain measures under the Comprehensive Response Plan for the Middle East Crisis. This is the second Royal Decree-Law implementing the Comprehensive Response Plan to the Middle East Crisis and introduces both temporary and structural measures, specifically in the areas of energy, taxation, agriculture and fisheries, transport and social policy. Among the measures adopted, the progressive abolition of the Tax on the Value of Electricity Production (IVPEE) is particularly noteworthy. The tax rate will be reduced to 0% from 2028 onwards and this will apply indefinitely.

2027 General State Budget

Order HAC/557/2026 of 3 June, laying down the rules for the preparation of the 2027 General State Budget. The 2027 General State Budget is meant to contribute to greater energy resilience and strategic autonomy by supporting renewable energy and consolidating a structural transformation of the productive model based on the ecological transition, digitalisation and innovation.

Price caps

Royal Decree-Law 4/2026 of 10 February, guaranteeing equitable access to goods and services in emergency situations. It amends the General Law on the Protection of Consumers and Users with the aim of introducing a new legal framework to prevent abusive price increases in the event of an emergency, heightened risk or necessity. It also enhances price transparency in commercial offers.

Electricity operating procedures

Resolution of 19 January 2026 of the National Commission on Markets and Competition (CNMC), amending Electricity Operating Procedures 3.1, 3.2 and 7.2 to facilitate voltage stabilisation in the Spanish mainland electricity system. The CNMC approved amendments to Electricity Operating Procedures 3.1, 3.2 and 7.2 with the aim of improving grid stability by helping to reduce those factors that cause sudden fluctuations in the grid.

CNMC Resolution of 11 May 2026, amending Electricity Operating Procedure 7.5 to improve the efficiency of the allocation of the active demand response service. The resolution to amend Electricity Operating Procedure 7.5, "Active demand response service", is intended to improve the efficiency of service allocation and create more competitive conditions in future auctions.

CNMC Resolution of 19 June 2026, approving Electricity Operating Procedure 7.6 for the black start service. It establishes the framework governing the provision of the non-frequency black start service in the Spanish mainland electricity system.

CNMC Resolution of 19 June 2026, amending Electricity Operating Procedures 9.2 and 14.4 to enable the settlement of penalties associated with failures to submit real-time information. Electricity Operating Procedure 9.2 defines the real-time information to be exchanged by the System Operator with the other participants in the electricity system in order to fulfil its functions and obligations, and sets out the procedures and time limits for the exchange of such information. Electricity Operating Procedure 14.4 establishes the receivables and payment obligations arising from ancillary services for the purposes of the settlement process.

Recovery and Resilience Facility (RRF) grants

Resolution of 15 April 2026 of the Secretary of State for Energy, approving the amounts corresponding to investments made by electricity distribution companies for which payment of grants financed through Spain's Recovery, Transformation and Resilience Plan (PRTR) has been authorised in respect of 2022. The Resolution approves the grant amounts to be awarded to 26 electricity distribution companies for investments made in 2022 and financed under the PRTR.

Large industrial energy consumer

Order TED/635/2026 of 23 June, regulating the role of a large industrial energy consumer for the purposes of accounting for final energy savings under the national energy efficiency obligation scheme and the application of alternative energy efficiency measures. It defines what constitutes a large industrial energy consumer and enables such companies to generate Energy Saving Certificates (CAEs) through their energy efficiency measures until 2030, with effect from January 2024.

Cogeneration auctions

Royal Decree 530/2026 of 24 June, establishing the framework governing calls for applications for inclusion in the specific remuneration scheme for cogeneration facilities. It provides for auctions organised by the Market Operator and supervised by the CNMC for a total of 1,200 MW (600 MW per year in 2026 and 2027) under a specific remuneration scheme recognising a regulated rate of return of 7.09%.

National Strategy against Energy Poverty (ENPE) 2026–2030

On 17 February 2026, the Council of Ministers approved the National Strategy against Energy Poverty (ENPE) 2026–2030, continuing the first Strategy for the 2019–2024 period. The new strategy lays the foundations for a shift from a predominantly assistance-based approach to a more structural one and, together with the Social Climate Plan, aims to drive improvements in energy efficiency and the environmental conditions of vulnerable consumers.

Housing Plan 2026–2030

Royal Decree 326/2026 of 22 April, regulating the State Housing Plan 2026–2030. The plan focuses on energy-efficient renovation, electrification and the decarbonisation of the building stock as a means of reducing energy demand, making the energy system more resilient and bolstering security of supply, while advancing towards a more efficient energy model.

National Energy Efficiency Fund (FNEE) 2026

Order TED/133/2026 of 25 February, establishing the energy saving obligations, compliance through Energy Saving Certificates and the minimum contribution to the National Energy Efficiency Fund (FNEE) for 2026. The Order specifies the obligations incumbent on electricity, gas and petroleum retail suppliers in 2026 to contribute to the national energy efficiency targets.

- Regulations in process

In addition, the following regulations with a direct impact on Iberdrola are currently being processed:

Investment in networks

Agreement of the Council of Ministers of 23 June 2026, authorising the urgent administrative processing of the draft Royal Decree regulating the investment plans for electricity transmission and distribution networks, with a view to fast-tracking the approval of the 2026–2031 Electricity Transmission Network Development Plan. The Ministry for the Ecological Transition and the Demographic Challenge (MITECO) launched the public consultation on the draft Royal Decree regulating investment plans for electricity transmission and distribution networks. It maintains the current GDP limits (0.13% for distribution and 0.065% for transmission) and, for the 2026–2030 period, authorises a direct annual increase of EUR 1,540 million for the distribution sector, subject to specific investments meeting prescribed justification and verification requirements, and EUR 720 million per year for transmission.

Transmission Grid Planning 2030

The CNMC published its report on the initial proposal for the development of the electricity transmission network for the 2025–2030 period and on the amendment of certain aspects of the 2021–2026 Transmission Network Development Plan (INF/DE/273/25). The proposal for the 2030 Electricity Transmission Network Development Plan and its strategic environmental assessment were subject to consultation, including with the affected public authorities and interested parties, and to public consultation for the purposes of both the substantive and environmental procedures. On 12 September 2025, MITECO announced the proposed 2030 Electricity Transmission Network Development Plan, which was opened for public consultation on 9 October 2025. The Plan envisages investment of EUR 13,590 million by the end of the decade to meet the country's needs and achieve the objectives of the 2023–2030 National Energy and Climate Plan (NECP).

Electricity distribution remuneration for 2023

CNMC – Public consultation on the proposed Resolution establishing the remuneration of companies owning electricity distribution facilities for 2023. In light of the submissions received during the first hearing process and the amendments made, a second hearing process was initiated on 16 July 2026, with a deadline of 23 July 2026 set for submitting observations.

Flexible access

CNMC – Public consultation on the proposed resolution establishing flexible demand access rights to the transmission and distribution networks. The proposed Resolution regulates flexible demand access rights for both the transmission and distribution networks. It also establishes a distribution operating procedure for managing network flexibility and amends the operating procedures required to enable these installations to participate in the market.

Connection requirements

MITECO – Public consultation on the draft Royal Decree establishing the minimum design, equipment, operational and safety requirements for facilities connecting to the electricity transmission and distribution networks. The draft Royal Decree lays down the minimum grid connection requirements and constitutes the technical framework governing grid connection requirements, including fault ride-through capability.

Nationwide blackout

Public consultation on the proposal for a resolution establishing the criteria to be applied by the System Operator for the settlement of 28 and 29 April 2025. The proposed Resolution sets out the settlement criteria applicable to the process of restoring electricity supply following the nationwide blackout.

Social Climate Plan

MITECO – Public consultation on the draft Social Climate Plan. The draft Social Climate Plan focuses on two main areas—buildings and transport—with the aim of structurally reducing energy consumption and promoting electrification.

Energy Saving Certificates (CAEs)

Public consultation on the draft Royal Decree amending Royal Decree 36/2023 of 24 January establishing the Energy Saving Certificate Scheme. The proposed amendment extends from three to five years the period during which Energy Saving Certificates (CAEs) may be settled after 31 December, in order to facilitate compliance by obligated parties.

United Kingdom

RIIO-3 price controls: Ofgem's RIIO-3 price controls for electricity and gas transmission and gas distribution networks run for five years from 1 April 2026 to 31 March 2031. Licensees submitted their 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 GBP 10.4 billion, an increase of GBP 438 million 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 at 5.64% for SPT. As a result, the overall semi nominal WACC for SPT is 5.67%, up from 5.64% in the Draft Determination. SPT secured the highest reward under the Business Plan Incentive of any TO or gas network company at 11.8 bps of Return on Regulated Equity. All three TOs have accepted Ofgem's Final Determinations for RIIO-ET3 which commenced 1 April 2026. 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 Decision on 21 May 2026, in which it confirmed that it will retain its current methodology for setting the cost of capital, with a central business plan assumption for the cost of debt at 3.2% (real) and 6.08% for the cost of equity and an implied cost of capital of 4.35% (real).

Contracts for Difference (CfD) auctioning for renewable generation and the Clean Industry Bonus: The Energy Department ('DESNZ') progressed work to prepare for CfD Allocation Round 8 (AR8) and published an indicative timeline on 27 May 2026. AR8 will run to a single timeline, unlike AR7 which was split between offshore and non-offshore technologies. The application window is expected to run from 20 July to 7 August 2026, with results expected from late 2026 to early 2027, depending on reviews and appeals. However, in the event of appeals, DESNZ has indicated that it may run a 'pending applications' process which would allow the allocation round to take place earlier, in which case results would be delivered between 5 and 7 January 2027. DESNZ will confirm whether it will use this 'pending applications' process on 15 October, with a 'minded-to' approach announced ahead of this on 7 October. DESNZ also ran the AR8 Clean Industry Bonus ('CIB') application window for AR8 from 13 to 21 May 2026.

Electricity Generator Levy: The Treasury announced on 21 April 2026 that the rate of the Electricity Generator Levy (EGL) would increase from 45% to 55% above the benchmark price with effect from 1 July 2026. The benchmark remains unchanged at £75/MWh uprated for CPI inflation (i.e. currently £82.61/MWh). HMT also announced that the Levy would be extended beyond its currently scheduled end date of 31 March 2028 (with details of this to follow later this year). The Government noted its hope that this move will encourage existing generators to participate in a new voluntary 'wholesale CfD' allocation process next year (see below).

Wholesale Contracts for Difference: The Energy Department (DESNZ) announced plans to run a voluntary allocation process in 2027 to offer Contracts for Difference (CfDs) to existing merchant or Renewable Obligation (RO)-supported renewable and existing nuclear generation as a means of reducing the impact that gas prices have on the wholesale price of electricity. The proposed 'Wholesale CfD' ('WCfD') would see generators give up expected forward wholesale revenues in exchange for a fixed power price under a CfD, with DESNZ envisaging that RO generators would continue to receive RO support alongside this, as they currently do. DESNZ plans to consult on the detail of the WCfD and the allocation process later this year.

Reformed National Pricing (RNP) and Strategic Spatial Energy Plan: the Government's Reformed National Pricing ('RNP') Delivery Plan and associated consultation was published on 21 April 2026, complementing the National Energy System Operator's Call for Input in respect of 'Reforms to Balancing, Settlement and Dispatch', and Ofgem's Call for Input on possible reforms to network charging. In parallel, the National Energy System Operator continues to work on the development of a Strategic Spatial Energy Plan ('SSEP') which will sit at the heart of the RNP programme, with a plan to consult on a draft SSEP in early 2027 ahead of final publication towards the end of 2027. The SSEP will be a key input into the NESO's central strategic network plan (CSNP) to be delivered at the end of 2028. On 30 June 2026, the NESO published an update to its second transitional CSNP, 'Beyond 2030', broadly reaffirming the electricity transmission projects identified in the original report (which was produced in March 2024). In total 43 projects will be required across GB in the 2030s to meet government objectives.

Grid connections reform: The Government is working with Ofgem and the National Energy System Operator ('NESO') to reduce grid connection timescales to support progress towards decarbonising the power sector, seeking to achieve a streamlined pipeline of projects that are verifiably ready to connect and aligned with the Government's Clean Power 2030 Plan and subsequent strategic energy planning. NESO completed its reassessment of the connections queue under its reformed ('TMO4+') process in December 2025, judging 382 GW of generation, storage and demand projects to have met the criteria to be included in the new queue, whilst over 300 GW of projects did not progress. Connection offers for projects in the new queue will be issued over the next 12 months and NESO has indicated that the first window for new applications will be in Q3 2026. In February and March 2026 Ofgem and DESNZ published complementary proposals to tackle the huge growth in the demand connections queue at transmission level, notably from data centres. In a June 2026 update, Ofgem outlined its plans to take forward proposals for transmission self-build connections for demand, including the creation of an independent transmission owner (ITO) licence. In addition, Ofgem will develop a workstream to enable flexible and non-firm demand connections to the transmission system.

Ofgem's Cap and Floor support regime for Long Duration Electricity Storage ('LDES'): Ofgem announced on 26 June 2026 that it was minded to award support to 16 projects across a range of technologies (though dominated by lithium-ion BESS and pumped storage hydro) totalling 7.6 GW. This is at the top end of what NESO advised would be required to achieve the Clean Power 2030 target (2.7-7.7 GW), with Ofgem noting that this would allow for a degree of project attrition. Ofgem is consulting on this proposal, with final awards due to be announced in the autumn.

Energy Retail Tariff Cap: Ofgem's default tariff cap was introduced in 2019 to protect domestic customers on default tariffs. On 27 May 2026, Ofgem announced that the cap level would rise by 13% for the period running from July to September 2026 compared to the previous three months. The primary driver was the increase in wholesale costs following the Middle East conflict. Consumer bills will be affected through the unit rate level increasing, while the standing charge element will drop slightly. On the same day, Ofgem published a decision to amend the Typical Domestic Consumption Values (TDCV) used to communicate the average consumer bill, from 1 July 2026. This reflects the reduction in average usage by households since the values were last updated in 2023 – electricity by ~11% and gas by ~17%. Ofgem's proposed Debt Relief Scheme requiring suppliers to write off certain historic debts for qualifying low-income customers has not yet been implemented.

The King's Speech setting out a legislative programme: The State Opening of Parliament took place on 13 May 2026 marking the start of a new parliamentary session. The King's Speech set out the programme of legislation for the new session, including three Bills covering the energy sector: (i) an 'Energy Independence Bill' – though there is currently limited detail on the specific measures which the Bill will cover; (ii) a 'Nuclear Regulation Bill' – which is intended to implement the recommendations of the Fingleton Nuclear Regulatory Review conducted last year; (iii) an 'Electricity Generator Levy Bill' – limited in scope to implementing the changes to the EGL outlined above. An 'EU Partnership Bill' will also facilitate the implementation of any new agreements as part of the UK-EU reset negotiations, including those relating to linking emissions trading schemes to the possible participation of the UK in the EU's Internal Electricity Market.

Seventh Carbon Budget: The Government laid the draft Carbon Budget 7 Order on 2 June, setting the carbon budget for the period from 2038 to 2042 at 535 MtCO2e (equivalent to a ~87% emissions reduction from 1990 levels), in line with the Climate Change Committee's independent advice. The Order was approved by the House of Commons on 24 June 2026.

United States

Trade and tariffs

Uncertainty persists when it comes to US trade and tariff policy. Key actions have already been taken by the Trump Administration affecting critical minerals, battery inputs, solar components and infrastructure materials.

The Administration temporarily removed the threat of immediate Section 232 tariffs on critical minerals, creating a window for bilateral trade negotiations until 13 July 2026. However, tariffs or minimum import prices could still be imposed on specific critical minerals if the Administration determines that satisfactory agreements have not been reached in a timely manner.

The Department of Commerce narrowed the scope of the AD/CVD investigations on active anode materials to imported materials only, meaning that downstream products such as battery cells, modules, and integrated systems are not expected to face tariffs under those proceedings. Separately, Commerce issued preliminary affirmative CVD determinations on solar cells from India, Indonesia and Laos, imposing significant preliminary rates on most companies beginning 26 February 2026, with some retroactivity back to 28 November 2025. Preliminary antidumping rates and final AD/CVD decisions are expected later in 2026.

Import enforcement also remains a key concern, particularly under the Uyghur Forced Labor Prevention Act, which continues to restrict imports tied to China's Xinjiang region unless importers can demonstrate compliance. While solar remains a major enforcement focus, copper, lithium, and steel have also become high-priority areas. In parallel, litigation over the Administration's use of Section 122 to impose a 10% global tariff is ongoing. Although the Court of International Trade ruled against the Administration, the Federal Circuit has temporarily stayed that decision, meaning that tariffs continue to be collected while the case proceeds. The tariff authority remains time-limited and is currently set to expire on 24 July 2026, although further appeals could extend the prevailing uncertainty into 2027.

In addition, the Administration made temporary changes to Section 232 tariffs for steel and aluminium, effective from 8 June until 31 December 2027. These changes include reduced rates for qualifying transmission, substation and grid equipment, as well as a lower rate for suppliers meeting US-origin metal-content thresholds. However, many commodity steel, aluminium and copper products used in infrastructure projects remain exposed to higher tariff rates, maintaining cost and supply chain risks for energy and infrastructure development.

Permitting

Administration actions continue to create uncertainty for wind and solar development, particularly through federal permitting restrictions and litigation. In December 2025, the Department of Interior issued an order requiring offshore wind projects to suspend most ongoing activities for 90 days on national security grounds, while allowing power generation, emergency response activities and work necessary to protect health, safety and the environment to continue. The offshore wind projects challenged the stop-work order in federal court, and were granted a stay, allowing affected construction activities to resume.

Separately, the District Court for the District of Massachusetts granted a preliminary injunction pausing several Department of the Interior and Army Corps of Engineers policies that had hindered wind and solar permitting. These included requirements for senior political review of wind and solar decisions, new “capacity density” standards in NEPA analysis, Army Corps prioritisation of projects based on annual energy per acre, restrictions on the use of the IPaC system, and changes to the evaluation of offshore activities. The ruling prevents agencies from implementing those policies for now, though the government has indicated that it intends to appeal, and the industry has yet to see meaningful changes in applicable permitting processes.

Onshore wind development also remains constrained by delays in the Department of War approval process. Roughly 30 GW across more than 160 projects are currently stalled, with no mitigation agreements signed since August 2025 and no new agreements sent to developers for counter-signature since February 2026. Although interim guidance was issued in May, it has not provided any clarity on processing wind applications. Regional trade associations have filed suit to challenge these delays, and additional states or developers may join the action as plaintiffs.

FERC

On 19 March 2026, FERC issued Opinion No. 594 addressing pending litigation over the return on equity (ROE) for New England Transmission Owners (NETOs). The Commission set a prospective ROE of 9.57%, backdated that rate to 2014, and ordered NETOs to issue customer refunds for two periods: one beginning October 16 2014, and a separate 15-month period commencing in October 2011. Following this decision, NETOs filed an application with FERC seeking approval of a new prospective ROE of 11.39%, which remains pending before the Commission.

On 11 June 2026, a coalition of state agencies in Connecticut submitted a formal protest to FERC regarding the 50-basis point ROE incentive adder applied to transmission owners within the state. Typically, this incentive is awarded to transmission owners that voluntarily choose to participate in a regional transmission organization. In 2025, CT passed legislation requiring participation. FERC has not yet reached a decision on this matter.

On 18 June 2026, FERC issued a series of orders addressing large load interconnections to the transmission system. FERC's action signals a more active federal role in large load interconnection policy, seeking to standardise treatment across regions while accelerating interconnections and enhancing consumer protection, reliability, transparency, and market integrity. The orders direct RTOs/ISOs and transmission owners to address large load definitions and study processes, cost allocation, co-location arrangements, and new transmission services, with responses due by 17 August 2026, and the option to pursue reforms through new FERC filings instead of potentially prescriptive FERC-imposed changes. This initiative presents opportunities arising from load growth and transmission investment while creating risks around cost allocation, regulatory uncertainty and implementation complexity.

New York

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 above 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 future energy demand, including growing energy demand across New York, along with plans to upgrade existing ageing infrastructure and systems to improve reliability and customer service for millions of upstate New York energy customers. On 14 May 2026, the NYPSC set temporary rates to provide interim relief and urged the parties to return to settlement negotiations. The temporary rates took effect on 1 June 2026, and are designed to moderate bill impacts, maintain system investment, and allow additional time for the Commission to fully review the record and consider economic conditions. The temporary rates order established a make-whole provision for rates to be updated with effect from June 2026 once final rates are determined. The Companies filed a notice of impending settlement negotiations on 2 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 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 8 August 2025. The public comment period concluded in November 2025. DPS Staff provided feedback in March 2026, and the Companies filed revised plans on 23 April 2026. 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 programs 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 246 requests for information to NYSEG and RG&E and conducted seven interviews. The target date for the draft audit report is August 2026, with the final report scheduled for September 2026.

Coordinated Grid Planning Process: New York State's first-ever Coordinated Grid Planning Process ("CGPP") was initiated in early 2024 for the purpose of identifying a least-cost portfolio of electric transmission solutions that facilitate the achievement of New York's energy goals by adding capacity for new generation. The CGPP was a six-stage process undertaken jointly by the New York Joint Utilities with technical modelling assistance from the New York Independent System Operator (NYISO) and input from the Energy Policy Planning Advisory Committee (EPPAC) and Department of Public Service Staff. This process resulted in USD 8.67 billion of transmission projects proposed by the Joint Utilities, USD 2.86 billion of which are NYSEG and RG&E projects. The Commission is expected to rule on these proposals in Q4 2026, and the second cycle of the CGPP is expected to begin in 2027.

Powering New York: NYSEG and RG&E are advancing the Powering New York programme, a portfolio of large-scale, multi-year transmission projects intended to improve reliability and resilience and to support New York State's clean energy goals. The companies' near-term outlook is focused on executing the current rate plan, progressing major grid modernisation investments and managing regulatory, operational and supply chain risks. Key capital priorities from 2026–2028 include CLCPA transmission portfolios, reliability and asset condition work, AMI, resilience initiatives, substation rebuilds and preparation for future load growth and renewable integration.

Maine

The 2025 Annual Compliance Filing was filed on 17 February 2026, outlining a net reduction in distribution rates of USD 1109 million, mainly due to storm costs. During deliberations on 9 June 2026, the Maine Public Utilities Commission unanimously approved the Company's filing without modification.

On 17 April 2026, CMP filed a distribution rate case with the Maine Public Utilities Commission. This proposal reflects an initial phase seeking a one-year rate plan with an ROE of 9.80% and an equity ratio of 50%, with new rates to take effect in May 2027. Included in this request was a request for temporary rates in the amount of USD 69.4 million effective from 17 May 2026. The second phase of the proceeding will address a multi-year follow-on to the first phase. It is anticipated that the Company will submit this proposal in the first half of 2027. The Company completed its responses to 1,155 discovery requests on 8 June 2026. Technical conferences will take place over the next two weeks. Intervenor filed testimony on 20 July 2026. The Company anticipates that the matter of temporary rates will be addressed after this step.

Connecticut

On 19 November 2025, the Connecticut Superior Court for the Judicial District of New Britain remanded the entirety of the evidentiary record in the 2023 CNG and SCG Rate Case back to PURA to reconsider the underlying rate applications as if they were new requests due to the illegal and improper procedure conducted by the former Chairperson. Shortly thereafter, PURA opened two new dockets in response to the remand and has been engaged with the Companies and intervenors to determine the scope and timetable for the remand. The Companies expect a proposed final decision to be released on 23 July 2026, with a final decision due on 16 September 2026 following the opportunity to provide written exceptions and oral arguments.

On 3 March 2026, PURA issued a revised Final Decision in the 2024 UI Rate Case, in response to the Company's Motion for Reconsideration filed on 12 November 2025. The Company's motion focused on the penalties applied to the ROE, the denial of inflation protection, the recovery of Board expenses and audit costs. In its revised Final Decision, PURA removed the ROE penalties that totalled 10 basis points, restoring the allowed ROE to 9.45%, but denied the Company's other requests for reconsideration.

Massachusetts

On 14 November 2025, BGC filed a five-year rate modification request with the Massachusetts Department of Public Utilities ("DPU"), 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. In the first four months of 2026, BGC received and responded to over 670 data requests issued by various intervenors. On 10 April 2026, BGC filed a Motion to Extend the Procedural Schedule to engage in settlement discussions with the MA Attorney General's Office ("AGO"). On 28 May 2026, BGC filed with the DPU a notice that it had reached a settlement in principle with the AGO and the final terms of the settlement agreement was filed with the DPU by mid-June 2026.

Brazil

Smart metering systems deployed by distribution companies: On 29 January, MME Regulatory Order No. 126/2026 was published, establishing the guidelines for the deployment of smart metering systems by electricity distribution companies. The Order aims to promote the digitalisation of distribution networks by establishing deployment targets, investment plans and cost-benefit analyses to support the expansion of smart metering across the sector.

Factor X – Customer satisfaction and service quality: On 20 February, ANEEL Normative Resolution No. 1148/2026 was published, establishing measures to increase customer satisfaction and improve the quality of electricity distribution services. Issued pursuant to Decree No. 12068/2024, the Resolution strengthens the regulatory incentives linked to the performance of electricity distribution companies and increases the weighting of customer satisfaction and service quality in the determination of the X Factor, a component of distribution tariff Component B.

Renegotiation of the Public Property Use (*Uso de Propiedad Pública, UBP*) fee: Law No. 15235/2025 authorised the renegotiation of overdue UBP fees through the early settlement of those fees at a discount. The renegotiation is limited to power plants auctioned under the maximum UBP payment model and, in Neoenergia's case, includes the Itapebi and Corumbá III hydroelectric power plants. On 24 February, ANEEL published Resolution No. 668/2026, setting out the amounts payable by the eligible power plants for early settlement and approving the terms of the addendum to the concession agreements. The amounts applicable to Neoenergia's hydroelectric power plants are as follows:

Hydroelectric power plant	Holder(s)	Present value of future payments (discounted at an annual rate of 7.31%)	Outstanding UBP balance to be renegotiated/settled with a 50% discount
Itapebi	Itapebi Geração de Energia S.A.	BRL 24,858,229.08	BRL 12,429,114.54
Corumbá III	Neoenergia Renováveis S.A.	BRL 20,050,993.76	BRL 10,025,496.88
	Energética Corumbá III, S.A.	BRL 13,367,329.48	BRL 6,683,664.74
Total		58.276.552,32 R$	29.138.276,16 R$

Both power plants fully opted into the renegotiation under the proposed terms. The funds raised through the process will be used to moderate electricity tariffs for consumers in the North and Northeast regions, which is expected to provide tariff relief for customers of Neoenergia Coelba, Cosern and Pernambuco.

PROINFA contracts: On 31 March, Neoenergia signed the addendum to the PROINFA contract for the Rio do Fogo wind farm (Enerbrasil), extending the term of the contract by 20 years in accordance with the procedure established by Decree No. 12834/2026. The Decree established a new price of BRL 270.14/MWh, effective from the month following the signature of the extension addendum. On 16 April, the signed addendum was published by ENBPar.

Update of the Regulatory Rates of Return on Capital: In March 2026, ANEEL Resolution No. 675/2026 was published, updating the Regulatory Rates of Return on Capital for the distribution, transmission and generation segments in respect of processes handled by the technical departments from 1 March 2026 onwards. Subsequently, on 7 April, the Resolution was republished after the appeals lodged had been partially upheld. As a result, the real post-tax rate was set at 8.10% for distribution and 7.99% for transmission and generation. The real pre-tax rate was set at 12.28% for distribution and 12.11% for transmission and generation.

Annual Tariff Readjustment – Neoenergia Cosern: Homologating Resolution (REH) No. 3573/2026 approved the 2026 Annual Tariff Readjustment for NEOENERGIA COSERN, effective from 22 April 2026. The Company's tariff readjustment will result in an average increase of 5.40% for consumers, comprising a 10.90% increase for high-voltage consumers and a 3.74% increase for low-voltage consumers.

Annual Tariff Readjustment – Neoenergia Coelba: Homologating Resolution (REH) No. 3578/2026 approved the 2026 Annual Tariff Readjustment for NEOENERGIA COELBA, effective from 22 April 2026. The Company's tariff readjustment resulted in an average increase of 5.85% for consumers, comprising a 10.21% increase for high-voltage consumers and a 4.19% increase for low-voltage consumers.

Annual Tariff Readjustment – Neoenergia Pernambuco: Homologating Resolution (REH) No. 3583/2026 approved the 2026 Annual Tariff Readjustment for NEOENERGIA PERNAMBUCO, effective from 29 April 2026. The Company's tariff readjustment will result in an average increase of 4.25% for consumers, comprising a 7.19% increase for high-voltage consumers and a 3.41% increase for low-voltage consumers.

Extension of concession terms: In May 2026, an early extension was formalised in respect of the concession agreements of 14 electricity distribution companies, three of which belong to the Neoenergia group: Neoenergia Coelba, Neoenergia Cosern and Neoenergia Elektro. Under this measure, the concessions are extended for a further 30 years, marking a new phase in the Company's operations in Brazil's electricity distribution segment. The initiative follows the early renewal of the concession of Neoenergia Pernambuco, formalised in September 2025.

National Programme for Universal Access to and Use of Electricity – *Luz para Todos*: On 11 May 2026, Decree No. 12964/2026 was published, expanding the scope of the 'Luz para Todos' ('Light for Everyone') programme, with a particular focus on remote areas of the Legal Amazon, productive development and social inclusion. The Decree also broadens the priority groups eligible for assistance to include households headed by women registered in the CadÚnico (Brazil's Single Registry for Social Programmes), households including persons with disabilities, dependent older persons or recipients of the Continuous Cash Benefit (BPC), as well as traditional communities and family farmers.

Capacity Reserve Auction – Batteries: On 3 June, the MME published Ordinance No. 136/2026, establishing the Guidelines and Rules for the 2026 Capacity Reserve Auctions (LRCAP, by its Portuguese acronym) – Batteries. Two auctions were established: (i) storage projects with minimum local content requirements and (ii) storage projects in general. The contracts will have a term of 15 years, with supply due to commence in August 2028.

Tariff Review – Transmission Companies: ANEEL Resolution No. 2163/2026 of 15 June 2026 approved the outcome of the Periodic Tariff Review of the Permitted Annual Revenues (RAP, by its Portuguese acronym) of the transmission companies scheduled for review this year. Among Neoenergia's transmission companies, only the RAP for Neoenergia Morro do Chapéu was reviewed, approving an amount of BRL 241.26 million, representing a revenue adjustment of 10.42%. The authorised amount took effect on 1 July.

Permitted Annual Revenues (RAP): On 24 June 2026, ANEEL Resolution No. 2268 was published, establishing the Permitted Annual Revenues (RAP) for transmission facilities operated by public electricity transmission concessionaires for the 2026–2027 regulatory cycle. The RAP for Neoenergia's transmission companies was adjusted in accordance with the economic indices provided for in the respective concession agreements. For Afluente T., the adjustment was based on the 12-month variation in the IGP-M, amounting to 1.95%, whereas for the remaining transmission companies, it was based on the variation in the IPCA over the same period, amounting to 4.72%.

Energy Storage System Regulations: On 24 June, ANEEL published two Normative Resolutions regulating energy storage systems (ESS) in Brazil (Normative Resolutions 1061/2026 and 1062/2026). Three categories of energy storage systems were established: (i) stand-alone; (ii) co-located; and (iii) closed-loop pumped-storage hydropower plants (UHR, by its Portuguese acronym).

European Union

During the first half of 2026, discussions took place on how the EU should response to the rise in oil and gas prices stemming from the ongoing conflicts in the Middle East, alongside the publication of the proposals and strategic guidelines associated with the Clean Industrial Deal (CID) and the Action Plan for Affordable Energy Prices (both originally presented in February 2025).

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.

In relation to these initiatives, the most significant development in recent months has been the publication of the proposal for the Industrial Accelerator Act (IAA), Which aims to support the development and competitiveness of the manufacturing industry, with the aim of increasing its share of EU GDP to at least 20% by 2035. The proposal focuses on a number of strategic sectors, including energy-intensive industries, the automotive sector and so-called cleantech. It covers four main areas:

- Expediting the permitting of industrial projects.
- Lead markets: introducing requirements (from 2029) for public procurement covering products of EU origin and/or with a low carbon footprint, as well as under national support schemes for certain products in energy-intensive industries and the automotive sector.
- Conditions governing foreign direct investment in emerging strategic sectors.
- Designation of industrial acceleration areas.

There are two key initiatives in place to address the rise in energy prices:

- Commission Communication of 5 May 2026 on the Temporary Crisis Framework in response for the Middle East crisis (C/2026/2593), allowing increased aid for electro-intensive consumers to offset their wholesale electricity costs and enabling Member States to subsidise combined-cycle gas-fired power plants in order to reduce electricity prices.
- Commission Communication of 22 April 2026, AccelerateEU – Energy Union: Affordable and Secure Energy through Accelerated Action (COM(2026) 370), aimed at accelerating the transition to homegrown clean energy and electrification. The Communication includes a more electricity-friendly tax framework, improved coordination between the Member States, enhancements to the regulatory framework and measures to protect consumers (including industry) from price *shocks*, while also promoting investment.

The Council and the European Parliament have also made progress on the legislative proposals published during 2025, with a view to their possible adoption by the end of 2026:

- Mobility: proposals relating to the Automotive Package, notably the revision of the CO2 Emission Performance Standards Regulation for Light-Duty Vehicles (providing manufacturers with greater flexibility in complying with CO2 emission limits between 2025 and 2027) and the proposed Regulation on Corporate Fleets for Large Companies (promoting their electrification).

- Energy grids: proposals included in the Grids Package, such as the revision of the Trans-European Energy Infrastructure (TEN-E) Regulation, Directive (EU) 2023/2413 (Renewable Energy Directive) and Directive (EU) 2019/944 (Electricity Market Directive), on measures to accelerate permitting for renewable energy, energy storage and charging infrastructure, and to strengthen network planning and cross-border interconnections.
- Environmental Omnibus: notably a new Regulation to accelerate environmental assessments, consistent with the permitting acceleration measures included in the Grids Package.

The following legislative acts have also been published in the Official Journal of the European Union (OJEU):

- Regulation (EU) 2026/261 of 26 January 2026 on phasing out Russian natural gas imports and preparing the phase-out of Russian oil imports.
- Regulation (EU) 2026/667 of 11 March 2026 amending Regulation (EU) 2021/1119 as regards the setting of a Union intermediate climate target for 2040. The Regulation sets a binding target of a 90% net reduction in greenhouse gas emissions by 2040 compared with 1990 levels, while limiting the use of (high quality) international carbon credits to 5%.
- Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements, with the aim of simplifying such processes.
- Commission Implementing Regulation (EU) 2026/718 of 20 March 2026 laying down rules as regards minimum environmental sustainability requirements for public procurement procedures involving certain net-zero technologies.
- Regulation (EU) 2026/1046 of the European Parliament and of the Council of 29 April 2026 amending Regulation (EU) 2019/1242 as regards the calculation of emission credits for heavy-duty vehicles for the reporting periods of the years 2025 to 2029.
- Commission Recommendation (EU) 2026/1008 of 30 April 2026 on the summary of the main contractual terms of energy supply contracts.

Consolidated management report for the six-month period ended 30 June 2026

1. Significant events in the first half of 2026

1.1 Currency performance

During the first half of 2026, the average exchange rates of IBERDROLA's principal reference currencies changed as follows: pound sterling depreciated by 3.1% against the euro and the US dollar by 6.8%, while the Brazilian real appreciated by 4.6% against the euro. The impact of exchange rate movements on the income statement for the period was negative, reducing EBITDA by EUR 106 million and net profit by EUR 218 million.

1.2 Demand

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

- In Spain, the energy mix during the first half of 2026 saw increased generation from solar PV (+3.4%), wind (+5.8%), combined-cycle plants (+5.6%) and nuclear (+1.4%) compared with the same period in 2025, while generation from coal (-89.7%), cogeneration (-26.3%) and hydroelectric power (-10.2%) declined.

  In the first half of 2026, mainland electricity demand was up 1.4% on the previous year. In labour and temperature-adjusted terms, this translates into a 0.9% increase.

  Likewise, the first half of 2026 ended with a hydro producer index of 1.2 and hydro reserves at 14.2 TWh (78.7%).

- In the United Kingdom, electricity demand increased by 1.3%, while conventional gas demand fell by 3% in the first half of 2026 compared with the same period of 2025 due to milder weather conditions.

- Demand for electricity in Avangrid's area of operation on the east coast of the United States was up 0.3% in the period compared with the same period of 2025, while gas demand fell by 8.2%.

- Elsewhere, demand in Neoenergia's areas of operation in Brazil was up 2.3% on the figure for the first half of 2025.

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

Business combinations

In March 2026, Neoenergia completed the acquisition of a stake in Energética Corumbá III, giving it control of the Corumbá III, S.A., power plant.

Sale of subsidiaries

- In January 2026, the sale went ahead of the stakes in Energyworks Milagros, S.L., Energyworks San Millán, S.L., Energyworks Fonz, S.L. and Energyworks Monzón, S.L.
- In January 2026, the Group completed the sale of its interest in Iberdrola Renovables Magyarország KFT.
- In March 2026, Iberdrola France completed the sale of its onshore wind portfolio in France.
- In April 2026, Neoenergia, S.A. completed the sale of its interest in Energética Águas da Pedra, S.A. (EAPSA), the company that owns the UHE Dardanelos hydroelectric power plant.
- In April 2026, Hidrola I, S.L.U. completed the sale of the entire share capital of Iberdrola Mexico, S.A. de C.V. to COX Asset Mexico, S.A. de C.V., an indirect wholly owned subsidiary of COX ABG Group, S.A.

1.4 Key operating figures

- ### Installed capacity

The information as at 31 December 2025 has been restated to exclude Mexico, following its classification as a discontinued operation.

At the end of the first half of 2026, the IBERDROLA Group had 54,320 MW of installed capacity, a net 798 MW more than at year-end 2025. At 30 June 2026, IBERDROLA's emission-free capacity reached 86.5% of total capacity (46,975 MW on a consolidated basis), compared with 86.2% at year-end 2025.

Installed capacity by technology and geographic region is as follows:

No data	30.06.2026			Restated 31.12.2025			Change in consolidated MW
By technology	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Renewables	**43,798**	**2,016**	**45,814**	**42,963**	**1,912**	**44,875**	**835**
Onshore wind	20,480	491	20,971	20,035	491	20,526	445
Offshore wind	2,230	390	2,620	2,230	286	2,516	0
Hydroelectric	11,500	1,123	12,623	11,732	1,123	12,855	(232)
Mini hydroelectric	203	0	203	229	0	229	(26)
Solar and other (1)	8,689	12	8,701	8,041	12	8,053	648
Batteries (2)	696	0	696	696	0	696	0
Thermal	**10,522**	**247**	**10,769**	**10,559**	**255**	**10,814**	**(37)**
Nuclear	3,177	0	3,177	3,177	0	3,177	0
Gas combined cycles	6,488	204	6,692	6,488	204	6,692	0
Cogeneration	857	43	900	894	51	945	(37)
Total power (MW)	**54,320**	**2,263**	**56,583**	**53,522**	**2,167**	**55,689**	**798**

No data	30.06.2026			Restated 31.12.2025			Change in consolidated MW
By countries	Consolidated in EBITDA terms	Managed by investees (*)	Total	Consolidated in EBITDA terms	Managed by investees (*)	Total	
Spain	32,229	286	32,515	31,898	293	32,191	331
United Kingdom	3,272	15	3,287	3,211	15	3,226	61
United States (2)	10,321	839	11,160	10,193	736	10,929	128
Brazil	2,811	1,123	3,934	3,044	1,123	4,167	(233)
IEI	5,687	0	5,687	5,176	0	5,176	511
Total power (MW)	**54,320**	**2,263**	**56,583**	**53,522**	**2,167**	**55,689**	**798**

(*) Includes the proportional part of MW.

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

(2) In the United States, there are 13 MW of installed fuel cell capacity.

Changes in installed capacity are as follows:

– In Spain the net change was 331 MW:

  - solar photovoltaic capacity increased by 366 MW, following the installation of modules at Ayora-Cofrentes. Meanwhile, 4 MW of capacity at the Electra del Maestrazgo facility was decommissioned.
  - wind capacity increased by 32 MW at the Iglesias wind farm (70 MW planned), following its commissioning during the second quarter of 2026, and by 48 MW at the Isabela wind farm, where the repowering works have now been completed. Meanwhile, 47 MW of installed capacity were decommissioned as part of the repowering of the Muras wind farm;
  - the sale of seven small hydroelectric plants with a total installed capacity of 27 MW was completed; and
  - installed thermal capacity in Spain declined by 37 MW following a reduction in cogeneration capacity, bringing the total to 9,136 MW.

– In the United States, solar PV capacity increased by 39 MW at the Tower Solar plant (166 MW planned), which began commercial operations in April 2026, and by 15 MW at Oregon Trail (58 MW planned), where construction work is ongoing. Meanwhile, onshore wind capacity increased by 29 MW at the Juniper Canyon wind farm (136 MW planned) and by 45 MW at Osagrove Flats (153 MW planned), which is progressing as planned.

– In the United Kingdom, 62 MW of wind capacity was installed at Cumberhead West (113 MW planned), where commercial operations are expected to begin in the second half of 2026.

– Iberdrola Energía Internacional increased its installed capacity by 511 MW:

  - in Italy, installed solar photovoltaic capacity increased at the Montalto di Castro (42 MW) and Montelungo (20 MW) plants. An agreement was also reached to acquire a 40 MW wind farm in Basilicata from Belenergia and RGREEN INVEST;
  - in Australia, 169 MW was installed at the Broadsound Solar PV plant (376 MW planned), and 242 MW of wind capacity was added following the acquisition of the Ararat wind farm;
  - in Hungary and France, the sales of the onshore wind assets were completed (158 MW and 118 MW, respectively); and
  - in Portugal, installed wind capacity increased by 274 MW following completion of construction of the Támega facility.

– In Brazil, 39 MW of hydropower capacity was added following the consolidation of the UHE Corumbá plant after Neoenergia increased its interest in the facility to 76%, while 261 MW was removed following the disposal of Neoenergia’s 75% interest in the Dardanelos hydroelectric power plant.

– In April 2026, Iberdrola completed the divestment of its business in Mexico after obtaining the necessary regulatory approvals. The transaction perimeter includes 2,600 MW of operational installed capacity (1,166 MW from combined-cycle plants, 202 MW from cogeneration plants, 590 MW from wind farms, and 642 MW from PV assets).

- **Production**

In the first half of 2026, the IBERDROLA Group's total production was up 1.0% to 58,097 GWh (57,538 GWh in the first half of 2025).

Production by technology and geographic region is as follows:

	30.06.2026			Restated 30.06.2025			
By technology	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Chg. (%) – consolidated**
Renewables	**42,762**	**3,147**	**45,909**	**43,008**	**3,329**	**46,337**	**(0.6)**
Onshore wind	21,299	411	21,710	21,058	499	21,557	1.1
Offshore wind	3,969	341	4,310	3,466	35	3,501	14.5
Hydroelectric	13,149	2,388	15,537	14,349	2,791	17,140	(8.4)
Mini hydroelectric	277	0	277	256	0	256	8.2
Solar and other (2)	4,068	7	4,075	3,879	4	3,883	4.9
Thermal	**15,335**	**77**	**15,412**	**14,530**	**117**	**14,647**	**5.5**
Nuclear	10,547	0	10,547	10,663	0	10,663	(1.1)
Gas combined cycles	2,987	13	3,000	2,207	7	2,214	35.3
Cogeneration	1,801	64	1,865	1,660	110	1,770	8.5
Total production (GWh)	**58,097**	**3,224**	**61,321**	**57,538**	**3,446**	**60,984**	**1.0**

	30.06.2026			Restated 30.06.2025			
By countries	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Consolidated in EBITDA terms**	**Managed by investees (*)**	**Total**	**Chg. (%) – consolidated**
Spain	32,541	191	32,732	32,972	270	33,242	(1.3)
United Kingdom	4,301	9	4,310	3,379	7	3,386	27.3
United States (2)	13,256	636	13,892	12,474	378	12,852	6.3
Brazil	3,108	2,388	5,496	4,328	2,791	7,119	(28.2)
IEI	4,891	0	4,891	4,385	0	4,385	11.5
Total production (GWh)	**58,097**	**3,224**	**61,321**	**57,538**	**3,446**	**60,984**	**1.0**

(*) Includes the proportional part of MW.

(2) In the United States, there is 35 MW of fuel cell production included in solar and other technologies.

- ## Retail supply

– Spain

The IBERDROLA Group's electricity sales in Spain were up 14.1% in the first half of 2026, distributed as follows:

Spain	30.06.2026	30.06.2025	Change (%)
Free market	29,237	26,601	9.9
PVPC	3,474	3,373	3.0
Other markets	10,133	7,571	33.8
Electricity sales (GWh)	**42,844**	**37,545**	**14.1**

– United Kingdom

In the period ended 30 June 2026, 4,474 GWh of electricity (4,748 GWh in the first half of 2025) and 10,178 GWh of gas (10,531 GWh in the first half of 2025) were supplied to customers, down 5.8% and 3.4%, respectively, on the same period in 2025, largely due to lower average demand, a slight decline in the number of customers and the discontinuation of the I&C (Industrial & Commercial) business.

– Brazil

Electricity sales in the first half of 2026 declined to 4,354 GWh, down 22.0% on the same period of 2025, with the following breakdown:

Brazil	30.06.2026	30.06.2025	Change (%)
PPA	2,136	2,741	(22.1)
Free market	2,218	2,840	(21.9)
Electricity sales (GWh)	**4,354**	**5,581**	**(22.0)**

– Iberdrola Energía Internacional (IEI)

The Iberdrola Group's electricity sales in Portugal in the first half of 2026 declined to 3,438 GWh, down 14.4% on the same period of 2025, with the following breakdown:

Portugal	30.06.2026	30.06.2025	Change (%)
Free market	3,326	3,912	(15.0)
Other markets	112	104	7.7
Electricity sales (GWh)	**3,438**	**4,016**	**(14.4)**

- ## Networks

In the first half of 2026, the total electricity distributed by the Group amounted to 136,648 GWh, up 10% on the same period of 2025, while gas distribution fell by 8.2% to reach 35,206 GWh.

The breakdown by geographic region is as follows:

No data	30.06.2026	30.06.2025	Change (%)
Spain	45,369	44,871	1.1
United Kingdom	26,779	20,190	32.6
United States	18,500	18,435	0.4
Brazil [2]	46,000	40,706	13.0
Total electrical distribution (GWh) [1]	**136,648**	**124,202**	**10.0**
United States	35,206	38,369	(8.2)
Total gas distribution (GWh)	**35,206**	**38,369**	**(8.2)**

[1] Reported in power station busbars.
[2] Adjusted figures including distributed generation.

Electricity and gas supply points increased 1.1% against June 2025 to number over 38.2 million, thanks to organic growth across all geographies.

No data	30.06.2026	30.06.2025	Change (%)
Spain	11.60	11.60	0.0
United Kingdom	6.10	6.10	0.0
United States	2.30	2.30	0.0
Brazil	17.20	16.80	2.4
Total electricity	**37.20**	**36.80**	**1.1**
United States	1.00	1.00	0.0
Total gas	**1.00**	**1.00**	**0.0**
Total supply points managed	**38.20**	**37.80**	**1.1**

1.5 Key figures of the condensed consolidated income statement

Key figures for the first half of 2026 are as follows (in millions of euros):

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Gross income	12,257	12,353	(0.8)
Gross operating profit – EBITDA	8,050	8,027	0.3
Net operating profit – EBIT	5,226	5,262	(0.7)
Net profit for the period attributable to the parent	4,336	3,562	21.7

When comparing net profit attributable to the parent company for the two periods, account should be taken of the sale of the entire share capital of Iberdrola Mexico, S.A. de C.V. to COX Asset Mexico, S.A. de C.V., which was completed in April 2026 and effectively marked the Group's exit from the country. The transaction generated a gain, net of tax, of EUR 1,019 million (EUR 1,075 million before tax), which is presented under "Net profit/(loss) for the period from discontinued operations (net of tax)".

1.5.1 Gross income

Gross income amounted to EUR 12,257 million, down 0.8% on the figure reported in the same period of 2025 (EUR 12,353 million). Changes in the average exchange rates of the Group's currencies reduced gross income by EUR 220 million; excluding this effect, gross income would have increased by 1.0%.

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Spain	4,360	4,336	0.6
United Kingdom	2,804	2,586	8.4
United States	2,837	3,294	(13.9)
Brazil	1,685	1,551	8.6
IEI	551	568	(3.0)
Other business, Corporation and adjustments	20	18	11.1
Total gross income	**12,257**	**12,353**	**(0.8)**

- In Spain, gross income was up 0.6%, equivalent to EUR 24 million, to reach EUR 4,360 million.
    - The Networks business increased its contribution by EUR 77 million, driven by the new regulatory framework, a larger asset base and adjustments relating to prior years.
    - The Customers business increased its contribution to gross income by EUR 115 million, driven by higher sales volumes to end customers.
    - The Renewables and Sustainable Generation business reduced its contribution by EUR 172 million compared with the first half of 2025, largely due to lower prices and lower output.

- The United Kingdom increased its contribution by 8.4%, or EUR 218 million, to EUR 2,804 million.

  - The Networks business increased its contribution by EUR 233 million, with a negative exchange rate effect of EUR 46 million, mainly due to the contribution made by Electricity North West, which was fully consolidated for accounting purposes in March 2025, along with a higher contribution from transmission due to higher tariffs, and an increase in the distribution asset base.

  - The Customers business reduced its contribution by EUR 34 million, including a negative foreign exchange impact of EUR 20 million. The decline was largely due to quieter sales volumes, mainly as a result of prevailing weather conditions.

  - The Renewables and Sustainable Generation business increased its contribution by EUR 20 million, despite a negative foreign exchange impact of EUR 24 million. The improvement was mainly driven by higher onshore and offshore wind generation, although prices were lower.

- The contribution made by the United States in the period fell by EUR 457 million (-13.9%) to EUR 2,837 million.

  - The Networks business reduced its contribution by EUR 444 million, including a negative foreign exchange impact of EUR 159 million. Despite higher distribution tariffs in Connecticut and New York and the increased contribution made by the transmission business, including the positive contribution from NECEC (which commenced commercial operations on 16 January 2026), the lower contribution overall was due to the recognition of regulator-guaranteed assets in New York in the six-month period ended 30 June 2025.

  - The Renewables and Sustainable Generation business contributed EUR 13 million less than in the first half of 2025, with a negative effect of EUR 49 million due to exchange rate fluctuations. Stripping out the foreign exchange impact, the contribution increased by EUR 36 million, driven by higher wind and solar generation as a result of improved resource availability and increased installed capacity, as well as higher captured prices. This operational improvement was partly offset in the comparison between periods by the contribution from the sale of Renewable Energy Certificates (RECs) in the first quarter of 2025.

- Brazil's gross income amounted to EUR 1,685 million, an increase of EUR 134 million, or 8.6%.
  - The Networks business increased its contribution by EUR 151 million, including a positive foreign exchange impact of EUR 70 million. Excluding this impact, its contribution increased by EUR 81 million, driven by higher revenue from tariff updates, stronger demand and a larger asset base.
  - Gross income from the Customers business contributed EUR 4 million more than in the previous year.
  - The Renewables and Sustainable Generation business reduced its contribution by EUR 22 million, including a positive foreign exchange impact of EUR 4 million. The remaining decline was predominantly due to lower prices.
- Iberdrola Energía Internacional contributed EUR 551 million to the Group's gross income, down EUR 17 million, or 3.0%, from the previous year.
  - The Customers business reported a reduction in gross income of EUR 5 million compared with the same period of 2025.
  - The contribution made by the Renewables and Sustainable Generation business to gross income was EUR 10 million lower than in 2025, or EUR 13 million excluding the foreign exchange impact. This decline was largely due to the business's exit from Hungary and France and to lower prices.

1.5.2 Gross operating profit – EBITDA

Gross operating profit (EBITDA) for the first half of 2026 was up EUR 23 million (+0.3%) to reach EUR 8,050 million (EUR 8,027 million in the first half of 2025). The exchange rate effect was negative at EUR 106 million.

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

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Spain	2,968	2,913	1.9
United Kingdom	1,968	1,729	13.8
United States	1,439	1,887	(23.7)
Brazil	1,353	1,138	18.9
IEI	321	408	(21.3)
Other business, Corporation and adjustments	1	(48.0)	
Total EBITDA	**8,050**	**8,027**	**0.3**

In addition to the performance in gross income explained above, net operating expenses were down EUR 31 million (-1.1)% to reach EUR 2,713 million, while the exchange rate effect was a positive EUR 71 million.

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

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Spain	620	602	3.0
United Kingdom	647	620	4.4
United States	894	916	(2.4)
Brazil	326	408	(20.1)
IEI	207	136	52.2
Other business, Corporation and adjustments	19	62	(69.4)
Total net operating expenses	**2,713**	**2,744**	**(1.1)**

Taxes other than income tax were down EUR 88 million to reach EUR 1,494 million, compared with EUR 1,582 million in the same period of 2025.

This was driven by the lower Tax on the Value of Electricity Production (IVPEE), lower hydro concession fees as a result of lower generation in Spain, and the lower Electricity Generator Levy ("windfall tax") in the United Kingdom, which more than offset the higher cost of the social tariff and the increase in network taxes resulting from the larger asset base in the United States and the United Kingdom (including ENW).

Taxes other than income tax, by country, are as follows (in millions of euros):

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Spain	772	821	(6.0)
United Kingdom	189	237	(20.3)
United States	504	491	2.6
Brazil	6	5	20.0
IEI	23	24	(4.2)
Other business, Corporation and adjustments	0	4	(100.0)
Total taxes other than income tax	**1,494**	**1,582**	**(5.6)**

1.5.3 Net operating profit – EBIT

Net operating profit (EBIT) amounted to EUR 5,226 million, down 0.7% on the first half of 2025 (EUR 5,262 million), including a negative foreign exchange impact of EUR 52 million.

Net operating profit (EBIT), by country, is as follows (in millions of euros):

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Spain	2,059	2,061	(0.1)
United Kingdom	1,395	1,156	20.7
United States	738	1,144	(35.5)
Brazil	1,009	814	24.0
IEI	124	222	(44.1)
Other business, Corporation and adjustments	(99)	(135)	(26.7)
Total EBIT	**5,226**	**5,262**	**(0.7)**

Amortisation, depreciation and provisions and impairment losses on trade receivables and contract assets increased by EUR 59 million. The exchange rate effect had a positive impact of EUR 54 million on these items.

- impairment losses on trade receivables and contract assets were down EUR 47 million to EUR 224 million; and
- amortisation, depreciation and provisions was up EUR 12 million to EUR 2,600 million, compared to EUR 2,588 million in 2025.

Amortisation, depreciation and provisions and valuation adjustments by country are as follows:

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change (%)
Spain	909	852	6.7
United Kingdom	573	573	0
United States	701	743	(5.7)
Brazil	344	324	6.2
IEI	197	186	5.9
Other business, Corporation and adjustments	100	87	14.9
Total amortisation, depreciation and provisions	**2,824**	**2,765**	**2.1**

1.5.4 Net finance income

Financial gains/(losses) showed an increase in costs of EUR 508 million to reach to EUR 1,113 million (EUR 605 million in the first half of 2025), with this change broken down as follows:

	30.06.2026	Restated (Note 2.c) 30.06.2025	Change
Gains/(losses) on debt	(1,337)	(1,288)	(49)
Derivatives and other	224	683	(459)
Total	**(1,113)**	**(605)**	**(508)**

The change can be largely explained by:

– Gains/(losses) on debt deteriorated by EUR 49 million, mainly due to the higher proportion of debt denominated in Brazilian reais, despite the lower average outstanding balance.

– Gains/(losses) on derivatives and other items were EUR 459 million lower, mainly due to the settlement of the East Anglia Three derivatives (EUR 282 million) in the first half of 2025 and lower gains on other derivatives.

The average cost of adjusted net financial debt increased by 44 basis points to 5.13%, compared with 4.69% in the same period of the previous year, mainly due to higher financing rates in Brazil and the appreciation of the Brazilian real.

Excluding Brazil, the average cost of debt decreased by 3 basis points to 3.50%, compared with 3.53% in the same period of the previous year, due to the active management of interest rates during the period.

1.5.5 Results of equity-accounted investees

The results of equity-accounted investees showed a profit of EUR 55 million, compared with profits of EUR 48 million in the same period of 2025.

1.5.6 Profit before tax

Profit before tax amounted to EUR 4,167 million, compared with EUR 4,704 million in the first half of 2025.

1.5.7 Taxes

The corporate income tax expense from continuing operations was EUR 218 million lower to reach EUR 760 million, reflecting lower profit before tax, as well as the reversal of a provision relating to a tax dispute.

The effective tax rate for the six months ended 30 June 2026 was 24.85%, compared with 24.12% for the six months ended 30 June 2025.

1.5.8 Net profit for the period attributable to the parent

Lastly, net profit for the period attributable to the parent amounted to EUR 4,336 million, up 21.7% (equivalent to EUR 774 million) on the figure reported in the same half of 2025 (EUR 3,562 million).

1.6 Key figures of the condensed consolidated statement of financial position

The IBERDROLA Group's statement of financial position at 30 June 2026 showed total assets of EUR 165,102 million, confirming its strong financial position.

- **Investments in Property, plant and equipment**

Total net investments in Property, plant and equipment from January to June 2026, as disclosed in Note 7, amounted to EUR 4,317 million.

Investments in the period mainly took place at the Networks and Renewables businesses, in line with the Group's strategy, broken down as follows (in millions of euros):

30.06.2026		% of total invested
Customers business	40	0.9
Renewable Energy and Sustainable Generation business	1,725	40.0
Networks business	2,533	58.7
Other business, Corporation and adjustments	19	0.4
Total	**4,317**	**100.0**

Investment by country, in millions of euros, was as follows:

30.06.2026		% of total invested
Spain	665	15.4
United Kingdom	1,715	39.7
United States	1,112	25.8
Brazil	14	0.3
Iberdrola Energía Internacional	792	18.4
Other business, Corporation and adjustments	19	0.4
Total	**4,317**	**100.0**

- Spain (EUR 665 million): mainly in Networks (EUR 279 million) and photovoltaic and wind projects (EUR 355 million), with the remainder taking place in the Customers business (EUR 31 million).

- United Kingdom (EUR 1,715 million): EUR 1,393 million was invested in Networks and EUR 319 million in renewable projects, mainly the offshore projects in the East Anglia complex, with the remaining EUR 3 million invested in the Customers business.

– United States (EUR 1,112 million): mainly in Networks (EUR 862 million) and photovoltaic and onshore wind projects (EUR 250 million).

– IEI (EUR 792 million): EUR 791 million was invested in the Renewables and Sustainable Generation business, including the Windanker offshore wind project in Germany and photovoltaic and wind projects, mainly in Italy and Australia. The remaining EUR 1 million was invested in the Customers business.

- **Capital**

Following completion of the capital increase on 4 February 2026 as part of the *Iberdrola Retribución Flexible* optional dividend programme, the Company's share capital at 30 June 2026 amounted to 6,757,845,603 bearer shares, each with a par value of EUR 0.75 (Note 10).

In keeping with the announced commitment to keep the number of shares stable at 6,240 million, the shareholders acting at the General Shareholders' Meeting approved a share capital reduction through the cancellation of 182,845,603 treasury shares, representing 2.706% of the Company's share capital. The capital reduction took place on 1 July 2026 (Note 21).

- **Debt structure**

Adjusted net financial debt at 30 June 2026 increased by EUR 3,936 million compared with 31 December 2025 and by EUR 1,306 million compared with the same period of the previous year, to EUR 53,972 million (EUR 50,037 million at 31 December 2025 and EUR 52,666 million at 30 June 2025, or EUR 52,604 million excluding the assets and liabilities contributed by Mexico).

Meanwhile, adjusted net leverage at 30 June 2026 increased by 1.58 percentage points to 45.32%, compared with 43.74% at 31 December 2025, and decreased by 1.44 percentage points from 46.76% in the same period of the previous year.

	30.06.2026	31.12.2025	30.06.2025 (*)
Parent	50,850	50,068	45,630
Non-controlling interests	11,596	13,351	13,794
Equity	**62,446**	**63,419**	**59,424**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed.	2,676	944	468
Adjusted equity	**65,122**	**64,363**	**59,892**
Bank borrowings, bonds or other marketable securities (Note 14)	59,623	54,090	53,615
CSA derivatives security deposits	79	69	53
Derivative financial liabilities	1,199	657	667
Leases	2,842	2,594	2,606
Gross financial debt (A)	**63,743**	**57,410**	**56,941**
Non-current financial deposits and loans to third parties	219	83	83
Derivative financial assets	842	815	755
CSA derivatives security deposits	154	92	136
Short-term financial investments (between 3 and 12 months)	1,594	1,140	16
Cash and cash equivalents (Note 9)	3,665	3,670	2,198
Total cash assets (B)	**6,474**	**5,800**	**3,189**
Net financial debt (A-B)	**57,269**	**51,610**	**53,752**
Derivatives of treasury stock with physical settlement that at this date are not expected to be executed (C)	2,676	944	468
Securitisation of regulatory assets (D) [1]	621	629	680
Adjusted net financial debt (A-B-C-D)	**53,972**	**50,037**	**52,604**
Adjusted net leverage	**45.32 %**	**43.74 %**	**46.76 %**

(*) For comparative purposes and the calculation of ratios, the June 2025 figures have been restated to exclude the amounts relating to Mexico following its disposal.

[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.

The derivative financial instruments shown in the table above do not include those related to the price of commodities and price indices.

The structure by currency of the debt classified under “Bank borrowings, bonds or other marketable securities” after hedging is shown in Note 14.

In line with the Group’s strategy of minimising financial risks, foreign exchange risk continued to be mitigated by financing international businesses in local currencies, primarily pounds sterling, Brazilian reais and US dollars. Interest rate risk is mitigated through fixed-rate debt issuance, derivatives and the hedging of future financing.

The breakdown of adjusted gross financial debt by market is as follows:

	30.06.2026	31.12.2025 (*)
Bonds – Euro	20.40%	21.00%
Bonds – US dollar	16.10%	16.90%
Bonds – Pound sterling	6.40%	7.70%
BRL-denominated bonds	10.10%	9.20%
Bonds – Other currencies	2.30%	2.00%
Commercial paper	9.30%	8.80%
Multilateral bank loans	12.20%	11.10%
Development bank loans	9.50%	10.30%
Leases	4.90%	4.70%
Loans, bank credit and other	8.80%	8.30%
Total	**100.00%**	**100.00%**

(*) For comparative purposes, the December 2025 figures have been restated to exclude the amounts relating to the Mexico unit following its sale.

Sustainable financing signed during the six-month period ended 30 June 2026 amounted to EUR 5,336 million. The breakdown by product, expressed in EUR million, is as follows:

	Note	Green financing	KPI-linked financing	Total
Perpetual subordinated bonds	10	600	0	600
Bank borrowings, bonds or other marketable securities				
Long-term and medium term bonds	14	2,699	0	2,699
Bank loans	14	32	409	441
Multilateral bank loans	14	525	0	525
Development bank loans	14	695	85	780
Equity instruments having the substance of a financial liability		291	0	291
Total		**4,842**	**494**	**5,336**

The sustainable financing portfolio stood at EUR 71,152 million as at 30 June 2026, including the Green *Tax Equity Investment* financing agreement and the *Project Finance* facility for Vineyard Wind 1, accounted for using the equity method, as well as sustainability-linked credit facilities and the sustainability-linked *ECP* programme. The IBERDROLA Group is the world's leading private issuer of green bonds for its own investment activities.

The IBERDROLA Group has a comfortable debt maturity profile, with the average maturity of its adjusted gross financial debt standing at six years.

- **Liquidity**

The IBERDROLA Group had a strong liquidity position of EUR 21,386 million at 30 June 2026 (Note 14). Counting the financing operations signed after 30 June, this figure rises to EUR 21,464 million (Note 21).

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 (up to 12 months). These liquidity transactions were arranged with counterparties that have high credit ratings.

This liquidity position covers 22 months of financing needs in the base case and 17 months under the risk scenario.

1.7 Financial solvency

- **Credit ratings of IBERDROLA's senior debt**

Agency	Long-term [1]	Outlook	Date of latest report
Moody's	Baa1 (15/06/2012)	Stable (14/03/2018)	20/04/2026
Fitch	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.

- **Financial solvency ratios**

The calculation of the financial solvency ratios is shown below (*):

		30.06.2026	30.06.2025
Adjusted FFO / Adjusted net financial debt	%	22.4	23.1
Adjusted RCF / Adjusted net financial debt	%	19.2	19.7
Adjusted net financial debt/Adjusted EBITDA	Times	3.5	3.5

(*) Ratio calculations based on the last four quarters.

The IBERDROLA Group relies on the following main measures to assess cash generation for the period:

- *Funds from Operations* (FFO).
- *Retained Cash Flow* (RCF). FFO – Own dividend payments and to non-controlling interests – net flows from perpetual subordinated bonds.

These measures are calculated as follows:

	30.06.2026	30.06.2025 (*)
Gross operating profit - EBITDA	15,980	15,038
Gains/(losses) on asset rotation	(493)	93
Amounts allocated to the Income statement – capital grants	(133)	(119)
Dividends received	77	69
Net finance income/(expense)	(2,262)	(1,471)
Discounting to present value of provisions	126	173
Income tax	(1,451)	(1,349)
Non-cash deferred tax effect	(60)	(331)
Capital allowance (3)	297	205
Other (1)	0	(389)
Contribution by new additions, expressed pro-forma, up to 1 year (2)	0	230
Adjusted Funds from Operations (FFO)	**12,081**	**12,149**

	30.06.2026	30.06.2025 (*)
Adjusted Funds from Operations (FFO)	12,081	12,149
Dividends paid	(1,732)	(1,793)
Adjusted retained cash flow (RCF)	**10,349**	**10,355**

	30.06.2026	30.06.2025 (*)
EBITDA	15,980	15,038
Gains/(losses) on asset rotation	(379)	(26)
Contribution by new additions, expressed pro-forma, up to 1 year (2)	0	252
Exit plan	0	111
Other (1)	0	(530)
Adjusted EBITDA	**15,601**	**14,845**

(*) For comparative purposes and the calculation of ratios, the June 2025 figures for Adjusted FFO, Adjusted RCF and Adjusted EBITDA have been restated to exclude the contribution made by the Mexico unit following its sale.

(1) Other items at 30 June 2025: recognition of regulatory assets under IFRS (impact of EUR -389 million on Adjusted FFO and EUR 530 million on Adjusted EBITDA).

(2) Estimated additional contribution to Adjusted FFO and Adjusted EBITDA by ENW to complete a 12-month period.

(3) Effect of bringing forward the tax deduction associated with certain investments in the United Kingdom, thus reducing current income tax payments during the assets' early years.

2. Main risks and uncertainties in the first half of 2026

The IBERDROLA Group's activities were structurally exposed to various risks in the first half of 2026, which are essentially the same as those described in section 4 of the Management Report attached to the Iberdrola Group's consolidated Annual Financial Report for 2025.

Compared with the end of the 2025 financial year, there have been no significant changes in the Group's overall risk profile. The Group's business model and geographical diversification meant that it was not significantly affected by the conflict in Iran.

The concession renewals in Brazil have been signed, and the divestment of the assets in Mexico has been completed.

The Group continuously strives to enhance its processes and fortify its controls to address the threat posed by AI's increasing ability to identify vulnerabilities in systems.

The Group has implemented a comprehensive risk control and management system, designed in line with international best practices, to identify, measure and monitor all risks. Detailed information thereon can be found in section 8.1 of the 2025 Annual Corporate Governance Report of Iberdrola, S.A.

3. Stock market figures – the Iberdrola share

Stock market data:

		30.06.2026	30.06.2025
Stock market capitalisation	Millions of euros	147,591	104,917
Price / Book value (Stock market capitalisation / Equity of the Parent at the end of the period)	Factor	2.9	2.3
Number of shares outstanding	no.	6,757,845,603	6,440,561,000
Share price at period end	Euros	21.840	16.290
Average share price for the period	Euros	19.75	14.715
Average daily volume	no.	11,819,265	11,066,299
High at 29/05/2026 and 30/05/2025, respectively	no.	41,238,522	47,306,599
Low at 14/05/2026 and 19/06/2025, respectively	no.	4,907,199	3,749,794
Dividends paid (euros) (1):	Euros/ share	0.685	0.645
- Gross interim dividend (02/02/2026 and 31/01/2025)	Euros/ share	0.253	0.231
- Final, gross (27/07/2026 (provisional)(2) and 24/07/2025)	Euros/ share	0.427	0.409
- Engagement dividend (01/06/2026 and 02/06/2025)	Euros/ share	0.005	0.005
Dividend yield (3)	%	3.14%	3.96%

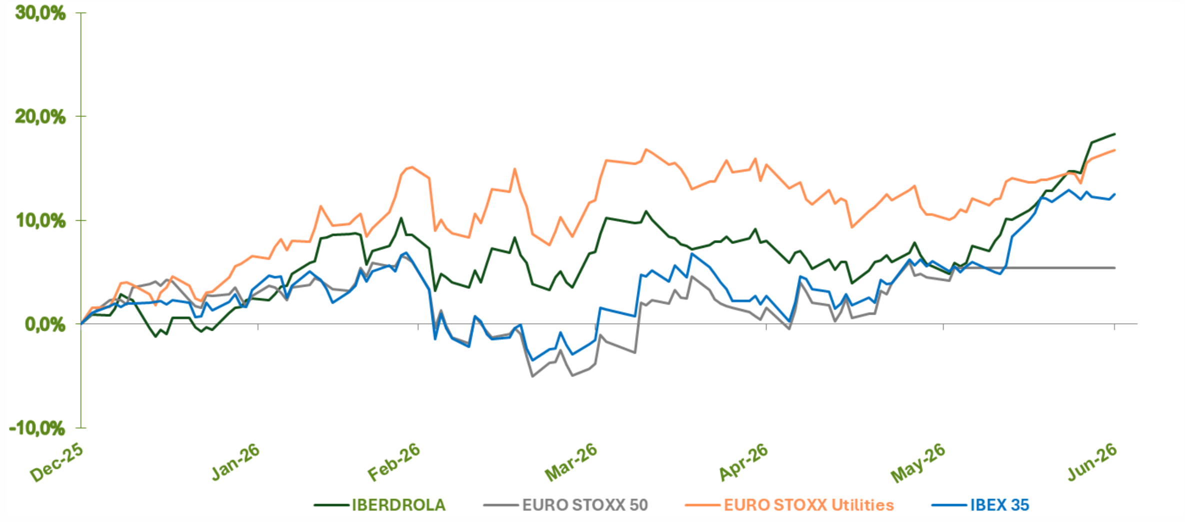
(1) Amount paid on account of the dividend under the *Iberdrola Retribución Flexible* system.

(2) The gross amount of the Total Final Dividend is the sum of: (i) the Adjustment Dividend, amounting to a gross EUR 0.002 per share; and (ii) the Final Dividend, amounting to a gross EUR 0.425 per share.

(3) Interim dividend, final dividend and engagement dividend / period-end share price.

The IBERDROLA share

Stock market performance of IBERDROLA versus the indexes:



4. Alternative Performance Measures

In addition to the financial information prepared in accordance with IFRS standards, this financial information includes certain Alternative Performance Measures ("APMs") for the purposes of Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 and as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415en). APMs are measures of financial performance based on the financial information of Iberdrola, S.A. and the companies of its group but which are not defined or detailed in the applicable financial reporting framework. These APMs are used to give a better understanding of Iberdrola, S.A.'s financial performance, but should be viewed as additional information only and in no case do they replace the financial information prepared in accordance with IFRS. Furthermore, the way in which Iberdrola, S.A. defines and calculates these APMs may differ from how other entities apply similar measures and, therefore, they may not be directly comparable.

For more information on these topics, including their definition or the correlation between the corresponding performance indicators and the consolidated financial information reported in accordance with IFRS, please refer to the information available on the corporate website in relation to Alternative Performance Measures via the following links:

- Definitions of Alternative Performance Measures

https://www.iberdrola.com/documents/20125/42337/alternative-performance-measures-definitions.pdf

- Alternative Performance Measures for the quarter

https://www.iberdrola.com/documents/20125/6030708/alternative-performance-measures-26H1.pdf

FINANCIAL REPORT FOR THE FIRST HALF OF 2026
STATEMENT OF RESPONSIBILITY

The members of the Board of Directors of “Iberdrola, S.A.” state that, to the best of their knowledge, the interim condensed separate financial statements of “Iberdrola, S.A.”, as well as the interim condensed consolidated financial information of “Iberdrola, S.A.” and its subsidiaries for the first half of fiscal year 2026, issued by the Board of Directors at its meeting of 21 July 2026, and prepared in accordance with applicable accounting standards, present a fair view of the assets, financial condition and results of operations of “Iberdrola, S.A.” as well as of the subsidiaries included within its scope of consolidation, taken as a whole, and that the interim management report contains a fair assessment of the required information.

In Madrid, on 21 July 2026

Mr José Ignacio Sánchez Galán
Chairman

Mr Pedro Azagra Blázquez
Chief Executive Officer

Mr Juan Manuel González Serna
First vice-chair

Mr Anthony Luzzatto Gardner
Second vice-chair

Mr Ángel Jesús Acebes Paniagua
Lead independent director

Mr Íñigo Víctor de Oriol Ibarra
Director

Mr Manuel Moreu Munaiz
Director

Mr Xabier Sagredo Ormaza
Director

Ms Sara de la Rica Goiricelaya
Director

Ms Nicola Mary Brewer
Director

Ms María Ángeles Alcalá Díaz
Director

Ms Isabel García Tejerina
Director

Ms Ana Colonques García-Planas
Director

Ms Marina Freitas Gonçalves de Araújo Grossi
Director