

SHAREHOLDER'S BULLETIN 2021



**Record investments of €9.940 billion
take Iberdrola's net profit to a record
€3.885 billion, 8% up on 2020**



Chairman's key points



Ignacio Galán
Chairman & CEO of Iberdrola

“ Accelerated investment has led to faster-than-planned growth. These results show that the sustainable model is a success and motivate us to keep up our efforts to decarbonise the planet. ”



Sustainable shareholder remuneration in 2022

Reaching the floor set two years ahead of schedule

Last February, as part of the "Iberdrola Flexible Remuneration" optional dividend system, Iberdrola paid a part of the amount on account of the 2021 financial year, 0.170 gross euros per share.

This remuneration system gives the option to choose how to receive the money; in shares or in cash (selling the rights in the market or requesting cash). At this edition, 67.4% of the share capital requested remuneration in shares, evidence of the shareholders' confidence in the group.

In addition to the remuneration paid, Iberdrola will propose an additional payment of €0.270 **gross per share to the 2022 Shareholders' General Meeting**, to reach a total remuneration for the shareholder of €0.44 gross per share, paid in 2022 from the results of the 2021 period.

Interim remuneration ² (paid on February 1 st 2022)	EUR 0.170/share
	+
Supplementary remuneration ¹ (payable in July 2022)	EUR 0.270/share
Total 2021 shareholder remuneration	EUR 0.440/share

1 Subject to approval at Annual General Meeting (AGM)
2 Through the scrip dividend "Iberdrola Remuneración Flexible" program approved by 2010 AGM

Retaining the number of shares

Furthermore, and to avoid diluting shareholders, Iberdrola will honour its commitment to keep the number of shares at 6.240 billion.

Shareholder remuneration policy

Iberdrola established in its shareholder remuneration policy that, until such time as circumstances arise that justify the modification thereof, the Company's shareholder remuneration (pay-out), in all its forms, must be sustainable, compatible with the maintenance of its financial strength, and in line with that of companies with a similar business profile. Having applied these criteria, shareholder remuneration accounts for between 65% and 75% of the net profits attributed to the Company, as the parent, in its consolidated financial statements.



Highlights of the period

We have improved our forecasts; EBITDA is up by almost 20%

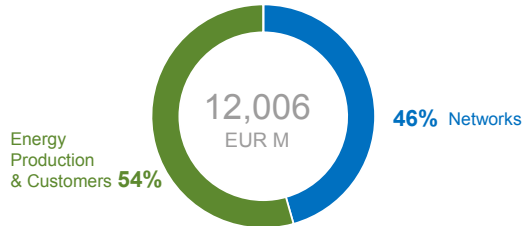
Iberdrola's EBITDA has grown by 19.6% in 2021, rising to €12.0057 billion euros, driven by the United States and Brazil.

By businesses, the EBITDA of the **Networks Business** increases by 11.2% to almost €5.3944 billion, due to the larger asset base in the United States thanks to the new tariff frameworks, and the improved results in Brazil due to tariff reviews, investments in transmission and the contribution of Neoenergia Brasilia.

At the same time, the EBITDA of the **Electricity Production and Clients*** increased by 234.2%

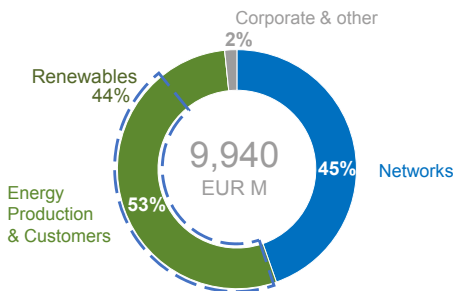
to €6.4229 billion, mainly due to a higher installed capacity of renewables (~3,500 MW) and, therefore, higher onshore and offshore wind production (since the commissioning of East Anglia 1), more than making up for the negative impact of spot prices far higher than the fixed prices at which the energy had already been sold to our customers. This affected our commercial activity in Spain, the United Kingdom and Iberdrola Energia International.

BREAKDOWN BY BUSINESS



Record investments of almost €10 billion (+3%)

FY2021 GROSS INVESTMENTS BY BUSINESS



Gross investment continues to accelerate, increasing by 3% and setting a new record of almost €9.940 billion (including €409 million of non-organic investments), of which 76% went to international markets, mainly the United States and Brazil. Investments in Spain totalled €2.386 billion.

Nearly 44% of the total investment was allocated to Renewables (€4.3683 billion) and 45% to Networks (€4.0296 billion) businesses, in line with the Group's growth strategy.

In 2021, Iberdrola commissioned 3.5 GW of new renewable capacity, in addition Iberdrola has a portfolio of 33,400 MW of offshore wind energy, the group's growth lever.

Investment in networks accounts for more than 44% of growth in all our markets. The network asset base is worth €33 billion (+23%).

* *Energy production and Clients: As a result of the current situation of the energy markets and the actual operation of these markets in the electricity production-end customer relationship, the Group's businesses are reported with differentiation between network activities (regulated) and energy production-customer activities as a whole (both with renewable and conventional sources), to better reflect the performance of these businesses.*



Solid financial position

Thanks to its prudent financial strategy, Iberdrola continues to be in a sound financial position.

Iberdrola's operating cash flow at 31 December amounted to €8.9136 billion, an increase of 8.6%. This positive performance, together with the aforementioned management, has led to a further improvement in our financial ratios, including an improvement in "Adjusted Net Debt/ EBITDA" to 3.2x.

The Group has liquidity of €19.5 billion at February 2022, covering 24 months of its needs in a business-as-usual scenario and 16 months in a higher-risk scenario. In addition, Iberdrola consolidates its global leadership in green and sustainable financing, with €38.8 billion outstanding.

Adjusted net debt at December 2021 increased mainly due to heavy investments and exchange rate movements to €39.119 billion, while leverage improved to 41.0% from 42.3% in 2020.

ADJUSTED CREDIT METRICS		
	Dec 2020 ³	Dec 2021 ³
Adjusted Net Debt ¹ / EBITDA	3.5x	3.2x
FFO ² / Adjusted Net Debt ¹	23.6%	23.0%
RCF / Adjusted Net Debt ¹	21.4%	20.6%
Adjusted Leverage ¹	42.3%	41.0%

1) Adjusted for the market value of potential treasury stock accumulators that are "out of the money" (EUR 784 M as of Dec 20 and EUR 241 M as of Dec 21)
 2) 12 M FFO adjusted by efficiency plans, group incorporations and fiscal deduction of goodwill amortization
 3) Proforma including Infigen in 2020, and Neoenergia Brasilia and Poland onshore in 2021



Net profit amounted to €3.885 billion

Iberdrola 2021's net profit increased by 7.6% to €3.8848 billion euros.

Stripping out the impact of deferred taxes in the United Kingdom (-€455 million), efficiency measures and non-recurring provisions (-€166 million) and court rulings and legal measures in Spain (+€800 million) we achieved an Adjusted Net Profit of €3.705 billion in 2021.

Business profile in the current market

Supplies for 2022 already covered or closed afford protection from the current tensions between offer and demand and the price situation

The reactivation of economic activity has led to tensions in the supply chain for some raw materials, so the group is protected from the pressure inflicted by inflation in most economies thanks to our balanced financial and business profile.

The key to this protection lies in:

- Fixed rate debt accounts for approximately 80% of the total, and will mature at an average of six years.
- Almost 70% of the group's income comes from countries with "A" rating, linked to currencies like the dollar, the euro and the pound.
- Around 50% of our operating margin has an explicit hedge against rises in inflation, including all our activities in Brazil or most of our renewable PPAS. We expect the cost of inflation to be passed on to the prices in the rest of our businesses, as we are already seeing in new energy sale and purchase agreements in the United States.
- At the same time, the main purchases agreements for 2022 have been closed at hedged or guaranteed prices, protecting Iberdrola from potential bottlenecks in supplies or fluctuating prices.



Setting an example in best ESG practices:

Iberdrola is continuing to redouble its commitment to ESG (environment, society and governance) principles, which form the backbone of its business model. A pioneer in the energy transition, the company has become a benchmark in good governance and a driving force for social transformation and transparency.

Lowering emissions

The group has already closed all its coal power plants around the world in response to its decision to replace CO₂ emitting facilities with state-of-the-art clean energies. The symbol of this commitment has been the demolition in 2021 of the chimney of Europe's largest coal-fired power station, Longannet (Scotland).

In line with its strategy, **it has reduced emissions** to 60 g/kWh by closing all its coal-fired plants. This means that **87% of production** on the Continent is **emissions-free**.

Driving decarbonisation through alliances

Iberdrola is **driving decarbonisation** through its supply chain, not only **with purchases** worth €12.2 billion in 2021 alone from large, medium and small companies employing 400,000 people, but also through **alliances** with organisations and companies from all sectors; financial groups such as Mapfre or Macquarie, oil companies that are currently our partners in offshore wind energy, such as Shell, leading players in industries interested in green hydrogen, such as steel and fertilisers, and in the mobility sector, from Volkswagen to Wallbox.

That's why Iberdrola has been ranked among the "top five companies leading the energy transition" in all sectors, according to the global Clean200 list, and is the first electricity company included in the classification.

With more talent and equality

The success of a sector in transformation like energy is only possible with the best talent. Iberdrola is drawing this talent, for example with more than 5,500 recruits in 2021, 40% of whom are young professionals below the age of 30, and by promoting gender equality; 34% of management positions in the company are held by women.

As a result of these developments and the company's continuous focus on good corporate governance, in 2021 Iberdrola received a host of accolades in this regard, such as the Corporate Governance Awards from World Finance in the United States and in Spain.

Iberdrola engages with more of its shareholders through Shareholders News

In line with its commitment to shareholders and new technologies, Iberdrola group has created "Shareholders NEWS Iberdrola", an **innovative audiovisual platform for members of OLA Shareholders' Club**, which is now available to watch on Smart TVs, with high-quality images and sound. The channel features important information about the company and is also available for computers and mobile devices.

In compliance with the principles of the Shareholder Engagement Policy and ongoing efforts to incorporate **the latest digital innovations**, Iberdrola has launched "Shareholders NEWS Iberdrola", a new audiovisual platform containing custom content, now available to watch on smart TVs and featuring important news about the group of interest to investors: financial, industrial and social information on a big screen and with high-quality image and sound.

If you still have not seen this **new, exclusive** audiovisual platform, visit our website and follow the instructions:

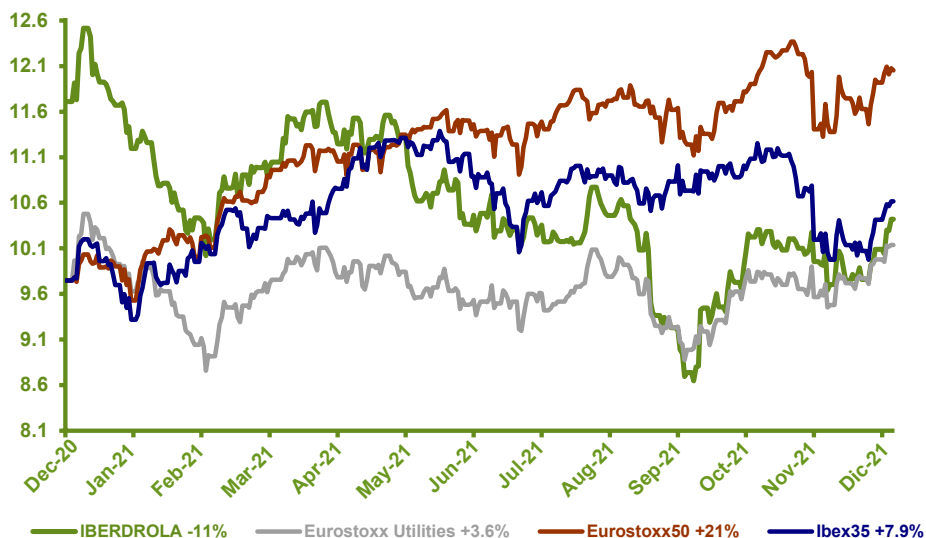
<https://www.iberdrola.com/accionistas-inversores/accionistas/accionistas-news-iberdrola>





IBERDROLA and the stock market

IBERDROLA stock performance vs. Indexes



IBERDROLA's share

	2021	2020
Number of shares outstanding	6,366,088,000	6,350,061,000
Share price at close of period	10.410	11,700
Average share price for the period	10.507	10,106
Average daily trading volume	13,241,383	17,868,633
Maximum trading volume (30-11-2021 / 20-03-2020) ⁽²⁾	56,338,346	73,587,123
Minimum trading volume (03-05-2021 - 24-12-2020)	3,983,299	1,247,598
Dividends paid (€) ⁽¹⁾	0.422	0.405
Gross interim dividend (08-02-2021/ 05-02-2020) ⁽²⁾	0.168	0.168
Gross final dividend (29-07-2021 / 04-08-2020) ⁽²⁾	0.254	0.232
Attendance premium	-	0.005
Dividend yield ⁽³⁾	4.05%	3.46%

(1) Dividends paid in the last 12 months.

(2) Iberdrola-guaranteed rights purchase price.

(3) Dividends paid in last 12 months and attendance premium/ share price at the close of the period.

Stock Market Data

		Dec. 2021	Dec. 2020
Market Cap	EUR B	66,271	74,296
Earnings per share	EUR	0.584	0.552
<small>(6,366,088,000 shares to 31/12/2021 and 6,350,061,000 shares to 31/12/2020)</small>			
Net operating cash flow per share	EUR	1.41	1.30
P.E.R.	Times	17.81	21.18



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