



# Iberdrola, S.A.

## **Selected Condensed Separate Interim Financial Information**

30 June 2021

## **Interim Directors' Report**

30 June 2021

(With Limited Review Report Thereon)

*(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

## **Limited Review on the Selected Condensed Separate 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

### **Introduction**

We have carried out a limited review of the accompanying selected condensed interim financial information (the interim financial information) of Iberdrola, S.A. (the "Company"), which comprises the balance sheet at 30 June 2021, the income statement, statement of changes in equity, statement of cash flows and the notes to the interim financial information for the six-month period then ended. The Directors of the Company are responsible for the preparation of this interim financial information in accordance with the accounting principles and the minimum content envisaged in articles 12 and 13 of Royal Decree 1362/2007 of 19 October 2007 and in Circular 3/2018 of the Spanish National Securities Market Commission (CNMV) 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial information.

### **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 2021 has not been prepared, in all material respects, in accordance with the accounting principles and minimum content envisaged in articles 12 and 13 of Royal Decree 1362/2007 and in Circular 3/2018 of the Spanish National Securities Market Commission (CNMV) as regards the preparation of selected condensed interim financial information.



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

### **Emphasis of Matter**

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We draw your attention to the note 2 in the accompanying interim financial information, which states that such interim financial information does not include all the information that would be required in a complete set of interim financial statements prepared in accordance with the financial reporting framework applicable to the entity in Spain. The accompanying interim financial information should therefore be read in conjunction with the Company's annual accounts for the year ended 31 December 2020. This matter does not modify our conclusion.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The accompanying interim directors' report for the six-month period ended 30 June 2020 contains such explanations as the Directors of the Company consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial information, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The interim directors' 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 2021. Our work is limited to the verification of the interim directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Iberdrola, S.A.

### **Other Matter**

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This report has been prepared at the request of management in relation to the publication of the six-monthly financial report required by article 119 of the Revised Securities Market Law, approved by Royal Legislative Decree 4/2015 of 23 October 2015 and enacted by Royal Decree 1362/2007 of 19 October 2007.

KPMG Auditores, S.L.

*(Signed on original in Spanish)*

Enrique Asla García

23 July 2021

**IBERDROLA S.A.**

**SELECTED CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS AND INTERIM  
MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2021**

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**IBERDROLA S.A.****Statement of financial position at 30 June 2021**

(Millions of euros)

<b>ASSETS</b>	<b>Note</b>	<b>30.06.21 (unaudited)</b>	<b>31.12.20 (*) (audited)</b>
<b>NON-CURRENT ASSETS</b>		<b>47,466</b>	<b>47,111</b>
<b>Intangible assets</b>		<b>108</b>	<b>105</b>
Computer software		108	104
Other intangible assets		–	1
<b>Property, plant and equipment</b>		<b>277</b>	<b>281</b>
Land and buildings		218	220
Technical installations and other items		59	61
<b>Non-current investments in Group companies and associates</b>		<b>46,033</b>	<b>45,721</b>
Equity instruments	5	46,022	43,258
Loans to companies	5, 6, 11	–	2,458
Derivatives	6, 11	11	5
<b>Non-current investments</b>	<b>6</b>	<b>15</b>	<b>13</b>
Loans to third parties		3	3
Derivatives		11	10
Other financial assets		1	–
<b>Deferred tax assets</b>		<b>332</b>	<b>321</b>
<b>Non-current trade and other receivables</b>	<b>8.3</b>	<b>701</b>	<b>670</b>
<b>CURRENT ASSETS</b>		<b>2,627</b>	<b>1,143</b>
<b>Current trade and other receivables</b>		<b>406</b>	<b>345</b>
Trade receivables		–	1
Trade receivables, Group companies and associates	11	162	62
Other receivables		1	4
Current tax assets		196	248
Other public administration receivables		47	30
<b>Current investments in Group companies and associates</b>	<b>6, 11</b>	<b>1,920</b>	<b>544</b>
Loans to companies		36	29
Derivatives		1	–
Other financial assets		1,883	515
<b>Current investments</b>	<b>6</b>	<b>62</b>	<b>42</b>
Derivatives		40	40
Other financial assets		22	2
<b>Current prepayments</b>		<b>10</b>	<b>–</b>
<b>Cash and cash equivalents</b>		<b>229</b>	<b>212</b>
<b>TOTAL ASSETS</b>		<b>50,093</b>	<b>48,254</b>

(\*) The Statement of financial position at 31 December 2020 is presented for comparison purposes only.

The attached Notes are an integral part of these Selected condensed separate interim financial statements.

**IBERDROLA S.A.****Statement of financial position at 30 June 2021**

(Millions of euros)

LIABILITIES	Note	30.06.21 (unaudited)	31.12.20 (*) (audited)
<b>EQUITY</b>		<b>30,778</b>	<b>31,802</b>
<b>CAPITAL AND RESERVES</b>		<b>30,772</b>	<b>31,813</b>
<b>Capital</b>		<b>4,813</b>	<b>4,762</b>
Registered capital	7	4,813	4,762
<b>Share premium</b>		<b>14,310</b>	<b>14,361</b>
<b>Reserves</b>		<b>1,298</b>	<b>1,328</b>
Legal and bylaw reserves		969	969
Other reserves		329	359
<b>Treasury shares and own equity investments</b>		<b>(2,828)</b>	<b>(1,977)</b>
<b>Prior years' profit and loss</b>		<b>13,044</b>	<b>11,018</b>
Retained earnings		13,044	11,018
<b>Profit/(loss) for the period and for the year</b>		<b>108</b>	<b>2,292</b>
<b>Other equity instruments</b>		<b>27</b>	<b>29</b>
<b>VALUATION ADJUSTMENTS</b>		<b>6</b>	<b>(11)</b>
<b>Hedging instruments</b>		<b>6</b>	<b>(11)</b>
<b>NON-CURRENT LIABILITIES</b>		<b>10,747</b>	<b>8,708</b>
<b>Non-current provisions</b>		<b>461</b>	<b>484</b>
Non-current employee benefits		197	224
Other provisions		264	260
<b>Non-current payables</b>	6	<b>253</b>	<b>263</b>
Bank borrowings		192	206
Finance lease payables		53	54
Derivatives		6	–
Other financial liabilities		2	3
<b>Payables to Group companies and associates, non-current</b>	6, 11	<b>9,255</b>	<b>7,209</b>
<b>Deferred tax liabilities</b>		<b>778</b>	<b>752</b>
<b>CURRENT LIABILITIES</b>		<b>8,568</b>	<b>7,744</b>
<b>Current payables</b>	6	<b>1,249</b>	<b>1,236</b>
Bank borrowings		1,166	1,165
Finance lease payables		2	2
Derivatives		74	47
Other financial liabilities		7	22
<b>Payables to Group companies and associates, current</b>	6, 11	<b>7,236</b>	<b>6,387</b>
<b>Trade and other payables</b>		<b>83</b>	<b>121</b>
Suppliers, Group companies and associates	11	12	12
Other payables		39	41
Personnel (salaries payable)		12	21
Current tax liabilities		13	–
Other taxes payable		7	47
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,093</b>	<b>48,254</b>

(\*) The Statement of financial position at 31 December 2020 is presented for comparison purposes only.

The attached Notes are an integral part of these Selected condensed separate interim financial statements.

**IBERDROLA S.A.****Income statement for the six-month period ended 30 June 2021**

(Millions of euros)

	Note	30.06.21 (unaudited)	30.6.20 (*) (unaudited)
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	<b>9.1</b>	<b>391</b>	<b>345</b>
Sales		–	3
Finance income from equity investments in Group companies and associates		186	206
Finance income from marketable securities and other financial instruments of Group companies and associates		16	11
Income from services rendered to Group companies	11	189	125
<b>Own work capitalised</b>		<b>1</b>	<b>1</b>
<b>Other operating income</b>		<b>1</b>	<b>1</b>
Non-trading and other operating income		1	1
<b>Personnel expenses</b>		<b>(82)</b>	<b>(62)</b>
Salaries and wages		(57)	(49)
Employee benefits expense		(25)	(13)
<b>Other operating expenses</b>		<b>(94)</b>	<b>(60)</b>
External services		(94)	(95)
Taxes		2	36
Losses, impairment and changes in trade provisions		–	1
Other expenses		(2)	(2)
<b>Amortisation and depreciation</b>		<b>(35)</b>	<b>(34)</b>
<b>Impairment gains/(losses) on disposal of financial instruments of Group companies and associates</b>		<b>1</b>	<b>(133)</b>
Impairment gains/(losses) on disposal	5	1	(133)
<b>OPERATING INCOME</b>		<b>183</b>	<b>58</b>
<b>Finance income</b>		<b>23</b>	<b>3</b>
From debt securities and other financial instruments in third parties		23	3
<b>Finance expenses</b>		<b>(114)</b>	<b>(69)</b>
Due to borrowings from Group companies and associates	11	(107)	(65)
Due to third-party borrowings		(1)	1
Restatement of provisions		(6)	(5)
<b>Change in fair value of financial instruments</b>		<b>(40)</b>	<b>13</b>
Fair value through profit and loss		(40)	13
<b>Exchange differences</b>		<b>3</b>	<b>27</b>
<b>NET FINANCE INCOME/(EXPENSE)</b>		<b>(128)</b>	<b>(26)</b>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>55</b>	<b>32</b>
<b>Income tax</b>	<b>8.1</b>	<b>53</b>	<b>46</b>
<b>PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>108</b>	<b>78</b>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>108</b>	<b>78</b>

(\*) The Income statement for the six-month period ended 30 June 2020 is presented for comparison purposes only.

The attached Notes are an integral part of these Selected condensed separate interim financial statements.



**IBERDROLA S.A.****Statement of changes in equity for the six-month period ended 30 June 2021**

(Millions of euros)

**A) Statement of recognised income and expense for the six-month period ended 30 June 2021**

	30.06.2021 (unaudited)	30.06.2020 (*) (unaudited)
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>108</b>	<b>78</b>
<b>INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>		
Cash flow hedges	(7)	(1)
Tax effect	2	–
<b>TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY</b>	<b>(5)</b>	<b>(1)</b>
<b>AMOUNTS TRANSFERRED TO THE INCOME STATEMENT</b>		
Cash flow hedges	6	6
Tax effect	(2)	(2)
<b>TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT</b>	<b>4</b>	<b>4</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSES</b>	<b>107</b>	<b>81</b>

(\*) The Statement of recognised income and expense for the six-month period ended 30 June 2020 is presented for comparison purposes only.

The attached Notes are an integral part of these Selected condensed separate interim financial statements.

## IBERDROLA S.A.

**B) Statement of changes in equity for the six-month period ended 30 June 2021**  
(Millions of euros)

	Capital	Share premium	Reserves	Treasury shares and own equity investments	Prior years' profit and loss	Profit/(loss) for the year and for the period	Other equity instruments	Valuation adjustments	Total
<b>OPENING BALANCE 2020</b>	<b>4,771</b>	<b>14,512</b>	<b>3,093</b>	<b>(1,428)</b>	<b>8,732</b>	<b>2,849</b>	<b>30</b>	<b>(19)</b>	<b>32,540</b>
<b>Total recognised income and expense</b>	-	-	-	-	-	<b>78</b>	-	<b>3</b>	<b>81</b>
<b>Transactions with shareholders or owners</b>	<b>69</b>	<b>(69)</b>	<b>(3)</b>	<b>(1,017)</b>	<b>2,611</b>	<b>(2,849)</b>	-	-	<b>(1,258)</b>
Scrip issue	69	(69)	-	-	-	-	-	-	-
Distribution of earnings	-	-	-	-	2,611	(2,849)	-	-	(238)
Transactions with treasury shares or own equity instruments (net)	-	-	(3)	(1,017)	-	-	-	-	(1,020)
<b>Other changes in equity</b>	-	-	<b>(12)</b>	-	-	-	<b>(9)</b>	-	<b>(21)</b>
<b>CLOSING BALANCE FOR THE SIX-MONTH PERIOD TO 30 JUNE 2020 (*)</b>	<b>4,840</b>	<b>14,443</b>	<b>3,078</b>	<b>(2,445)</b>	<b>11,343</b>	<b>78</b>	<b>21</b>	<b>(16)</b>	<b>31,342</b>
<b>OPENING BALANCE 2021</b>	<b>4,762</b>	<b>14,361</b>	<b>1,328</b>	<b>(1,977)</b>	<b>11,018</b>	<b>2,292</b>	<b>29</b>	<b>(11)</b>	<b>31,802</b>
Application of Royal Decree 1/2021 (Note 2.2)	-	-	(18)	-	-	-	-	18	-
<b>ADJUSTED OPENING BALANCE 2021</b>	<b>4,762</b>	<b>14,361</b>	<b>1,310</b>	<b>(1,977)</b>	<b>11,018</b>	<b>2,292</b>	<b>29</b>	<b>7</b>	<b>31,802</b>
<b>Total recognised income and expense</b>	-	-	-	-	-	<b>108</b>	-	<b>(1)</b>	<b>107</b>
<b>Transactions with shareholders or owners</b>	<b>51</b>	<b>(51)</b>	<b>8</b>	<b>(851)</b>	<b>2,026</b>	<b>(2,292)</b>	-	-	<b>(1,109)</b>
Scrip issue (Note 7)	51	(51)	-	-	-	-	-	-	-
Distribution of earnings (Note 7)	-	-	-	-	2,026	(2,292)	-	-	(266)
Transactions with treasury shares or own equity instruments (net)	-	-	8	(851)	-	-	-	-	(843)
<b>Other changes in equity</b>	-	-	<b>(20)</b>	-	-	-	<b>(2)</b>	-	<b>(22)</b>
<b>CLOSING BALANCE FOR THE SIX-MONTH PERIOD TO 30 JUNE 2021</b>	<b>4,813</b>	<b>14,310</b>	<b>1,298</b>	<b>(2,828)</b>	<b>13,044</b>	<b>108</b>	<b>27</b>	<b>6</b>	<b>30,778</b>

(\*) The Statement of changes in equity for the six-month period ended 30 June 2020 is presented for comparison purposes only.

The attached Notes are an integral part of these Selected condensed separate interim financial statements.

**IBERDROLA S.A.****Statement of cash flows for the six-month period ended 30 June 2021**

(Millions of euros)

	30.06.2021 (unaudited)	30.06.2020 (*) (unaudited)
<b>Profit/(loss) for the year before tax</b>	<b>55</b>	<b>32</b>
<b>Adjustments for:</b>	<b>(9)</b>	<b>11</b>
Amortisation and depreciation	35	34
Impairment	-	133
(Gains)/losses on disposal of financial instruments	(1)	-
Finance income	(225)	(220)
Finance expenses	114	69
Exchange differences	(3)	(27)
Change in fair value of financial instruments	40	(13)
Other income and expenses	31	35
<b>Changes in operating assets and liabilities</b>	<b>(200)</b>	<b>(181)</b>
Trade and other receivables	(125)	(61)
Trade and other payables	(75)	(120)
<b>Other cash flows from operating activities</b>	<b>24</b>	<b>768</b>
Interest paid	(110)	(94)
Dividends received	185	870
Interest received	31	62
Other proceeds/(payments)	(82)	(70)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(130)</b>	<b>630</b>
<b>Payments for investments</b>	<b>(4,226)</b>	<b>(799)</b>
Group companies and associates	(4,146)	(767)
Intangible assets	(28)	(20)
Property, plant and equipment	(6)	(10)
Other financial assets	(46)	(2)
<b>Proceeds from investments</b>	<b>2,773</b>	<b>661</b>
Group companies and associates	2,746	661
Other financial assets	27	-
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,453)</b>	<b>(138)</b>
<b>Proceeds from and payments for equity instruments</b>	<b>(1,129)</b>	<b>(1,781)</b>
Acquisition of own equity instruments	(1,192)	(1,860)
Disposal of own equity instruments	63	79
<b>Proceeds from and payments for financial instruments</b>	<b>2,995</b>	<b>1,780</b>
Issue of	5,020	4,061
Bank borrowings	746	1,045
Payables to Group companies and associates	4,274	3,016
Redemption and repayment	(2,025)	(2,281)
Bank borrowings	(582)	(1,102)
Payables to Group companies and associates	(1,443)	(1,179)
<b>Dividends paid and payments on other equity instruments</b>	<b>(266)</b>	<b>(239)</b>
Dividends	(266)	(239)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,600</b>	<b>(240)</b>
<b>NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS</b>	<b>17</b>	<b>252</b>
<b>Cash and cash equivalents at start of period</b>	<b>212</b>	<b>89</b>
<b>Cash and cash equivalents at end of period</b>	<b>229</b>	<b>341</b>

(\*) The Statement of cash flows for the six-month period ended 30 June 2020 is presented for comparison purposes only.

The attached Notes are an integral part of these Selected condensed separate interim financial statements.

## **IBERDROLA S.A.**

### **Notes to the Selected condensed separate interim financial statements for the six-month period ended 30 June 2021**

#### **1. COMPANY'S ACTIVITY**

Pursuant to Article 5 of its By-Laws, the corporate purpose of Iberdrola, S.A. (hereinafter "IBERDROLA"), a company incorporated in Spain, is as follows:

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

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

IBERDROLA also provides various services to other Group companies, mainly including the provision of IT services and other non-operating, structural and support services, as well as Group financing, which is managed centrally.

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

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

## 2. BASES OF PRESENTATION OF THE CONDENSED INDIVIDUAL INTERIM FINANCIAL STATEMENTS

### 2.1 Accounting legislation applied

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

These Interim financial statements do not include all the information required for comprehensive separate financial statements prepared in accordance with generally accepted accounting principles in Spain. In particular, the accompanying Interim financial statements have been prepared with the content necessary to comply with rule four of Circular 3/2018 for separate financial statements. As a result, the Interim financial statements should be read in conjunction with IBERDROLA's Financial statements for the year ended 31 December 2020.

The main figures in the Condensed consolidated interim financial statements of the IBERDROLA Group for the six-month periods ended 30 June 2021 and 2020 (except for total assets and equity for 2020, which are included in IBERDROLA Group's Consolidated financial statements at 31 December 2020) are as follows:

Millions of euros	2021	2020
<b>Total assets</b>	<b>129,503</b>	<b>122,518</b>
<b>Equity:</b>		
IBERDROLA as parent company	36,625	35,412
Non-controlling interests	14,626	11,806
<b>Revenue</b>	<b>18,752</b>	<b>16,467</b>
<b>Profit/(loss) for the period:</b>		
IBERDROLA as parent company	1,531	1,876
Non-controlling interests	223	115

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

## 2.2 Accounting policies and measurement standards

On 12 January 2021, Royal Decree 1/2021 was published, amending the General Chart of Accounts enacted by Royal Decree 1514/2007 of 16 November, the General Chart of Accounts for Small and Medium-sized Enterprises enacted by Royal Decree 1515/2007 of 16 November, the Standards for the Preparation of Consolidated Financial Statements enacted by Royal Decree 1159/2010 of 17 September, and the Rules for the Adaptation of the General Chart of Accounts to Non-Profit Entities enacted by Royal Decree 1491/2011 of 24 October.

The accounting principles and measurement methods used in the preparation of the interim financial statements are fully consistent with those used in the preparation of IBERDROLA's financial statements for 2020, except for the application on 1 January 2021 of Royal Decree 1/2021 of 12 January and the Resolution of 10 February 2021 of the Spanish Accounting and Auditing Institute (*Instituto de Contabilidad y Auditoría de Cuentas*), issuing rules for the recognition, valuation and preparation of annual accounts in relation to the recognition of income from goods delivered and services rendered.

IBERDROLA has applied the new regulations with a first application date of 1 January 2021, availing itself of the option not to restate the figures for comparative periods.

IBERDROLA's financial statements have been subject to the following main changes in accounting criteria:

### Classification and measurement of financial assets and liabilities

Royal Decree 1/2021 replaces the previous classification of financial assets. Financial assets are now classified according to the business model in which they are held and the nature of their contractual cash flows. The new law largely maintains the pre-existing requirements for the classification and measurement of financial liabilities.

IBERDROLA has applied the classification and measurement requirements retroactively.

IBERDROLA has classified its financial assets into the following categories:

Category	
<b>At cost</b>	Includes equity investments in Group companies, jointly controlled entities and associates and other equity investments whose fair value cannot be reliably estimated.
<b>At amortised cost</b>	Financial assets that: - are held within a business model where the objective is to hold the assets to obtain the contract cash flows, and - where the contract terms produce, on specific dates, cash flows which are only payments of the principal and interest on the amount of the outstanding principal.
<b>At fair value through profit or loss</b>	This category includes financial assets that are not eligible for classification in the preceding categories.

Therefore, the following new categories have been created to replace the ones formerly in use (Note 6):

Before	After
Loans and receivables	Financial assets at amortised cost
Equity investments in Group companies, jointly-controlled entities and associates	Financial assets at cost
Assets held for trading	Financial assets at fair value through profit and loss

Royal Decree 1/2021 has had no impact on the Group's equity/financial position other than the changes in the denomination of financial asset categories.

There has not been any change in the classification of IBERDROLA's financial liabilities as compared to that included in the Separate financial statements for 2020, except for "Loans and payables", which have been classified as "Liabilities at amortised cost", without affecting the valuation criteria previously applied.

### Hedge accounting

Royal Decree 1/2021 aligns hedge accounting more closely with risk management, introduces a more principles-based approach and addresses inconsistencies and weaknesses in the hedge accounting model of the previously applied measurement standard.

IBERDROLA has hedging relationships where the hedged item is an item referring to a period of time. Pursuant to Royal Decree 1/2021, IBERDROLA has opted to separate the forward component and the spot component, designating only the forward component as hedging instruments. The forward component is recognised as a cost of the hedge in equity and is systematically reclassified to the Income statement over the period in which the hedged transaction may affect profit or loss for the period.

Until 31 December 2020, this forward component not included in the hedge was recognised in the Income statement. The change in the accounting principle was made retroactively to 1 January 2021, with a charge of EUR 18 million to the "Reserves" heading of the Statement of financial position and a credit to the "Valuation adjustments" heading of the Statement of financial position.

### 2.3 Working capital deficit

At 30 June 2021, IBERDROLA's Statement of financial position shows a working capital deficit (current liabilities exceeding current assets) of EUR 5,941 million. This deficit is largely due to the existence of current debt with Group companies and associates in the amount of EUR 7,236 million, and also because of seasonal variations (Note 3).

According to IBERDROLA's directors, this will be offset by the generation of funds from the IBERDROLA Group's businesses and the dividends received from its subsidiaries. At 30 June 2021 IBERDROLA had outstanding loans of approximately EUR 5,988 million, which will cover IBERDROLA's cash requirements over the next few months.

## 2.4 Comparative information

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

- The Statement of financial position at 30 June 2021, and the Statement of financial position at 31 December 2020.
- The Income statement, Statement of changes in equity and Statement of cash flows for the six-month periods ended 30 June 2021 and 2020.

## 3. SEASONAL VARIATIONS

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

## 4. USE OF ACCOUNTING ESTIMATES

IBERDROLA relied on certain assumptions and estimates in drawing up these interim Financial statements. The main matters subject to estimate in the preparation of these interim Financial statements are the same as those disclosed in Note 6 to IBERDROLA's 2020 Financial statements.

The criteria used to calculate the estimates in these interim Financial statements are the same as those used in the preparation of IBERDROLA's 2020 Financial statements.

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

The impact of the COVID-19 pandemic has not been found to have significant negative effects on long-term business plans and, therefore, the recoverable amount of Investments in Group companies and associates in the first half of 2021.

## 5. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Details of "Non-current investments in Group companies and associates – Equity instruments" of the Statement of financial position during the six-month period ended 30 June 2021 and 2020 are as follows:

Millions of euros	Balance at 01.01.2021	Additions and allowances	Decreases, disposals or reversals	Valuation of net investment hedges	Balance at 30.06.2021
Investments in Group companies	44,399	2,667	–	97	47,163
Investments in associates	1	–	–	–	1
Impairment adjustments of Group companies and associates	(1,142)	–	–	–	(1,142)
<b>Total</b>	<b>43,258</b>	<b>2,667</b>	<b>–</b>	<b>97</b>	<b>46,022</b>



Millions of euros	Balance at 01.01.2020	Additions and allowances	Decreases, disposals or reversals	Valuation of net investment hedges	Balance at 31.12.2020
Investments in Group companies	44,445	–	–	(46)	44,399
Investments in associates	1	–	–	–	1
Impairment adjustments of Group companies and associates	(1,040)	(102)	–	–	(1,142)
<b>Total</b>	<b>43,406</b>	<b>(102)</b>	<b>–</b>	<b>(46)</b>	<b>43,258</b>

In 2021, Avangrid, Inc. carried out a capital increase in the amount of EUR 3,302 million, which was subscribed by the shareholders according to their percentage of ownership, generating an investment by IBERDROLA of EUR 2,667 million. the proceeds from the subscription to this capital increase were used to repay the loan in the nominal amount of USD 3,000 million provided by IBERDROLA to Avangrid Inc. on 14 December 2020 (Note 11).

At 30 June 2021 and 31 December 2020, IBERDROLA's Interim financial statements include a valuation adjustment of EUR 963 million for the investment held in Iberdrola Financiación, S.A.U., including impairment of EUR 133 million in the six months ended 30 June 2020, of which EUR 31 million was reversed in the second half of 2020. The business activity of this subsidiary, which consists of securing long-term funds to finance the operations of the IBERDROLA Group's companies, as well as the Group's centralised management of currency risk through derivatives, has been negatively impacted by the performance of long-term interest rates and exchange rates compared to the euro, which in turn has negatively impacted the fair value of this company.

## 6. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 30 June 2021 and at 31 December 2020 the carrying amount of each category of financial asset and liability, except for equity investments in Group companies and associates, trade and other receivables, trade and other payables, and cash and cash equivalents, is as follows:

Millions of euros	Non-current financial assets					
	Loans and receivables		Derivatives <sup>(1)</sup>		Total	
Category	30.06.21	31.12.20	30.06.21	31.12.20	30.06.21	31.12.20
Loans and receivables (Note 2.2)	–	2,461	–	–	–	2,461
At amortised cost (Note 2.2)	4	–	–	–	4	–
Hedging derivatives	–	–	22	15	22	15
<b>Total</b>	<b>4</b>	<b>2,461</b>	<b>22</b>	<b>15</b>	<b>26</b>	<b>2,476</b>

Millions of euros	Current financial assets					
	Loans and receivables		Derivatives <sup>(1)</sup>		Total	
Category	30.06.21	31.12.20	30.06.21	31.12.20	30.06.21	31.12.20
At fair value through profit or loss	–	–	2	1	2	1
Loans and receivables (Note 2.2)	–	546	–	–	–	546
At amortised cost (Note 2.2)	1,941	–	–	–	1,941	–
Hedging derivatives	–	–	39	39	39	39
<b>Total</b>	<b>1,941</b>	<b>546</b>	<b>41</b>	<b>40</b>	<b>1,982</b>	<b>586</b>

Millions of euros	Non-current financial liabilities							
	Bank borrowings		Derivatives <sup>(1)</sup>		Other		Total	
Category	30.06.21	31.12.20	30.06.21	31.12.20	30.06.21	31.12.20	30.06.21	31.12.20
Loans and payables (Note 2.2)	–	260	–	–	–	7,212	–	7,472
At amortised cost (Note 2.2)	245	–	–	–	9,257	–	9,502	–
Hedging derivatives	–	–	6	–	–	–	6	–
<b>Total</b>	<b>245</b>	<b>260</b>	<b>6</b>	<b>–</b>	<b>9,257</b>	<b>7,212</b>	<b>9,508</b>	<b>7,472</b>

Millions of euros	Current financial liabilities							
	Bank borrowings		Derivatives <sup>(1)</sup>		Other		Total	
Category	30.06.21	31.12.20	30.06.21	31.12.20	30.06.21	31.12.20	30.06.21	31.12.20
At fair value through profit or loss	–	–	32	1	–	–	32	1
Loans and payables (Note 2.2)	–	1,167	–	–	–	6,408	–	7,575
At amortised cost (Note 2.2)	1,168	–	–	–	7,243	–	8,411	–
Hedging derivatives	–	–	42	47	–	–	42	47
<b>Total</b>	<b>1,168</b>	<b>1,167</b>	<b>74</b>	<b>48</b>	<b>7,243</b>	<b>6,408</b>	<b>8,485</b>	<b>7,623</b>

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

## 7. EQUITY

Movement in the share capital of IBERDROLA over the six-month period ended 30 June 2021 is as follows:

	Date of filing at the Commercial Registry	% Capital	Number of shares	Face value	Euros
<b>Balance at 01.01.2021</b>			<b>6,350,061,000</b>	<b>0.75</b>	<b>4,762,545,750</b>
Scrip issue	2 February 2021	1.072%	68,095,000	0.75	51,071,250
<b>Balance at 30.06.2021</b>			<b>6,418,156,000</b>	<b>0.75</b>	<b>4,813,617,000</b>

On 2 February 2021, the second run of the scrip issue took place, having been approved at the General Shareholders' Meeting of IBERDROLA on 2 April 2020, under item nine on the agenda, and used for the Iberdrola Flexible Remuneration system.

During the established period, the holders of 1,583,410,921 shares opted to receive the interim dividend (EUR 0.168 gross per share). The total gross amount of the interim dividend distributed amounted to EUR 266 million. As a result, those shareholders expressly waived 1,583,410,921 free-of-charge allocation rights and, therefore, the right to receive 22,620,156 new shares.

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

## 8. TAXES

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

As from 1 January 2020, Iberdrola S.A., the parent company of the two tax consolidation groups in Spain, has been subject to income tax under the special tax rules applicable to the region of Biscay, and has been included in tax group 02415BSC in said special tax region.

The effective tax rate for the six-month period ended 30 June 2021 is 24.44% (24.41% for the six-month period ended 30 June 2020), calculated on the accounting profit before tax adjusted for permanent differences.

Millions of euros	30.06.2021	30.06.2020
<b>Profit/(loss) before tax</b>	<b>55</b>	<b>32</b>
<b>Permanent differences</b>		
Dividends received from Group companies	(186)	(206)
Impairment and other	(4)	47
<b>Adjusted accounting profit (a)</b>	<b>(135)</b>	<b>(127)</b>
<b>Gross tax (24%) (b)</b>	<b>(32)</b>	<b>(30)</b>
Deductions (c)	(1)	(1)
Adjustment of deferred tax assets and liabilities (1)	(21)	(17)
Other	1	2
<b>Income tax expense/(income)</b>	<b>(53)</b>	<b>(46)</b>
<b>Effective tax rate (b+c)/a</b>	<b>24.44%</b>	<b>24.41%</b>

- (1) Effect of the change in the applicable income tax regulations and the evaluation of asset and liability balances and their recovery in future years.

## 8.1 Administrative proceedings

All IBERDROLA's actions have been analysed by its internal and external advisers, both for this year and for preceding years, and they have found that these actions have been carried out in accordance with the law and are based on a reasonable interpretation of tax law. The occurrence of contingent liabilities has also been subject to analysis. IBERDROLA generally makes provision for tax litigation when the risk of it being detrimental to its interests is probable and makes no provision when the risk is possible or remote.

In June 2020, the Spanish tax authority (*Agencia Española de Administración Tributaria*) (AEAT) commenced a partial tax inspection (of the period comprising financial years 2012 to 2014) and a general tax inspection (of the period comprising financial years 2015 to 2017) for the main corporate taxes applicable to IBERDROLA Group entities within the consolidated tax group for Spain (no. 2/86).

In the first half of 2021, a number of tax assessments were signed in acceptance with settlements concerning transfer pricing matters for the period 2012 to 2014; none of these had significant impacts on the Company's financial position.

The tax inspection procedures referred to above are still ongoing, and it is estimated that the remaining proposed tax assessments, whether accepted or protested, will occur in the remaining months of 2021 and in 2022.

## 8.2 Tax litigation

IBERDROLA has lodged contentious-administrative appeals before the National High Court (*Audiencia Nacional*) against the rulings, of which IBERDROLA was notified in June, by the Central Tax Appeals Board dismissing its appeals in relation to tax assessments disputed by the Group in 2016, for the period comprising financial 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 valuation adjustments for net investment hedges, differences in tax consolidation criteria and the possible existence of circumstances established in Section 15.1 of Spain's General Tax Act under a debtor-swap operation for a number of bond issues. Throughout the first half of 2021, arguments have been presented in the proceedings that were still pending at 31 December 2020.

The IBERDROLA Group's directors and their tax consultants consider that the proceedings described in the above paragraphs will not give rise to further material liabilities for the IBERDROLA Group beyond those already recognised at 30 June 2021.

## 8.3 Other

### **Update of the financial goodwill situation (Section 12.5 of the Consolidated Text of the Corporate Income Tax Act (*Texto Refundido de la Ley del Impuesto sobre Sociedades*) (TRLIS)):**

In previous years, the Spanish authorities applied the aid and grants retrieval procedure established in the General Tax Act, thus recovering from the IBERDROLA Group, in accordance with Section 12.5 of the TRLIS, the sum of EUR 665 million (EUR 576 million in principal and EUR 89 million in late payment interest) in years 2002 to 2015. IBERDROLA settled the required amount by (i) offsetting part of it against the EUR 363 million received under the 2016 income tax rebate; and (ii) paying EUR 302 million in February 2018, based on the application of Decision Three of the European Commission.

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

Said amounts, in the proportion corresponding to Iberdrola, S.A., have been recognised in "Non-current trade and other receivables" in the Statement of financial position.

In any event, their recoverability is considered to be provisional, subject to the final outcome of the appeals submitted against the three European Commission decisions.

## 9. INCOME AND EXPENSES

### 9.1 Revenue

The distribution of IBERDROLA's revenue from ordinary activities by category of activity and geographical market is as follows:

<b>30.06.2021</b>					
<b>Millions of euros</b>	<b>European Union</b>			<b>Other countries</b>	<b>Total</b>
	<b>Spain</b>	<b>Euro zone</b>	<b>Non-euro zone</b>		
Finance income from equity investments in Group companies and associates	–	–	–	186	<b>186</b>
Finance income from debt securities and other financial instruments of Group companies and associates	5	6	–	5	<b>16</b>
Income from services rendered to Group companies	136	1	–	52	<b>189</b>
<b>Total</b>	<b>141</b>	<b>7</b>	<b>–</b>	<b>243</b>	<b>391</b>
<b>Total</b>	<b>141</b>	<b>7</b>	<b>–</b>	<b>243</b>	<b>391</b>

<b>30.06.2020</b>					
<b>Millions of euros</b>	<b>European Union</b>			<b>Other countries</b>	<b>Total</b>
	<b>Spain</b>	<b>Euro zone</b>	<b>Non-euro zone</b>		
Income from market adjustment of gas contracts	–	–	–	3	<b>3</b>
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>3</b>
Finance income from equity investments in Group companies and associates	–	–	–	206	<b>206</b>
Finance income from debt securities and other financial instruments of Group companies and associates	5	5	–	1	<b>11</b>
Income from services rendered to Group companies	69	2	–	54	<b>125</b>
<b>Total</b>	<b>74</b>	<b>7</b>	<b>–</b>	<b>261</b>	<b>342</b>
<b>Total</b>	<b>74</b>	<b>7</b>	<b>–</b>	<b>264</b>	<b>345</b>

Details of dividends from Group companies are as follows:

<b>Millions of euros</b>	<b>Six-month period ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
Avangrid, Inc.	185	205
Neoennergia, S.A.	1	1
<b>Total</b>	<b>186</b>	<b>206</b>

## 9.2 Employees

IBERDROLA's staff is structured as follows:

	30.06.2021		30.06.2020	
	Average headcount	Final headcount	Average headcount	Final headcount
Male	425	439	393	399
Female	361	365	339	345
<b>Total</b>	<b>786</b>	<b>804</b>	<b>732</b>	<b>744</b>

## 10. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### a) Remuneration of the Board of Directors

Directors' remuneration and other benefits received for the six months ended 30 June 2021 and 2020 are presented in the table below by remuneration item:

Millions of euros	30.06.2021	30.06.2020
Remuneration for membership on the Board and/or Board Committees	2.7	2.8
Fixed remuneration - executive directors	1.6	1.6
Variable remuneration - executive directors	4.3	4.3
Other items <sup>(1)</sup>	0.3	0.2
<b>Total</b>	<b>8.9</b>	<b>8.9</b>

(1) This amount includes the remuneration received by directors who held the position of director at companies that are not wholly owned, directly or indirectly, by the Company, and which amounted to EUR 0.16 million in the first half of 2021, the same amount as in the first half of 2020.

In the first half of 2021, the second of the three annual payments was made under the 2017-2019 Strategic Bonus, for a total of 733,333 shares (the same amount as in the previous year).

### b) Remuneration of senior management

Senior officers are those who report directly to the Board of Directors, its chairman or the Company's CEO, and in all cases the director of the Internal Audit area and any other officer that the Board of Directors recognises as such.

At 30 June 2021, there were 10 members of senior management (9 at 30 June 2020).

The remuneration and other benefits received by senior management in the first half of 2021 and 2020, respectively, are as follows:

Millions of euros	30.06.2021	30.06.2020 (*)
Fixed remuneration	2.5	2.4
Variable remuneration	5.8	5.8
Pension plans (savings and risk)	1.3	1.2
Other items <sup>(1)</sup>	0.6	0.8
<b>Total</b>	<b>10.2</b>	<b>10.2</b>

(\*) For comparison, this includes information on employees who have been senior officers since 1 January 2021 (1 additional senior officer).

<sup>(1)</sup> This amount includes the remuneration received by senior officers who held the position of director of companies that are not wholly owned, directly or indirectly, by the Company, and which amounted to EUR 0.35 million in the first half of 2021 and to EUR 0.49 million in the first half of 2020.

In the first half of 2021, the second of the three annual payments under the *2017-2019 Strategic Bonus* was made, for a total of 554,995 shares (the same amount as in the previous year).

During the first half of 2021 and 2020, no other transactions took place with officers outside the ordinary course of business.

## 11. RELATED-PARTY TRANSACTIONS

### Related-party transactions

The most significant related-party transactions in the six-month periods ended 30 June 2021 and 2020 are as follows:

Millions of euros	Six-month period ended 30.06.2021			Total
	Significant shareholders <sup>(1)</sup>	Directors and officers <sup>(2)</sup>	Group persons, companies or entities	
<b>Expenses and income</b>				
Finance expenses	–	–	107	107
Leases	–	–	2	2
Services received	–	–	31	31
Other expenses	–	–	5	5
<b>Total expenses</b>	–	–	<b>145</b>	<b>145</b>
Finance income	–	–	16	16
Dividends received	–	–	186	186
Services rendered	–	–	189	189
<b>Total income</b>	–	–	<b>391</b>	<b>391</b>
<b>Other transactions</b>				
Dividends and other distributed earnings <sup>(3)</sup>	93	1	–	94



	Six-month period ended 30.06.2020			
Millions of euros	Significant shareholders <sup>(1)</sup>	Directors and officers <sup>(2)</sup>	Group persons, companies or entities	Total
Expenses and income				
Finance expenses	–	–	65	65
Lease	–	–	2	2
Services received	–	–	4	4
Other expenses	–	–	5	5
Total expenses	–	–	76	76
Finance income	–	–	11	11
Dividends received	–	–	206	206
Services rendered	–	–	125	125
Sales	–	–	(1)	(1)
Total income	–	–	341	341
Other transactions				
Dividends and other distributed earnings <sup>(3)</sup>	96	–	–	96

(1) Related-party transactions are deemed to be those carried out by shareholders who exert a significant influence on the Company's financial and operating decisions. Significant influence is defined as having at least one member on the Board of Directors. This also applies to those significant shareholders who, through their ownership interest in the Company, are able to exercise the proportional representation system.

At the date of issue of these interim financial statements, only Qatar Investment Authority meets this condition, so the amounts for the six-month periods ended 30 June 2021 and 2020 refer to transactions with this shareholder.

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

(3) Amounts recognised as dividends and other distributed earnings in the first half of 2021 and 2020 pertain to the Iberdrola Flexible Remuneration system and the General Meeting attendance bonus received by the related party, if applicable.

## Related-party balances

Millions of euros	30.06.2021	31.12.2020
<b>Receivables</b>		
Trade and other receivables	162	62
<b>Payables</b>		
Trade and other payables	12	12

## Derivatives, loans and credits with related parties

Millions of euros	30.06.2021		31.12.2020	
	Receivables	Payables	Receivables	Payables
<b>Non-current</b>				
Avangrid, Inc (Note 5)	-	-	2,447	-
Iberdrola Finance Ireland, DAC	-	72	-	90
Iberdrola Financiación, S.A.U.	11	5,467	4	5,464
Iberdrola Finanzas, S.A.U.	-	835	-	794
Iberdrola International, B.V.	-	2,881	-	861
Other	-	-	12	-
<b>Total</b>	<b>11</b>	<b>9,255</b>	<b>2,463</b>	<b>7,209</b>
<b>Current</b>				
Ailes Marine, S.A.S.	13	-	61	-
Avangrid, Inc.	117	-	91	-
Baltic Eagle GmbH	-	2	-	23
Dehesa Solar Sur S.L.	119	-	-	29
Eolicas de Euskadi, S.A.U.	-	48	-	50
Fincalia Agropecuaria Siglo XXI, S.L.	-	1	-	1
Hidro I, S.L.U.	-	511	-	482
I-DE Redes Eléctricas Inteligentes, S.A.U.	-	391	-	154
Iberdrola Clientes Internacional, S.L.	-	13	-	15
Iberdrola Clientes, S.A.U.	-	323	-	20
Curenergía Comercializador de Último recurso, S.A.U.	103	-	60	-
Iberdrola Energie France, S.A.S.	37	-	7	-
Iberdrola España, S.A.U.	-	1,306	-	401
Iberdrola Financiación, S.A.U.	-	1,414	-	1,302
Iberdrola Finanzas, S.A.U.	-	130	-	200
Iberdrola Generación España, S.A.U.	136	-	-	938
Iberdrola Generación Nuclear, S.A.U.	-	405	-	282
Iberdrola Generación S.A.U.	-	84	-	61
Iberdrola Generación Térmica, S.L.U.	-	24	-	18
Iberdrola Inmobiliaria, S.A.	-	185	-	113
Iberdrola International, B.V.	-	15	-	10
Iberdrola Inversiones 2010, S.A.U.	-	48	-	48
Iberdrola Participaciones, S.A.U.	-	978	-	978
Iberdrola Re, S.A.	1	138	-	139
Iberdrola Renovables Andalucía, S.A.U.	-	56	24	-
Iberdrola Renovables Castilla y León, S.A.	-	2	-	80
Iberdrola Renovables Castilla-La Mancha, S.A.U.	-	22	18	-
Iberdrola Renovables Energía, S.A.U.	-	185	-	248
Iberdrola Renovables Galicia, S.A.U.	-	39	-	17
Iberdrola Renovables Internacional, S.L.	678	-	-	30
Iberdrola Renovables Offshore Deutschland, GmbH.	-	346	-	247
Iberdrola Solutions LLC	38	-	-	-
Inversiones Financieras Perseo, S.L.	-	46	-	49
Parep 1 PTY, Ltd.	62	-	-	46
Parque Solar Cáceres, S.L.	42	-	9	-
Proyecto Nuñez de Balboa, S.L.	-	19	-	14
Proyecto Solar Francisco Pizarro S.L.	191	-	3	-
Scottish Power, Ltd.	-	3	148	-
Other	369	425	116	314
Accrued interest	14	77	7	78
<b>Total</b>	<b>1,920</b>	<b>7,236</b>	<b>544</b>	<b>6,387</b>

## 12. EVENTS OCCURRING AFTER 30 JUNE 2021

After 30 June 2021 and before the date of publication of these Interim financial statements, the following significant event has occurred:

### Reduction in share capital

On 1 July 2021, the Company carried out the reduction in share capital approved by the shareholders at the General Shareholders' Meeting held on 18 June 2021 under item six of the agenda, through the cancellation of treasury shares.

Details of the reduction in share capital are as follows:

	Date of filing at the Commercial Registry	% Capital	Number of shares	Face value	Euros
Reduction in share capital	6 July 2021	2.776%	178,156,000	0.75	133,617,000

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

### Iberdrola Retribución Flexible

On 6 July 2021, a determination was made of the following terms governing the implementation of the first increase in capital by means of a scrip issue (*Iberdrola Retribución Flexible*) approved by the shareholders at the General Shareholders' Meeting of IBERDROLA held on 18 June 2021, under item 18 on the agenda:

- The maximum number of new shares to be issued under the increase in capital is 156,000,000.
- The number of free-of-charge allocation rights required to receive one new share is 40.
- The maximum par value of the increase in capital is EUR 117,000,000.
- The gross *Interim Dividend* per share amounts to EUR 0.254.

## 13. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

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

## MANAGEMENT REPORT

## IBERDROLA S.A.

### Management report for the six-month period ended 30 June 2021

#### 1. BUSINESS PERFORMANCE

IBERDROLA is a holding company and therefore its earnings are chiefly produced by dividends and income from financing granted to investees, and services rendered to subsidiaries.

#### 2. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2021

##### 2.1 Key figures from the Income statement of IBERDROLA

In the six-month period ended 30 June 2021, revenue amounted to EUR 391 million, EUR 186 million of which is through dividends from subsidiaries (EUR 185 million from AVANGRID and EUR 1 million from NEOENERGIA), while EUR 16 million arose from finance income from financing subsidiaries, and EUR 189 million from income from services rendered to Group companies. The increase of EUR 46 million in Revenue is the net result of (Note 9):

- Lower dividends in the amount of EUR 20 million and higher finance expenses with Group companies in the amount of EUR 5 million; and
- lower sales in the amount of EUR 3 million and higher income from services rendered to Group companies for EUR 64 million.

Operating profit for the period amounted to EUR 183 million, EUR 125 million up on the EUR 58 million reported in the first half of 2020, as a result of higher personnel expenses, other operating expenses, and depreciation and amortisation of EUR 20 million, EUR 34 million and EUR 1 million, respectively, increases which were offset by the improvement of EUR 134 million in impairment charges compared to the same period of 2020, when a provision of EUR 133 million was recognised for the interest in Iberdrola Financiación (Note 5).

The company reported a financial loss of EUR 128 million compared to a loss of EUR 26 million in the same period of 2020. The loss was EUR 102 million higher than the year before mainly due to:

- Increased income of EUR 20 million offset by
- a EUR 45 million rise in finance expenses, mainly expenses on borrowings with Group companies, which was EUR 42 million higher, the negative impact of EUR 53 million from valuation of derivatives, while positive translation differences were EUR 24 million lower than the previous year.

Profit for the year before tax was EUR 55 million, while income tax amounted to EUR 53 million, yielding net profit for the period of EUR 108 million, versus net profit of EUR 78 million in the same period of 2020.

##### 2.2 Statement of financial position

At 30 June 2021 IBERDROLA's Statement of financial position shows current liabilities exceeding current assets in the amount of EUR 5,941 million. This shortfall is largely due to the existence of current debt with Group companies and associates in the amount of EUR 7,236 million, and it will be covered by funds generated from its business and dividends received from its subsidiaries.

### **3. MAIN RISKS AND UNCERTAINTIES**

The main sources of uncertainty are described in Note 4.

### **4. SUBSEQUENT EVENTS**

Events after the reporting period are described in Note 12.

## AUTHORISATION FOR ISSUE

**2021 – FIRST HALF**

**AUTHORISATION FOR ISSUE OF THE SELECTED CONDENSED SEPARATE INTERIM  
FINANCIAL STATEMENTS AND THE INTERIM MANAGEMENT REPORT OF IBERDROLA,  
S.A.**

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Mr José Ignacio Sánchez Galán  
*Chairman & CEO*

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Mr Juan Manuel González Serna  
*Vice-chair and lead director*

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Mr Íñigo Víctor de Oriol Ibarra  
*Director*

---

Ms Samantha Barber  
*Director*

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Ms María Helena Antolín Raybaud  
*Director*

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Mr José Walfredo Fernández  
*Director*

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Mr Manuel Moreu Munaiz  
*Director*

---

Mr Xabier Sagredo Ormaza  
*Director*

---

Mr Francisco Martínez Córcoles  
*Business CEO*

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Mr Anthony Luzzatto Gardner  
*Director*

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Ms Sara de la Rica Goiricelaya  
*Director*

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Ms Nicola Mary Brewer  
*Director*

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Ms Regina Helena Jorge Nunes  
*Director*

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Mr Ángel Jesús Acebes Paniagua  
*Director*