

Results Presentation

Nine months
October 27, 2021



**SUSTAINABLE
EVENT**



Legal Notice

DISCLAIMER

This document has been prepared by Iberdrola, S.A. exclusively for use during the presentation of financial results of the nine-month period ended on 30 September 2021. As a consequence thereof, this document may not be disclosed or published, nor used by any other person or entity, for any other reason without the express and prior written consent of Iberdrola, S.A.

Iberdrola, S.A. does not assume liability for this document if it is used with a purpose other than the above.

The information and any opinions or statements made in this document have not been verified by independent third parties; therefore, no express or implied warranty is made as to the impartiality, accuracy, completeness or correctness of the information or the opinions or statements expressed herein.

Neither Iberdrola, S.A. nor its subsidiaries or other companies of the Iberdrola Group or its affiliates assume liability of any kind, whether for negligence or any other reason, for any damage or loss arising from any use of this document or its contents.

Neither this document nor any part of it constitutes a contract, nor may it be used for incorporation into or construction of any contract or agreement. Information in this document about the price at which securities issued by Iberdrola, S.A. have been bought or sold in the past or about the yield on securities issued by Iberdrola, S.A. cannot be relied upon as a guide to future performance.

IMPORTANT INFORMATION

The shares of Iberdrola, S.A. may not be offered or sold in the United States of America except pursuant to an effective registration statement under the Securities Act of 1933 or pursuant to a valid exemption from registration. The shares of Iberdrola, S.A. may not be offered or sold in Brazil except under the registration of Iberdrola, S.A. as a foreign issuer of listed securities, and a registration of a public offering of depositary receipts of its shares, pursuant to the Capital Markets Act of 1976 (Federal Law No. 6.385 of December 7, 1976, as further amended), or pursuant to a valid exemption from registration of the offering.

This document and the information presented herein was prepared by Iberdrola, S.A. solely with respect to the consolidated financial results of Iberdrola, S.A. and was prepared and is presented in accordance with the International Financial Reporting Standards (“IFRS”).

In addition to the financial information prepared under IFRS, this presentation includes certain alternative performance measures (“APMs”) for the purposes of Commission Delegated Regulation (EU) 2019/979, of March 14, 2019 and as defined in the *Guidelines on Alternative Performance Measures* issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415es). The APMs are performance measures that have been calculated using the financial information from Iberdrola, S.A. and the companies within its group, but that are not defined or detailed in the applicable financial information framework. These APMs are being used to allow for a better understanding of the financial performance of Iberdrola, S.A. but should be considered only as additional information and in no case as a substitute of the financial information prepared under IFRS. Moreover, the way Iberdrola, S.A. defines and calculates these APMs may differ from the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. Finally, please consider that certain of the APMs used in this presentation have not been audited. Please refer to this presentation and to the corporate website (www.iberdrola.com) for further details of these matters, including their definition or a reconciliation between any applicable management indicators and the financial data presented in the consolidated financial statements prepared under IFRS.

This document does not contain, and the information presented herein does not constitute, an earnings release or statement of earnings of Avangrid, Inc. (“Avangrid”) or Avangrid’s financial results. Neither Avangrid nor its subsidiaries assume responsibility for the information presented herein, which was not prepared and is not presented in accordance with United States Generally Accepted Accounting Principles (“U.S. GAAP”), which differs from IFRS in a number of significant respects. IFRS financial results are not indicative of U.S. GAAP financial results and should not be used as an alternative to, or a basis for anticipating or estimating, Avangrid’s financial results. For information regarding Avangrid’s financial results for the nine-month period ended on 30 September 2021, please see the press release Avangrid issued on 26 October, 2021, which is available on its investor relations website at www.avangrid.com and the Securities and Exchange Commission (“SEC”) website at www.sec.gov. Likewise, this document does not contain, and the information presented herein does not constitute, an earnings release or statement of earnings of Neoenergia S.A. (“Neoenergia”) or Neoenergia’s financial results. Neither Neoenergia nor its subsidiaries assume responsibility for the information presented herein. For information regarding Neoenergia’s financial results for the nine-month period ended on 30 September 2021, please see the press release Neoenergia issued on 25 October, 2021, which is available on its investor relations website at ri.neoenergia.com and the Brazilian Comissão de Valores Mobiliários (“CVM”) website at www.cvm.gov.br.

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about Iberdrola, S.A., including financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, capital expenditures, synergies, products and services, and statements regarding future performance. Forward-looking statements are statements that are not historical facts and are generally identified by the words “expects,” “anticipates,” “believes,” “intends,” “estimates” and similar expressions.

Although Iberdrola, S.A. believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Iberdrola, S.A. shares are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Iberdrola, S.A., that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the documents sent by Iberdrola, S.A. to the Spanish *Comisión Nacional del Mercado de Valores*, which are accessible to the public.

Forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Iberdrola, S.A. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date they were made. All subsequent oral or written forward-looking statements attributable to Iberdrola, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included herein are based on information available to Iberdrola, S.A. on the date hereof. Except as required by applicable law, Iberdrola, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

1. Legal Notice	1
2. Core business figures	4
3. Highlights for the period	12
4. Operational performance over the period	18
5. Analysis of the consolidated profit and loss account	32
6. Results by business	38
7. Balance sheet analysis	48
8. Financial Statements Tables	58
Balance Sheet 2021 (Unaudited)	59
Profit and Loss (Unaudited)	61
Results by Business (Unaudited)	62
Networks Business (Unaudited)	63
Renewables Business (Unaudited)	64
Generation and Supply Business (Unaudited)	65
Quarterly results (Unaudited)	66
Statement of origin and use of funds (Unaudited)	67
9. Stock market evolution	68
10. Regulation	70
11. Sustainability Performance - ESG	78
12. Glossary of terms	97

Core business figures

Networks

RAB (Local currency)		As of December 2020	As of December 2019
Spain	(EUR billion)	9.3	9.2
United Kingdom	(GBP billion)	6.9	6.7
United States	(USD billion)	10.9	10.4
Brazil	(BRL billion)	26.5	21.5

Distributed Electricity

ELECTRICITY (GWh)	9M 2021	9M 2020	vs 9M 2020
Spain	68,690	65,622	4.7%
United Kingdom	23,570	23,177	1.7%
United States	29,355	28,621	2.6%
Brazil	56,104	48,842	14.9%
Total	177,719	166,262	6.9%
GAS (GWh)			
United States	43,756	41,776	4.7%
Total	221,474	208,038	6.5%

Managed Supply Points

ELECTRICITY (Millions)	9M 2021	9M 2020	vs. 9M 2020
Spain	11.26	11.19	0.7%
United Kingdom	3.54	3.53	0.3%
United States	2.29	2.27	1.2%
Brazil	15.66	14.22	10.2%
Total Electricity	32.76	31.20	5.0%
GAS (Millions)			
United States	1.03	1.02	1.1%
Total Gas	1.03	1.02	1.1%
TOTAL SUPPLY POINTS	33.79	32.22	4.9%

Note: In terms of operational data, IFRS11 do not apply (see details under Operational Performance for the period)
Differences may arise due to rounding

Generation Business and Customers

Total Group

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)⁽¹⁾	122,817	120,312	2.1%
Net owned production⁽¹⁾	96,355	90,555	6.4%
Renewables ⁽¹⁾	55,139	49,965	10.4%
Onshore	29,617	28,270	4.8%
Offshore	3,073	2,848	7.9%
Hydro	19,759	17,110	15.5%
Minihydro	542	567	-4.5%
Solar	2,086	1,116	86.9%
Nuclear	18,025	17,810	1.2%
Gas combined cycle	17,953	17,850	0.6%
Cogeneration	5,239	4,691	11.7%
Net production for third parties	26,461	29,757	-11.1%
Renewables	150	139	8.0%
Onshore	150	139	8.0%
Gas combined cycle	26,311	29,618	-11.2%
Installed Capacity (MW)⁽²⁾	57,662	54,032	6.7%
Net owned installed capacity⁽²⁾	50,517	46,886	7.7%
Renewables ⁽²⁾	37,378	33,861	10.4%
Onshore	19,032	18,016	5.6%
Offshore	1,258	1,258	-
Hydro	13,744	12,864	6.8%
Minihydro	296	306	-3.3%
Solar	2,897	1,378	110.2%
Batteries	137	25	448.0%
Nuclear	3,177	3,177	0.0%
Gas combined cycle	8,777	8,657	1.4%
Cogeneration	1,185	1,191	-0.5%
Net installed capacity for third parties	7,146	7,146	-
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	7,043	7,043	-
Electricity customers (No mill.)	12.67	12.73	-0.5%
Gas customers (No mill.)	2.96	2.88	2.6%
Gas Supplies (GWh)	38,710	39,096	-1.0%
Gas Storage (bcm)	0.12	0.12	-

(1) Including 62 GWh of production from fuel cells

(2) including 13 MW installed capacity of fuel cells

Note: Iberdrola Group has closed all its coal capacity in Spain by 2020. Differences may arise due to rounding

Spain

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)	46,569	43,445	7.2%
Renewables	22,335	18,103	23.4%
Onshore	8,429	7,837	7.5%
Hydro	12,431	9,346	33.0%
Minihydro	542	567	-4.5%
Solar	934	353	164.6%
Nuclear	18,025	17,810	1.2%
Gas combined cycle	4,483	5,716	-21.6%
Cogeneration	1,728	1,578	9.5%
Installed Capacity (MW)	28,278	25,936	9.0%
Renewables	19,060	16,712	14.0%
Onshore	6,134	6,092	0.7%
Hydro	10,595	9,715	9.1%
Minihydro	296	306	-3.3%
Solar	2,028	600	238.0%
Batteries	8	-	N/A
Nuclear	3,177	3,177	-
Gas combined cycle	5,695	5,695	-
Cogeneration	347	353	-1.8%
Electricity customers (No mill.)	9.95	10.02	-0.7%
Gas customers (No mill.)	1.13	1.07	5.9%
Gas Supplies (GWh)	20,870	23,113	-9.7%
Users	10,558	10,312	2.4%
Gas Combined Cycle	10,312	12,801	-19.4%

Differences may arise due to rounding

United Kingdom

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)	4,354	4,717	-7.7%
Renewables	4,354	4,717	-7.7%
Onshore	2,093	2,778	-24.7%
Offshore	2,261	1,939	16.6%
Solar	-	-	-
Installed Capacity (MW)	3,002	2,814	6.7%
Renewables	3,002	2,814	6.7%
Onshore	1,986	1,906	4.2%
Offshore	908	908	-
Solar	4	-	N/A
Batteries	104	-	N/A
Electricity customers (No mill.)	2.72	2.71	0.2%
Gas customers (No mill.)	1.83	1.81	0.6%
Gas Supplies (GWh)	17,840	15,983	11.6%
Gas Storage (bcm)	0.12	0.12	-

Differences may arise due to rounding

USA

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)⁽¹⁾	16,693	16,659	0.2%
Renewables ⁽¹⁾	14,388	14,750	-2.5%
Onshore	14,018	14,396	-2.6%
Hydro	98	86	13.3%
Solar	211	213	-1.3%
Gas combined cycle	6	6	14.9%
Cogeneration	2,298	1,903	20.8%
Installed Capacity (MW)⁽²⁾	8,929	8,622	3.6%
Renewables ⁽²⁾	8,089	7,782	3.9%
Onshore	7,766	7,520	3.3%
Hydro	118	118	-
Solar	191	130	47.6%
Gas combined cycle	204	204	-
Cogeneration	636	636	-

1) Including 62 GWh of production from fuel cells

2) Including 13 MW installed capacity of fuel cells

Differences may arise due to rounding

Mexico

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)	40,670	42,854	-5.1%
Net owned production	14,209	13,097	8.5%
Renewables	2,057	1,117	84.1%
Onshore	1,122	575	95.3%
Solar	935	543	72.2%
Gas combined cycle	10,939	10,769	1.6%
Cogeneration	1,213	1,210	0.2%
Net production for third parties	26,461	29,757	-11.1%
Renewables	150	139	8.0%
Onshore	150	139	8.0%
Gas combined cycle	26,311	29,618	-11.2%
Installed Capacity (MW)	10,683	10,662	0.2%
Net owned installed capacity	3,537	3,516	0.6%
Renewables	1,232	1,211	1.7%
Onshore	590	569	3.7%
Solar	642	642	-
Gas combined cycle	2,103	2,103	-
Cogeneration	202	202	-
Net installed capacity for third parties	7,146	7,146	-
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	7,043	7,043	-

Differences may arise due to rounding

Brazil

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)	11,294	10,357	9.0%
Renewables	8,800	9,001	-2.2%
Onshore	1,569	1,323	18.6%
Hydro	7,230	7,678	-5.8%
Gas combined cycle	2,494	1,356	83.9%
Installed Capacity (MW)	4,384	4,079	7.5%
Renewables	3,851	3,546	8.6%
Onshore	821	516	59.1%
Hydro	3,031	3,031	-
Gas combined cycle	533	533	-

Differences may arise due to rounding

Iberdrola Energía Internacional (IEI)

	9M 2021	9M 2020	vs. 9M 2020
Net Production (GWh)	3,237	2,281	41.9%
Renewables	3,205	2,277	40.8%
Onshore	2,386	1,361	75.3%
Offshore	812	909	-10.7%
Solar	7	7	4.8%
Gas combined cycle	32	4	781.3%
Installed Capacity (MW)	2,385	1,918	24.4%
Renewables	2,142	1,795	19.4%
Onshore	1,736	1,414	22.8%
Offshore	350	350	-
Solar	31	6	N/A
Batteries	25	25	-
Gas combined cycle	243	123	97.6%
Electricity customers (No mill.)	0.76	0.72	4.5%
Gas customers (No mill.)	0.29	0.26	12.9%
Gas Supplies (GWh)	1,152	875	31.6%

Differences may arise due to rounding

Stock Market Data

		9M 2021	9M 2020
Market capitalisation	EUR (million)	55,283	66,739
Earnings per share (6.366.088.000 shares at 30/09/21 and 6.350.061.000 shares at 30/09/20)	EUR	0.378	0.422
Net operating cash flow per share	EUR	1.36	1.36
P.E.R.	Times	22.96	24.89
Price/Book value (capitalisation to NBV at the end of the period)	Times	1.48	1.88

Economic/Financial Data (*)

Income Statement		9M 2021	9M 2020
Revenues	EUR (million)	27,999.8	24,248.0
Gross Margin	EUR (million)	12,585.9	11,841.3
EBITDA	EUR (million)	8,164.9	7,375.4
EBIT	EUR (million)	4,781.1	4,018.1
Net Profit	EUR (million)	2,408.2	2,681.0
Net Operating Expenses / Gross Margin	%	25.1%	25.9%
Balance Sheet		Sep, 2021	Dic, 2020
Total Assets	EUR (million)	134,824	122,518
Equity	EUR (million)	52,075	47,218
Net Financial Debt	EUR (million)	37,223	35,926
Adjusted Net Financial Debt	EUR (million)	37,219	35,142
ROE	%	8.90	9.63
Financial Leverage (Net Financial Debt/(Debt Financial Debt + Equity))	%	41.7	43.2
Net Financial Debt / Equity	%	71.5	76.1

(*) Financial terms are defined in the "Glossary"

Others

		9M 2021	9M 2020
Gross Organic Investments	EUR (million)	6,627.3	6,638.1
Employees	Number	39,569	35,816

* Including the purchase of Neoennergia Brasilia (CEB-D) for €409 million, the figure rises to Eur 7,036 million.

Iberdrola's Credit Rating

Agency	Rating(*)	Outlook(*)
Moody's	Baa1 (15/06/2012)	Stable (14/03/2018)
Fitch IBCA	BBB+ (02/08/2012)	Stable (25/03/2014)
Standard & Poor's	BBB+ (22/04/2016)	Stable (22/04/2016)

* Date of last modification

Highlights for the period

- In the first nine months of 2021, the Iberdrola Group posted an **adjusted Net Profit**, excluding non-recurring effects, of **EUR 2,688 million, representing growth of 5.2%**.
- Results in the period continue to be affected by **the COVID-19 pandemic**, albeit to a lesser extent. The total impact amounted to EUR 196 million at EBIT level, EUR 128 million due to the fall in demand, and EUR 68 million due to an increase in delinquency rates.
- **Gross investments** continue to accelerate, **totalling a record high of more than EUR 7,000 million** (including EUR 409 million in inorganic investments), mainly thanks to the renewables business, which represents 44% of the total, with more than 7,000 MW already under construction, and thanks to the networks business, which represents 45% of the total.
- **Financial robustness** was maintained, with a Funds From Operations (FFO) to Net Debt ratio improving on a like-for-like basis by 140 b.p. compared to the same period in 2020, to stand at 23.4%.
- The average evolution of Iberdrola's main **reference currencies** had an impact on EBITDA of EUR 260 million, as follows:
 - The pound sterling appreciated by 2.1% against the euro to stand at 0.864.
 - The US dollar depreciated by 6.5% against the euro to stand at 1.197.
 - The Brazilian real depreciated by 11.4% against the euro to stand at 6.375.
- The company's **total own CO2 emissions in the period decreased by 7.6%** compared to last year, down to 91 g/kWh.

Global environment and general considerations

As regards the performance of **electricity demand and output** for the period, highlights for the company's main business areas include:

- The energy balance of the **peninsular system (Spain and Portugal)** during the first nine months of 2021 was characterised by an increase in wind (+14.1%), solar (+36.8%) and hydraulic (+7.7%) production compared to the same period of the previous year, compared to the zero coal production in these nine months, combined cycle (-20.8%) and a slight increase in nuclear production (+1.2%).

In the first nine months of 2021, demand increased by +3.4% compared to the previous year; when adjusted for labour and temperature, this increased by +3.5%.

The first nine months of 2021 closed with a producibility index of 1.0 and hydraulic reserves at 54.2%, compared to an index of 1.0 and reserves at 51.9% for the same period in 2020.

- In the **United Kingdom**, electricity demand grew by 3.2% in 2021 compared to the same period in 2020. Demand for conventional gas increased by +5.2% in the first nine months of 2021 compared to the same period in the previous year.
- In **Avangrid's** management areas on the East Coast of the United States, electricity demand was up 2.6% compared to the first nine months of 2021, while gas demand grew by 4.7%.
- Electricity demand in **Neoenergia's** management areas in Brazil increased by 14.9% in the first nine months of 2021.

During the first nine months of 2021, **international commodities markets** have evolved as follows:

M Eur	9M 2021	9M 2020	9M 2021 vs. 9M 2020
Oil — USD/BBL	67.9	41.1	65%
Coal — USD/ton	102.3	48.7	110%
CO2 — EUR/ton	48.5	23.9	103%
NBP — p/th	79.2	20.0	296%
Henry Hub — USD/ MMBtu	3.5	1.8	94%
TTF — EUR/MWh	31.0	7.7	303%

Significant events for the Iberdrola Group

- In 2021, the **Iberdrola Group changed the format of its income statement, eliminating the section “Gains/(losses) on non-current assets”.**

The items comprising this entry are now classified as follows:

- (Gains)/losses on disposal of fixed assets and on loss of control of consolidated holdings are presented under the section “Other operating results”, forming part of EBITDA.
- Profit (loss) sharing and results from significant loss of influence of equity holdings are presented under the heading “Results of companies accounted for using the equity method”.

In accordance with regulations, the previous accounting criteria have been applied retroactively to 2020, with an effect of EUR 30 million as of September 2020 (which has been re-states for comparative purposes).

Iberdrola has used the format required in the periodic public information submitted in accordance with Spanish stock market commission (CNMV) Circular 3/2018, since to date a reconciliation of EBIT was required between the format historically used by the Group and that required in the circular.

It also takes the view that the new criterion provides information that is more useful and consistent with general market practices.

In addition, draft amendments to IAS 1 (IASB ED/2019/7 General Presentation and Disclosures) have been used so that, if approved, any changes to the presentation of financial statements are minor.

Before describing the changes in the Profit and Loss Account in the period, due to their impact on the adjusted figures included therein, it is necessary to highlight three non-recurring effects recorded in the first nine months of the year.

1. Reversal of the Spanish levy in Spain, corresponding to the years 2013 to 2016, based on the ruling published on 23 April 2021. As a result of this, two positive effects were recorded: EUR 417 million recorded in the Renewables Tax line in Spain and EUR 92 million at the consolidated Net Financial Result level, as a result of accrued late payment interest.
2. Increase of the corporate tax rate in the United Kingdom from 19% to 25%, effective 1 April 2023. This modification involved recalculating the Group’s deferred taxes and represented a negative impact of EUR 453 million, which was already recorded in this quarter.
3. Royal Decree-Law 17/2021, of 14 September, on urgent measures to mitigate the impact of rising natural gas prices on retail gas and electricity markets (known as the “gas clawback”) had a negative impact of EUR 114 million on EBITDA, accounted for under the Taxes item (EUR 84 million in Liberalised Business in Spain and EUR 30 million in Renewables in Spain).

The main items in the **Profit and Loss Account** were as follows:

EUR million	9M 2021	vs 9M 2020
GROSS MARGIN	12,585.9	+6.3%
EBITDA	8,164.9	+10.7%
ADJUSTED EBITDA ⁽¹⁾	7,989.4	+5.2%
EBIT	4,781.1	+19.0%
NET PROFIT	2,408.2	-10.2%
ADJUSTED NET PROFIT ⁽²⁾	2,687.8	+5.2%

(1) Adjusted EBITDA 2021: excludes the effect of COVID-19 in the nine-month period (EUR -128 million), the gas clawback from the RDL 17/2021 (EUR -114 M million) and the impact of the reversal of the Spanish levy in Spain in 2013-2016 (EUR +417 million).

Adjusted EBITDA 2020: excludes the effect of COVID-19 in the nine-month period (EUR -216 million).

(2) Adjusted Net Profit 2021: excludes the effect of COVID-19 (EUR -123 million), the impact of the reversal of the Spanish levy in Spain in 2013-2016 (EUR +382 million) and deferred taxes in the United Kingdom (EUR -453 million), and the "gas clawback" under RDL 17/2021 (EUR -85 million).

Adjusted Net Profit 2020: excludes the effect of COVID-19 (EUR -203 million), Siemens Gamesa capital gain (EUR +485 million) and extraordinary tax impacts (EUR -154 million).

Consolidated **EBITDA** increased by 10.7% to EUR 8,165 million. The change in this figure was affected by various factors: on the one hand, the negative impacts of COVID-19 on demand (EUR 128 million) and the so-called "gas clawback" (EUR -114 million), and on the other hand, the positive impact of the Spanish levy in Spain (EUR 417 million), without which the **adjusted EBITDA** grew by 5.2%, and the exchange rate, which deducts EUR 260 million. Excluding these impacts, **EBITDA** would have increased by 8.7%.

From an operational point of view, positive factors included the larger contribution of network assets in the United States and Brazil, increased renewable installed capacity and the increase in renewable production in Spain at higher prices. On the negative side, the Generation and Supply business stands out in particular, with a weaker six-month period in Spain due to lower thermal production and lower margins; the United Kingdom saw lower margins due to the need to purchase energy on the spot market, at higher prices, as a result of record-low wind production; and in Mexico, which was temporarily affected by a surge in gas costs as a result of the cold wave that hit the

US state of Texas in February, an impact that should be recovered over the next few months as electricity rates incorporate these fuel prices into their calculation.

Net Operating Expenses increased by 2.7% as the Group's growth was offset by the positive impact of the exchange rate (EUR 130 million) and the turnover of renewable assets in Spain (EUR 170 million). Excluding the devaluation of currencies, net operating expenses grew by 6.9% as a result of the increase in the Group's activity, which includes consolidation of the companies in Australia, France and Brazil, and growth of 9% in the workforce.

Taxes decreased by 9.1% due to the impact resulting from the refund of the Spanish levy in Spain, as described above, partially offset by the "gas clawback".

Amortisations and Provisions grew by 0.8%, with the exchange rate (EUR 95 million) offsetting the increase in the Group's activity. It is also worth noting that, as collections improve, the provisions for default caused by COVID-19 have fallen by 35% compared to the same period last year.

Adjusted Net Profit grew by 5.2% to EUR 2,688 million. This item excludes the net impact of COVID-19 in both periods, EUR -203 million in 2020 and EUR -123 million in 2021, as well as the extraordinary impacts accounted for:

- In 2021, the reversal of the Spanish levy in Spain from 2013-2016 (EUR +382 million), deferred taxes in the United Kingdom (EUR -453 million) and the "gas clawback" (EUR -85 million).
- In 2020, the capital gain from selling the stake in Siemens Gamesa (EUR 485 million net) and the non-recurring impact recorded in the tax line (EUR -154 million) due to the UK's decision to keep the corporate rate at 19% compared to the planned 17%.

Reported Net Profit totalled EUR 2,408 million, representing a decrease of 10.2% compared to the figure recorded in the same period last year, affected by the non-recurring elements mentioned above.

The key financial figures for the period are as follows:

- Adjusted Net Financial Debt* stood at EUR 37,219 million, with a reduction of EUR 664 million compared to September 2020 owing to the issuance of hybrid bonds, which offset investment for the period.
- Adjusted Funds From Operations** totalled EUR 8,717 million, up by 4.7% compared to the same period in the previous year.

(*) Adjusted for treasury stock derivatives with physical settlement which, at the current date, are not expected to be executed (EUR 4 million at Sep 2021 and EUR 961 million at Sep 2020).

(**) Last 12 months, adjusted for exit plan and proforma new additions.

Finally, **gross investments** grew by 6%, exceeding **EUR 7,000 million** (including EUR 409 million in inorganic investments). Of this amount, more than 90% was concentrated in the Networks and Renewables businesses.

Other significant operations

In recent months, a series of operations have been concluded within the framework of the “Greenfield M&A” strategy being carried out by the Iberdrola Group as a complement to the organic investment plan, with a view to expanding its global presence in renewable energies and ensuring growth in the medium and long term. Specifically, the following operations have taken place in 2021:

- On 5 February 2021, an agreement was announced with **DP Energy** to acquire a majority stake in offshore wind projects on the east, west and south coasts of **Ireland**, which will be eligible for the next offshore wind capacity auctions in the country, which will take place between 2025 and 2030.
- On 17 March 2021, Iberdrola reached an agreement with the **Japanese renewable energy developer Cosmo Eco Power** (a subsidiary of Cosmo Energy Holdings Co. Ltd.) and the engineering firm Hitz for the joint development of the Seihoku-oki offshore wind project (600 MW) in the Aomori prefecture, in the north-west of the country. This project will participate in round two of the auction planned by the Japanese Government for this year and

2022. The operation comes six months after the acquisition of 100% of the Japanese developer Acacia Renewables, with an offshore wind portfolio of 3,300 MW in the south of the country.

- On 29 March, Iberdrola reached an agreement with **CEE Equity Partner** for the acquisition of new renewable capacity in **Poland**, with three wind farms totalling 163 megawatts (MW) in capacity, the production of which is essentially associated with ten-year power purchase agreements (PPAs). Two of the projects—with a capacity of 112.5 MW—are already in operation, while the third—with a capacity of 50 MW—was confirmed when it was awarded at the auction held last June. The agreement strengthens the company’s commitment to this growing market, where it already has a privileged position to lead its decarbonisation process, after acquiring 70% of the developer Sea Wind, which has a portfolio of seven offshore projects, with a potential capacity of up to 7,300 MW.
- On 30 March 2021, **Iberdrola and MAPFRE signed a strategic alliance to jointly invest in renewable energy in Spain**. The vehicle is 80% owned by MAPFRE, while Iberdrola will hold 20% and will also be responsible for developing, constructing and maintaining the wind farms with the aim of incorporating green projects to total 1,000 MW. The company started out with 230 MW: 100 MW in operational wind power and 130 MW in photovoltaic energy under development. On 30 June, an additional 95 MW in wind power was added to said vehicle and, in September, an additional 100 MW in wind power was added, amounting to a total of 425 MW.

On 21 September, through the American subsidiary Avangrid, Iberdrola reached an agreement with Copenhagen Infrastructure Partners to reorganise the assets of Vineyard Wind, the joint venture held 50% by the Avangrid Group and 50% by Copenhagen Infrastructure Partners for developing certain offshore wind projects on the east coast of the United States of America. Vineyard Wind (800 MW) will continue to be held 50% by each of the two partners; Avangrid will

acquire 100% ownership of the rights for the leased area OCS-A 0534, which includes the Park City Wind (804 MW) project and the Commonwealth Wind project, which submitted a bid for up to 1,200 MW at Massachusetts' third offshore wind energy auction on 16 September 2021. For its part, Copenhagen Infrastructure Partners will acquire 100% ownership of the rights for the leased area OCS-A 0522, which has project development potential of approximately 2,500 MW. Avangrid Renewables will pay a net fee of approximately USD 167.5 million when the transaction completes.

Operational performance over the period

1. Energy distributed and supply points

The Group's Regulatory Asset Base (RAB) came to EUR 31,100 million at the end of 2020, up 6% compared to the end of 2019 at a constant exchange rate:

RAB (local currency)		Dec. 2020	Dec. 2019
Spain	(EUR billion)	9.3	9.2
United Kingdom	(GBP billion)	6.9	6.7
United States	(USD billion)	10.9	10.4
Brazil	(BRL billion)	26.5	21.5

At the September close, the electricity distributed by the Group amounted to 177,719 GWh, up 6.9% compared to the same period in 2020, broken down as follows:

Distributed Energy

Electricity (GWh)	9M 2021	9M 2020	vs 9M 2020
Spain	68,690	65,622	4.7%
United Kingdom	23,570	23,177	1.7%
United States	29,355	28,621	2.6%
Brazil	56,104	48,842	14.9%
Total	177,719	166,262	6.9%
GAS (GWh)			
United States	43,756	41,776	4.7%
Total	221,474	208,038	6.5%

The number of gas and electricity supply points increased by 4.8% compared to June 2020, surpassing 33 million, thanks to organic growth in all geographies and the incorporation of CEB, which contributed 1.1 million supply points in Brasília (the capital of Brazil) broken down as follows:

Managed supply points

ELECTRICITY (million)	9M 2021	9M 2020	vs 9M 2020
Spain	11.26	11.19	0.7%
United Kingdom	3.54	3.53	0.3%
United States	2.29	2.27	1.2%
Brazil	15.66	14.22	10.2%
Total electricity	32.76	31.20	5.0%
GAS (million)			
United States	1.03	1.02	1.1%
Total gas	1.03	1.02	1.1%
TOTAL SUPPLY POINTS			
	33.79	32.22	4.9%

Following the acquisition of PNM in the United States, whose integration is expected to take place by the end of 2021, the number of supply points will increase by 0.8 million.

1.1. Spain — i-DE

At the September 2021 close, the networks business in Spain had 11.3 million supply points, while distributed energy totalled 68,690 GWh, up 4.7% on the same period in 2020.

The table shows the change in the SAIDI (System Average Interruption Duration Index) and the SAIFI (System Average Interruption Frequency Index) for medium voltage supply:

i-DE	2021	2020
SAIDI (min)	34.3	34.4
SAIFI (no. inter.)	0.77	0.72

These quality indicators were impacted in September by the cold drop. The combination of heavy storms and subsequent floods affected a total of 120,000 customers in central and eastern Spain. i-DE managed to restore the supply to 75% of the affected customers in less than 30 minutes thanks to the effort and commitment of i-DE employees and also the capabilities of the i-DE smart grid deployed in recent years.

Two major agreements were also reached during the period. First, Iberdrola and the European Investment Bank (EIB) signed a green loan of EUR 550 million to support the development, modernisation and digitisation of the Company's electricity distribution networks. This agreement adds further value to the network investment plan that i-DE will implement between 2021 and 2023 totalling EUR 1,472 million, the aim of which is to improve the reliability, efficiency and safety of renewable and sustainable electricity distribution.

During this quarter, Iberdrola also announced that it will lead the development of the first Mediterranean corridor for fully electric heavy road transport. This project, which will be developed in eastern Spain and span more than 450 kilometres, will involve i-DE, since it will require the development of a smart electricity grid infrastructure to bring power to the ultra-rapid charging infrastructure, ensuring maximum efficiency.

1.2. United Kingdom – SPEN

Scottish Power Energy Networks (SPEN) had more than 3.5 million supply points at the end of September. The volume of energy distributed during the first nine months of the year totalled 23,570 GWh, 1.7% higher than in the same period in 2020.

Energy distributed (GWh)	9M 2021	9M 2020
Scottish Power Distribution (SPD)	12,667	12,487
Scottish Power Manweb (SPM)	10,903	10,690

While SPD's quality of service indicators showed an improvement on 2020, SPM was affected by Storm Christoph in January.

Customer Minutes Lost (CML) was as follows:

CML (min.)	2021	2020
Scottish Power Distribution (SPD)	21.99	23.92
Scottish Power Manweb (SPM)	32.85	24.26

The number of consumers affected by interruptions per 100 customers (Customer Interruptions, CI) was as follows:

CI (no. of interruptions)	2021	2020
Scottish Power Distribution (SPD)	31.20	32.55
Scottish Power Manweb (SPM)	27.67	23.84

On 1 July, ScottishPower Energy Networks presented its 2023-2028 network investment plan within the framework of the RIIO-ED2 regulatory cycle. The company will invest GBP 3,200 million (EUR 3,700 million) over five years to continue driving the UK's energy and digital transformation in its transition to a carbon-free, electrified economy.

The objectives of SP Energy Networks' investment plan include: developing a Net Zero-ready network, continuing to adapt the infrastructure to make it more resilient and reliable by using innovative, flexible and efficient solutions; supporting customers and communities in which the company operates through the provision of improved services tailored to their needs; and readying the business for a digital and sustainable future through the incorporation of new digital approaches, innovation and process redesign.

1.3 United States – Avangrid

1.3.1 Electricity

At the September close, Avangrid Networks had around 2.3 million supply points. The electricity distributed over the year came to 29,355 GWh, up 2.6% year on year.

Energy distributed (GWh)	9M 2021	9M 2020
Central Maine Power (CMP)	7,442	7,157
NY State Electric & Gas (NYSEG)	12,345	12,034
Rochester Gas & Electric (RGE)	5,649	5,575
United Illuminating Company (UI)	3,920	3,855

During the first nine months of the year, Avangrid's distribution area was battered by several storms that affected its Customer Average Interruption Duration Index (CAIDI), especially among New York state distributors.

The CAIDI was as follows during the period:

CAIDI (hrs)	2021	2020
Central Maine Power (CMP)	1.82	1.98
NY State Electric & Gas (NYSEG)	2.13	2.00
Rochester Gas & Electric (RGE)	2.02	1.80

The System Average Interruption Duration Index (SAIDI) for UI was as follows:

SAIDI (min.)	2021	2020
United Illuminating Company (UI)	31.84	37.81

The regulatory indicator applied in Connecticut (UI) is the SAIDI

The System Average Interruption Frequency Index (SAIFI) was as follows:

SAIFI	2021	2020
Central Maine Power (CMP)	1.49	1.50
NY State Electric & Gas (NYSEG)	1.12	1.09
Rochester Gas & Electric (RGE)	0.77	0.68
United Illuminating Company (UI)	0.36	0.46

A new milestone was reached in the New England Clean Energy Connect (NECEC) project with the start of work on the high-voltage converter station (HVDC), which will serve as the entry point for the supply of 1,200 MW of renewable hydroelectric power from Quebec into the New England grid.

Progress has also been made in obtaining municipal permits, with a new local permit granted in the town of Whitefield. This means local authorisation has now been obtained to work in 31 of the 38 municipalities the project will pass through, and headway continues to be made in obtaining permits for the remaining towns in line with the construction schedule.

This project involves the roll-out of a direct current transmission line stretching 233 kilometres between Canada and New England, which will enable the supply of 9.45 TWh of 100% hydroelectric energy to Massachusetts from 2023.

In July, AVANGRID, through its distributors, joined the Electric Highway Coalition; an initiative that aims to expand the network of electric vehicle charging points on US highways. The company will help construct the charging infrastructure at its service areas, with the aim of installing more than 400 fast continuous current charging points from the Atlantic coast to the Gulf regions, through the South and Midwest.

1.3.2 Gas

Avangrid supplies gas through more than 1 million supply points. By the end of September, 43,756 GWh of gas had been distributed, up 4.7% compared to the same period in the previous year, primarily due to the lower temperatures experienced in the first quarter of 2021:

Energy distributed (GWh)	9M 2021	9M 2020
NY State Electric & Gas (NYSEG)	11,058	10,831
Rochester Gas & Electric (RGE)	11,588	11,668
Maine Natural Gas (MNG)	3,193	2,259
Berkshire Gas (BGC)	2,080	1,994
Connecticut Natural Gas (CNG)	7,933	7,660
Southern Connecticut Gas (SCG)	7,903	7,365

1.4. Brazil – Neoenergia

At the end of September 2021, Neoenergia had a total of 15.7 million supply points. The volume of electricity distributed during the quarter was 56,104 GWh, representing growth of 14.9% from the same period last year, including Neoenergia Brasília's distributed energy.

Energy distributed (GWh)	9M 2021	9M 2020
Neoenergia Elektro	14,998	13,946
Neoenergia Coelba	18,699	17,704
Neoenergia Cosern	4,915	4,600
Neoenergia Pernambuco	12,949	12,593
Neoenergia Brasília	4,543	-

Discrepancies possible due to rounding

Efforts to enhance the quality of supply have allowed us to improve the indicators compared to 2020 for all distributors in the north-east and to keep those of Neoenergia Brasília and Elektro in line with 2020.

The customer average interruption duration (*duração equivalente de interrupção por unidade consumidora* — DEC) was as follows:

DEC (hours)	2021	2020
Neoenergia Elektro	5.21	5.11
Neoenergia Coelba	7.48	9.34
Neoenergia Cosern	5.39	7.05
Neoenergia Pernambuco	8.88	9.85
Neoenergia Brasília	5.82	5.45

The average number of interruptions per customer (*freqüência equivalente de interrupção por unidade consumidora*, FEC) was:

FEC	2020	2019
Neoenergia Elektro	3.1	3.1
Neoenergia Coelba	3.6	4.0
Neoenergia Cosern	2.2	3.0
Neoenergia Pernambuco	4.3	4.0
Neoenergia Brasília	5.4	4.2

In July, Neoenergia began work on the construction of the Rio Formoso transmission project, after receiving a licence from the Bahia Institute of Environment and Water Resources. This project, awarded to the company in Lot 9 of the auction held in 2019, includes the construction of the Rio Fornos II substation and the construction of 105 km of transmission line.

In September, Neoenergia energised a new substation and a 124-km transmission line between the municipalities of Santa Luzia and Campina Grande; both part the 345-km Santa Luzia project and belonging to Lot 6 awarded at the December 2017 auction.

Neoenergia has commissioned 3 of the 12 projects awarded since 2017. As such, progress continues

as planned with the transmission projects awarded at the auctions held by the Brazilian regulator (ANEEL), which will ultimately involve expanding the transmission network by an additional 6,000 km.

In August, Neoenergia unified its brand by changing the name of its five distributors: Neoenergia Coelba, Neoenergia Cosern, Neoenergia Elektro, Neoenergia Pernambuco and Neoenergia Brasília. This is a further step in building a management model based on modernisation, technological innovation, sustainability and service quality.

Neoenergia was also handed two national awards this quarter:

- In August, Neoenergia Distribuição Brasília was the winner in the Midwest category of the 2020 Aneel Quality Award – Aneel Consumer Satisfaction Index. The award assesses consumer satisfaction, quality of power supply and services, customer service and trust.
- In September, Neoenergia’s distributors received the 2021 Abradee Award in recognition of their operational performance, which is among the best in the country. In addition, Neoenergia was awarded silver at the Premio Cliente SA 2021 awards in the “Leader in Customer Management Project” category of digital excellence.

2. Electricity production and customers

At the end of September 2021, Iberdrola's **installed capacity** was up 6.7% compared to at the end of September 2020 and totalled 57,662 MW, with 70.5% of this total (40,658 MW) coming from emission-free sources, compared to 68.7% at the end of September 2020:

MW	9M 2021	vs 9M 2020
Capacity for own use (*)	50,517	7.7%
Renewables (*)	37,378	10.4%
Onshore wind	19,032	5.6%
Offshore wind	1,258	-
Hydroelectric	13,744	6.8%
Mini-hydroelectric	296	-3.3%
Solar	2,897	110.2%
Batteries	137	448.0%
Nuclear	3,177	-
Gas combined cycle	8,777	1.4%
Cogeneration	1,185	-0.5%
Capacity for third parties	7,146	-
Renewables	103	-
Onshore wind	103	-
Gas combined cycle	7,043	-
Total (*)	57,662	6.7%

Discrepancies possible due to rounding

(*) Includes 13 MW of installed capacity from fuel cells

Net electricity production in the nine months of the year amounted to 122,817 GWh, up 2.1% from the figure recorded in the same period of 2020, with 59.7% of this total being emission-free (73,314 GWh), compared to 56.4% the year before:

GWh	9M 2021	vs 9M 2020
Own production (*)	96,355	6.4%
Renewables (*)	55,139	10.4%
Onshore wind	29,617	4.8%
Offshore wind	3,073	7.9%
Hydroelectric	19,759	15.5%
Mini-hydroelectric	542	-4.5%
Solar	2,086	86.9%
Nuclear	18,025	1.2%
Gas combined cycle	17,953	0.6%
Cogeneration	5,239	11.7%
Production for third parties	26,461	-11.1%
Renewables	150	8.0%
Onshore wind	150	8.0%
Gas combined cycle	26,311	-11.2%
Total (*)	122,817	2.1%

Discrepancies possible due to rounding

(*) Includes 62 MW of production from fuel cells

As at 30 September 2021, Iberdrola had 27.4 million contracts, 7.1% more than at the end of September 2020, broken down as follows:

	Spain	UK	Brazil	IEI	Total	vs 9M 2020
Electricity contracts	10.0	2.7	0.0	0.8	13.4	-0.2%
Gas contracts	1.1	1.8		0.3	3.2	3.4%
Smart solutions	7.3	2.3 (*)	0.3	0.8	10.7	19.3%
Total	18.4	6.8	0.3	1.9	27.4	7.1%

Discrepancies possible due to rounding

(*) Includes 1.92 million smart meters installed

2.1 Spain

Renewable capacity and production

At the close of the third quarter of the year, Iberdrola had an installed **renewable capacity** in Spain of 19,060 MW (+14.0%), broken down as follows:

SPAIN	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	5,841	293	6,134
Solar PV	2,028	-	2,028
Hydroelectric (**)	10,595	-	10,595
Mini-hydroelectric	293	2	296
Batteries	8	-	8
Total capacity	18,765	295	19,060

Discrepancies possible due to rounding

(*) Includes the proportional MW share

(**) Includes 880 MW of installed capacity at the Gouvaes facility in Portugal.

During the third quarter of 2021, **onshore wind** projects were completed in Fuenteblanca (10 MW) and Burgos, and at the Verdigueiro (37 MW) and Cordel-Vidural (37 MW) wind farms in Asturias. Commissioning work continued at the Herrera II complex in Burgos: HUESA (18 MW), Orbaneja (32 MW) and Valdesantos (14 MW). Works also continued at the El Puntal 2 wind farm (15 MW) in Malaga and Martín de la Jara wind farm (36 MW) in Seville.

Turning to **solar PV**, all modules at the Arenales (150 MW) and Cedillo (100 MW) plants in Cáceres have now been installed, while the Ceclavín plant (328 MW) in Cáceres and Barciencia plant (50 MW) in Toledo have been commissioned. Work also continues on installing the modules at Puertollano (100 MW) in Ciudad Real and Francisco Pizarro (590 MW) in Cáceres, as well as commissioning the Arañuelos III plant (40 MW) in Cáceres and Olmedilla (50 MW) and Romeral (50 MW) plants in the province of Cuenca.

Around 1 GW of capacity is also in the early stage of construction, most notably at the Ciudad Rodrigo solar PV plant (318 MW) in Salamanca, and the

Buniel (115 MW) and Iglesias (94 MW) wind farms in Burgos.

In Portugal, work also continues on the **Tâmega hydroelectric complex**, with 800MW coming on stream in the third quarter for the **Gouvães** development, with **Daivões and Alto Tâmega** scheduled to come on stream in December 2021:

- With construction work at the **Daivões** facility (118 MW) now complete, the electrical and mechanical installation of the three pump turbines is currently in progress; the two main pump turbines and the ecological flow.
- At the **Alto Tâmega** facility (160 MW), progress in concreting the dam is at close to 40%. More than 60% of the concrete for the plant has been poured while the two spiral chambers are now assembled and the first has ready been concreted.

Renewable production totalled 22,435 GWh (+23.9%), broken down as follows:

SPAIN	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	8,152	277	8,429
Solar PV	934	-	934
Hydroelectric	12,431	-	12,431
Mini-hydroelectric	537	4	542
Total production	22,054	381	22,335

Discrepancies possible due to rounding

(*) Includes the proportional GWh share

Changes in production consolidated at EBITDA level by technology are as follows:

- Onshore wind production totalled 8,152 GWh up to the end of the third quarter, which is 6.9% higher than during the same period in 2020, mainly due to the commissioning of new facilities.
- Hydroelectric production was up 33% to 12,431 GWh, while production at mini-hydroelectric plants rose 4% to 537 GWh.

- Solar PV production totalled 934 GWh in the period, up 165% compared to the same period in 2020, mainly due to new facilities coming on stream.

Thermal capacity and production

At 30 September 2021, the Iberdrola Group's **thermal capacity** in Spain totalled 9,218 MW, broken down as follows:

SPAIN	MW Consolidated installed	MW Investee companies (*)	Total
Nuclear	3,177	-	3,177
Gas combined cycle	5,695	-	5,695
Cogeneration	296	51	347
Total Capacity	9,167	51	9,218

Discrepancies possible due to rounding

(*) Includes the proportional MW share

Iberdrola's **thermal production** up to September 2021 is down on the same period in the previous year because the increase in nuclear generation (+1%) and cogeneration (+9%) has not offset the reduction in combined cycle production (-22%).

SPAIN	GWh Consolidated at EBITDA level	GWh Investee companies (*)	Total
Nuclear	18,025	-	18,025
Gas combined cycle	4,483	-	4,483
Cogeneration	1,481	247	1,728
Total production	23,988	247	24,235

Discrepancies possible due to rounding

(*) Includes the proportional GWh share

Retail business

As regards retail supply, the portfolio managed by Iberdrola in Spain exceeded 18 million contracts at 30 September 2021, up 7% compared to September 2020. The breakdown is as follows:

Thousands of contracts	Spain
Electricity contracts	9,951
Gas contracts	1,133
Smart Solutions Contracts	7,330
Total	18,415

Discrepancies possible due to rounding

By market type they can be split into the following:

Thousands of contracts	Spain	%
Free market	15,083	81.9%
Last resort market	3,331	18.1%
Total	18,415	100%

Discrepancies possible due to rounding

Iberdrola's electricity sales* in the first nine months of 2021 were up 1.4%, broken down as follows:

9M 2021	GWh Spain
Liberalised market	37,844
Voluntary price for small consumers (PVPC) market	6,465
Other markets	16,306
Total Sales	60,616

Discrepancies possible due to rounding

With regard to gas**, in the first nine months of 2021 Iberdrola managed total gas production of 1.85 bcm, of which 0.06 bcm was sold in wholesale transactions, 0.91 bcm was sold to end customers and 0.89 bcm was used for the production of electricity.

*Sales in busbars

**Including shrinkage

2.2. United Kingdom

Renewable capacity and production

At the end of the third quarter, Iberdrola had a **renewable installed capacity** in the United Kingdom of 3,002 MW (+6.7%):

UNITED KINGDOM	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	1,971	15	1,986
Offshore wind	908	-	908
Solar PV	4	-	4
Batteries	104	-	104
Total capacity	2,987	15	3,002

Discrepancies possible due to rounding
(*) Includes the proportional MW share

With regard to **solar PV**, work has continued on two of the three hybrid projects to be set up at the already operational wind farms of Carland Cross (10 MW) (where modules have started to be installed), Coldham (9 MW) and Coal Clough (10 MW), all in England.

Turning to **battery storage projects**, installation of the batteries at the Gormans plant (50 MW) in Ireland is now complete, while work continues at the Harestaness storage project (50 MW) in Scotland.

On the **offshore wind** side, the **East Anglia One** farm continues to supply energy to the national grid through offshore transmission assets, where the divestment process is ongoing as the final transfer price has been agreed.

The focus on developing the project portfolio continues at the **East Anglia Hub** complex (3.1 GW). Requests for consent for EA1N and EA2 are ongoing. Key engineering, design, offshore site research and onshore archaeology work continued across the Hub during the third quarter.

Renewable production in the United Kingdom came to 4,354 GWh (-7.7%), with the following breakdown:

UNITED KINGDOM	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	2,086	7	2,093
Offshore wind	2,261	-	2,261
Total production	4,347	7	4,354

Discrepancies possible due to rounding
(*) Includes the proportional GWh share

Consolidated production at EBITDA level was as follows:

- Onshore wind production totalled 2,086 GWh, down 24.6% from the same period the previous year mainly due to lower wind resource in the period.
- Offshore wind production increased by 16.6% to total 2,261 GWh thanks to EA1.

Retail business

At 30 September 2021, the contract portfolio managed in the UK surpassed 6.8 million (+4.2%), broken down as follows:

Thousands of contracts	UK
Electricity contracts	2,718
Gas contracts	1,826
Smart Solutions contracts	351
Smart Meters	1,922
Total	6,817

Discrepancies possible due to rounding

At the end of September 2021, customers had been supplied with 14,163 GWh in electricity and 17,840 GWh in gas, up 6.8%* and 11.6%** respectively compared to 30 September 2020.

*Sales in busbars
**Including shrinkage

2.3. United States – Avangrid

Renewable capacity and production

At the end of the third quarter, Iberdrola had an installed **renewable capacity** in the United States of 8,089 MW (+3.9%), broken down as follows:

United States	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	7,530	236	7,766
Hydroelectric	118	-	118
Solar PV	179	12	191
Total Capacity (**)	7,827 (**)	248	8,089 (**)

Discrepancies possible due to rounding
 (*) Includes the proportional MW share
 (**) Includes 13 MW of installed capacity from fuel cells

With regard to **onshore wind**, commissioning work has been completed at the La Joya wind farm (306 MW), New Mexico, and at Roaring Brook (80 MW) in New York State. In addition, wind turbines have begun to be installed at Golden Hills (201 MW), Oregon.

On the **solar PV** side, modules are now being installed at the Lund Hill plant (194 MW) in Washington State, and work continues at the Montague (211 MW) and Bakeoven (269 MW) plants in Oregon. In the State of New York, work will soon begin on the Mohawk photovoltaic plant (125 MW).

On 15 September, the **Vineyard ONE** project became the first commercial offshore wind project in the United States to secure financing, allowing onshore construction work to begin. Also in September, the team submitted two bids for a new project, **Commonwealth Wind**, in response to the Commonwealth of Massachusetts’ third request for offshore wind energy. Project selection is expected to take place in December 2021.

Renewable production in the United States totalled 14,388 GWh (-2.5%), broken down as follows:

United States	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	13,647	371	14,018
Hydroelectric	98	-	98
Solar PV	211	-	211
Total production (**)	13,956 (**)	371	14,388 (**)

Discrepancies possible due to rounding
 (*) Includes the proportional GWh share
 (**) Includes 62 MW of production from fuel cells

Production by technology consolidated at EBITDA level was as follows during the period:

- Onshore wind production totalled 13,647 GWh, down 2% on the same period in 2020.
- Production using solar technology stood at 211 GWh (-1.3%).
- Hydroelectric production reached 98 GWh, up 13.3% on the same period in 2020.

2.4. Mexico

Renewable capacity and production

At the end of the quarter, Iberdrola had an installed **renewable capacity** in Mexico of 1,335 MW (+1.7%), broken down as follows:

MEXICO	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	693	-	693
For own use	590	-	590
For third parties	103	-	103
Solar PV	642	-	642
Total Capacity	1,335	-	1,335

Discrepancies possible due to rounding
 (*) Includes the proportional MW share

Renewable production generated in the period came to 2,208 GWh (+75.6%), broken down as follows:

MEXICO	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	1,273	-	1,273
For own use	1,122	-	1,122
For third parties	150	-	150
Solar PV	935	-	935
Total production	2,207	-	2,207

Discrepancies possible due to rounding
(*) Includes the proportional GWh share

Production at EBITDA level by technology was as follows at the end of the third quarter:

- Onshore wind production came to 1,273 GWh, up 78.3% on the same period of 2020 due to the Pier and Santiago wind farms coming on stream.
- Solar energy production totalled 935 GWh, 72% more than in the previous period, following the commissioning of the Cuyoaco solar PV plant.

2.5. Brazil – Neoenergia

Renewable capacity and production

At the end of September, Iberdrola’s installed **renewable capacity** in Brazil totalled 3,851 MW (+8.6%), broken down as follows:

BRAZIL	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	821	-	821
Hydroelectric	836	2,194	3,031
Total Capacity	1,657	2,194	3,851

Discrepancies possible due to rounding
(*) Includes the proportional MW share

Work is continuing on the Chafariz **onshore wind** farm in the state of Paraiba, which has a total of 15 wind projects and 472 MW of capacity, and is expected to be commissioned by the end of the year. Work finished at the Chafariz 1, 2 and 6 wind farms during

the quarter. The installation of wind turbines has been completed at Chafariz 5, Lagoa 4 and at Ventos de Arapúa 1, 2 and 3, and continues at Chafariz 3 and 4. The commissioning of Chafariz 5 is also ongoing.

In addition, at the Oitis complex in the state of Piauí, 12 wind farms are currently under construction with a total of 566 MW of capacity, where work is slated for completion in the second half of 2022.

Turning to **solar PV**, Luzia II and III (149 MW) are expected to be built in the state of Paraiba, with commissioning in the second half of 2022.

Renewable production at the September 2021 close totalled 8,800 GWh (-2%), broken down as follows:

BRAZIL	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	1,569	-	1,569
Hydroelectric	1,184	6,047	7,230
Total production	2,753	6,047	8,800

Discrepancies possible due to rounding
(*) Includes the proportional GWh share

Production consolidated at EBITDA level by technology was as follows during the period:

- Onshore wind production came to 1,569 GWh, up 18.6% on the same period in 2020 due to the higher wind resource recorded at the beginning of the year.
- Hydroelectric production totalled 1,184 GWh (-6.6%).

Thermal capacity and production

In Brazil, thermal capacity at 30 September 2021 remained at 533 MW, while thermal production during the period totalled 2,494 GWh (+84% vs. September 2020).

BRAZIL	MW	GWh
Gas combined cycle	533	2,494
Total	533	2,494

Retail business

Electricity sales to September 2021 remained stable compared to the same period in 2020 and totalled 11,015 GWh (+0.24% vs. September 2020) broken down as follows:

	2021
PPA	7,733
Liberalised market	3,258
Total sales	10,991

Discrepancies possible due to rounding

2.6. Iberdrola Energía Internacional (IEI)*

Renewable capacity and production

Installed **renewable capacity** at Iberdrola Energía Internacional* totalled 2,142 MW (+19.4%), broken down as follows:

Iberdrola Energía Internacional (IEI)	MW
Onshore wind	1,736
Offshore wind	350
Solar	31
Batteries	25
TOTAL	2,142

Discrepancies possible due to rounding

Moving to **onshore wind**, work has begun at the Mikronoros wind farm (33.6 MW) in Greece.

Installed capacity breaks down as follows by country:

Iberdrola Energía Internacional (IEI)	MW
Australia	880
Greece	275
Hungary	158
France	118
Portugal	92
Poland	113
Romania	80
Cyprus	20
Total	1,736

Discrepancies possible due to rounding

* Formerly Rest of World

In **solar photovoltaic power**, construction continues at Port Augusta, in Australia: a 317-MW hybrid wind and PV solar technology facility, which will be one of the largest hybrid renewable energy plants in the southern hemisphere. All the wind turbines are installed on the 210-MW wind farm and it is slated for commissioning before the end of the year. The first modules have already been installed at the 106.9-MW photovoltaic plant. Also in Australia, and following the acquisition of Infigen, Iberdrola plans to build the 50 MW **Wallgrove storage project**, with work already under way. Work is also in progress at the Montalto di Castro plant (23.4 MW) in Italy.

The development of **offshore wind projects** also continues:

- In **France**, offshore work on the **Saint Brieu** project (496 MW) continues in order to lay the foundations and will run until the end of October. The first phase of digging the underwater trench to bury the inter-array cables has been successfully completed. Iberdrola is also taking part in the auction for 1 GW of fixed-foundation offshore wind capacity off the Normandy coast. Competitive dialogue is under way and recently 250 MW of floating offshore wind capacity in Brittany was pre-qualified. Competitive bidding is now beginning. Both auctions will be awarded in 2022.
- In **Germany**, the main supply contracts for the **Baltic Eagle** project (476 MW) have been agreed. Construction work on the foundations will begin in October while the manufacture of the offshore substation progresses with a view to it being installed at sea in mid-2022.
- In **Japan**, Iberdrola Renewables Japan K.K continues to work alongside its partners, Hitachi Zosen and Cosmo EcoPower, to submit bid for the Aomori-Seihoku-Oki Offshore Wind project, which is expected to be auctioned off in the second half of 2022. It also continues to develop the project portfolio with its partner Macquarie's Green Investment Group (GIG), paying special attention to the Saga project, which has been designated as a candidate zone for the forthcoming offshore rounds.

- In **Sweden**, the Utposten 2 project, which is being developed by Svea Vind Offshore together with Iberdrola, was publicly announced at the end of July, and is pending approval by the authorities once the oral hearings end and administrative procedures are finalised. Meanwhile, work continues on the other projects in the portfolio.
- In **Ireland**, site characterisation campaigns continue for the three projects in progress: Clarus, Shelmalere and Inis, with a total maximum capacity of 3,000 MW, in collaboration with our partner DP Energy.
- In **Denmark**, the consortium formed by Iberdrola Renovables Internacional and TOTAL is working to submit the best bid for the Thor wind project (1 GW) at the auction, the deadline for submission of which is 1 November this year. The contract is expected to be awarded by the end of 2021.
- In **Poland**, the company Iberdrola Renewables Polska has now been incorporated. We continue to work with our partner Seawind on the completion of land use permit applications for projects that will be included in the auctions to be held from financial year 2025.
- In **Taiwan**, environmental impact assessments have begun at two sites – a necessary prerequisite for Iberdrola Renewables Taiwan to be able to bid in the offshore wind auctions next year.

Renewable production totalled 3,205 GWh at the end of September 2021, up 40.7% on the same period of 2020, broken down by technology as follows:

Iberdrola Energía Internacional (IEI)	GWh
Onshore wind	2,386
Offshore wind	812
Solar PV	7
Total production	3,205

Discrepancies possible due to rounding

By technology, offshore wind production was down (-10.7%) due to lower wind resource, yet onshore wind increased (+75%) mainly thanks to additions of capacity following the acquisitions in Australia,

France and Poland. Solar PV production totalled 7 GWh, matching the figure posted in 2020.

Retail supply

As regards retail supply, at 30 September 2021 the portfolio managed by Iberdrola in Portugal, France, Italy, Germany and Ireland totalled 1.9 million contracts, up 7% on the September 2020 close. The breakdown is as follows:

Thousands of contracts	IEI*
Electricity contracts	757
Gas contracts	289
Smart Solutions contracts	816
Total	1,862

Sales at the international division were up 1.3% during the first nine months of 2021 compared to the previous year. While electricity sales* dropped to 7,548 GWh (-2.1%), gas sales** increased to 1,152 GWh (+31.6%). This is geographically broken down as follows:

	9M 2021	9M 2020
Electricity*	7,548	7,709
Portugal	4,532	5,498
France	892	562
Germany	660	586
Italy	1,268	1,011
Ireland	79	52
United States	118	1
Gas**	1,152	875
Portugal	138	117
France	477	276
Italy	438	432
Ireland	99	50
Total sales	8,699	8,584

* Sales in busbars

** Including shrinkage

3. Other Aspects

3.1 Shareholder remuneration

On 26 October 2021, the Board of Directors of Iberdrola resolved to carry out a new edition of the “Iberdrola Flexible Remuneration” optional dividend system for financial year 2021.

For this purpose, the Board of Directors of the Company has set the gross amount of the Interim Dividend per share at least 0.168 euros per share. To this amount will be added the Supplementary Dividend, once approved at the General Shareholders’ Meeting (to be paid in 2022 as indicated in the following schedule).

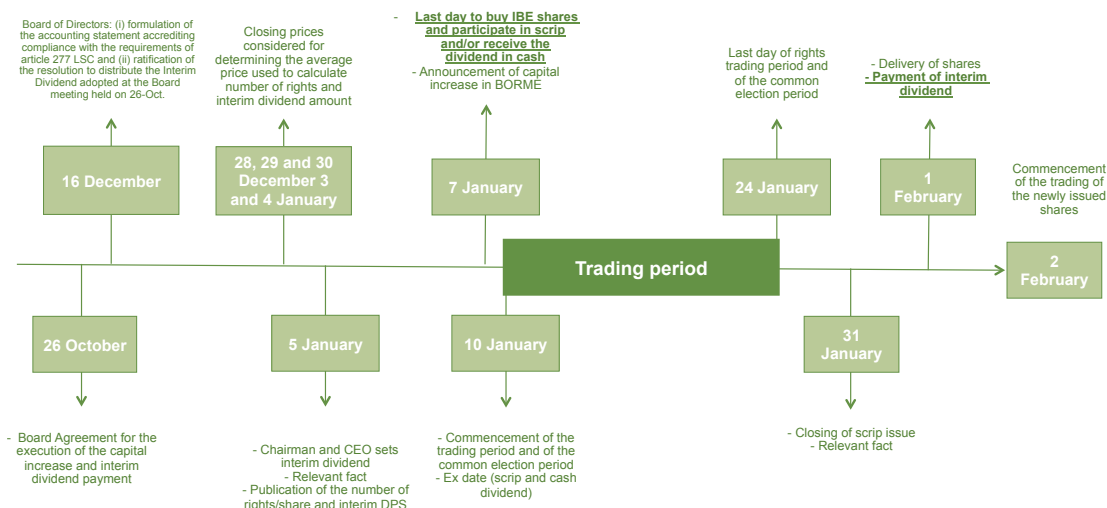
The “Iberdrola Flexible Remuneration” system allows shareholders to choose between the following options

for the payment of the dividend (or combine them, with the value of the remuneration to be received being equivalent):

- i. receive their remuneration through the delivery of new fully paid-up shares;
- ii. transfer all or part of their free allocation rights in the market;
- iii. receive their remuneration in cash through the payment of the Final Dividend.

In this regard, and with the aim of avoiding shareholder dilution, during the last Shareholders’ Meeting the redemption of shares was approved, amounting to 178,156,000 shares and corresponding to 2.78% of the capital, which took place on 2 July 2021.

“Iberdrola Retribución Flexible” program: January 2022



Analysis of the consolidated profit and loss account

Key earnings figures for the nine months of 2021 are as follows:

EUR millions	9M 2021	9M 2020	%
NET REVENUE	27,999.8	24,248.0	15.5
GROSS MARGIN	12,585.9	11,841.3	6.3
EBITDA	8,164.9	7,375.4	10.7
ADJUSTED EBITDA ⁽¹⁾	7,989.4	7,591.6	5.2
EBIT	4,781.1	4,018.1	19.0
REPORTED NET PROFIT	2,408.2	2,681.0	(10.2)
ADJUSTED NET PROFIT ⁽²⁾	2,687.8	2,553.9	5.2

(1) Adjusted EBITDA for 2021 does not include the effect of COVID-19 in the first nine months of the year (EUR -128 million), the gas clawback under Spanish Royal Legislative Decree 17/2021 (EUR -114 million) and the reversal of the Spanish levy in Spain from 2013 to 2016 (EUR +417 million). Adjusted EBITDA for 2020 does not include the effect of COVID-19 in the first nine months (EUR -216 million).

(2) Adjusted net profit for 2021 does not include the effect of COVID-19 (EUR -123 million), the reversal of the Spanish levy in Spain from 2013 to 2016 (EUR +382 million), the impact of deferred taxes in the United Kingdom (EUR -453 million), or the gas clawback under Royal Legislative Decree 17/2021 (EUR -85 million). Adjusted net profit for 2020 does not include the effect of COVID-19 (EUR -203 million), the capital gain on Siemens Gamesa (EUR +485 million), or extraordinary tax impacts (EUR -154 million).

In the first nine months of 2021, reported EBITDA was up 10.7% compared to the same period in 2020, driven by the Renewables and Networks businesses, despite being negatively affected by COVID-19 (EUR -128 million), the gas clawback under Royal Legislative Decree 17/2021 (EUR -114 million), and the exchange rate effect, which knocked EUR 260 million off the total, all of which were largely offset by the extraordinary positive effect of the Spanish levy in Spain for the 2013-2016 period (EUR +417 million). Excluding these impacts, EBITDA grew by 8.7% to EUR 8,249.3 million.

The **Networks** business turned in a strong operating performance in all countries due to the regulatory frameworks in force and increased investments, despite the negative impacts of the exchange rate effect (EUR -178 million) and COVID-19 on demand (EUR -47 million).

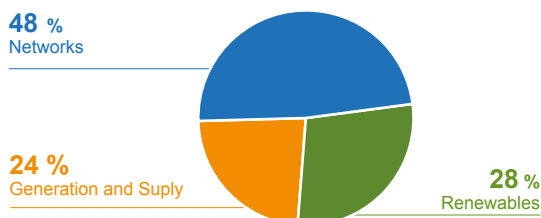
The **Renewables** business was driven by a 10.4% increase in installed capacity to 37,481 MW. This, together with a higher consolidated load factor (23.4% vs. 22.4%), led to a 12.7% increase in production, with a significant contribution from offshore technology following East Anglia 1 coming on stream, despite weak wind resource in the United Kingdom, which was the worst it has been in the last 30 years. In Spain, the reversal of the Spanish levy in relation to the amounts paid over the 2013-2016 period was recorded in the accounts, generating an extraordinary positive impact of EUR 417 million under taxes. Asset rotation also continued in Spain thanks to a further addition of 100 MW to the joint venture in place with MAPFRE.

Meanwhile, the **Generation and Supply** business was negatively affected by lower production, higher procurement costs due to rising energy prices in Spain and the United Kingdom, the negative impact of regulatory measures in Spain (gas clawback) and the effect of the cold snaps in the first quarter of 2021, which affected business in Spain and Mexico and at IEI. It should also be noted that the overall impact of COVID-19 on EBITDA totalled EUR 81 million as a result of lower demand.

1. Gross margin

Gross Margin grew by 6.3% to EUR 12,585.9 million, with a negative exchange rate effect of EUR 415.9 million. Excluding this impact and the COVID-19 effect (EUR -127 million), Gross Margin grew by 8.9%.

Gross margin by business



This performance is the result of the following:

- **The Networks business** reported a 7.8% increase compared to the first nine months of 2020 to total EUR 6,065.9 million:
 - In Spain, it grew by 1.4% to EUR 1,487.8 million, due to the fact that the lower remuneration in effect since 2021 at 5.58% (EUR -22 million) was offset by income from new investments, as well as by re-settlements from previous years due to the improvement in quality incentives and Opex (EUR +19 million).
 - The United Kingdom increased its contribution by 4.7% to EUR 1,008.7 million, as a result of a larger asset base resulting from investments.
 - The contribution made by the United States over the period rose by 1.9% to EUR 2,160.6 million, affected by the exchange rate effect, since it grew by 9.0% in local currency thanks to the new rate cases in force, which include the rate recognition of new investments and compensation of regulatory assets and liabilities from previous years (EUR 177 million from both effects). The exchange rate effect knocked EUR 149.5 million off the total.
 - Brazil's Gross Margin stood at EUR 1,408.8 million (+31.2%), thanks to the positive effect of rate readjustments and inflation at distributors (EUR 325 million) and the increased contribution made by transmission assets (EUR 91 million), together with the consolidation of Neoenergia Distribuição Brasília, which has contributed EUR 38 million since the beginning of March. The exchange rate effect knocked EUR 181.1 million off the total.
- **The Renewables business** increased by 33.6%, with a Gross Margin of EUR 3,554.2 million:
 - In Spain, it grew to EUR 1,575.9 million (+89.4%) thanks to higher production, driven mainly by hydroelectric generation (+30.9%), though also by wind power (+6.9%) and solar power (164.6%), the latter of which benefited from an increase in average operating capacity (+449 MW) and a higher selling price to the commercial business.
 - Gross Margin in the United Kingdom totalled EUR 597.8 million (-8.4%), with lower onshore production (-24.7%), which was partially offset by an increase in offshore production (+16.6%) following East Anglia 1 coming on stream in April last year.
 - The contribution made by the United States increased to EUR 775.2 million (+10.4%), impacted positively by the effect of the cold weather in Texas in first quarter of the year. The growth in installed capacity (+307 MW) was offset by a lower load factor than last year (-6.1%). The exchange rate effect knocked EUR 53.6 million off the total.
 - Brazil reported EUR 130.3 million (23.2%), affected by the exchange rate, as it grew by 39.0% in local currency, positively impacted by the agreement reached with the regulator to extend hydroelectric concessions in order to recover costs incurred in previous years, as well as an increase in wind resource (+5.6%).
 - Gross Margin in Mexico grew by 62.1% to EUR 125.5 million, thanks to an increase in average operating capacity (+533 MW), following the Santiago (105 MW) and PIER (220 MW) wind farms and the Cuyoaco solar power plant (274 MW) coming on stream.
 - Gross Margin at Iberdrola Energía Internacional (IEI) totalled EUR 349.5 million (+20.5%), thanks to the contributions made by Australia, France

and Poland, which were partially offset by lower production at Germany (-10.7%), which had to contend with a low wind resource during these nine months of the year.

- **The Generation and Supply Business** stood at EUR 2,946.9 million (-17.5%):

- In Spain, it stood at EUR 1,650.6 million (-25.4%). Production was down on the previous year (-4.4%) due to higher renewable energy production within the system, as well as an increase in purchasing energy at higher prices than in 2020 due to an increase in procurement costs, resulting mainly from the recent trend in gas and CO2 prices, while selling prices were already fixed for the most part. Storm Filomena also had a lot to do with the increase in procurement costs.
- The United Kingdom saw its contribution to the Gross Margin drop by 5.1% to EUR 537.1 million, as lower-than-expected wind power production led to higher procurement costs at market prices, though this effect was partially offset by higher sales volumes due to colder weather compared to last year.
- Mexico contributed EUR 621.0 million (-6.7%) to Gross Margin. This decline was mainly due to the impact of the cold snap that struck Texas in February this year, which affected gas prices and supply at a number of combined cycle plants in Mexico (net impact on earnings of EUR 51 million), together with the increase in the cost of tolls and the non-increase in tariffs. The exchange rate effect knocked EUR 42.9 million off the total.
- Brazil's contribution to Gross Margin totalled EUR 96.6 million (+38.8%), thanks to the strong performance of the Termopernambuco combined cycle plant and the general improvement in 2021 following the impact of COVID-19 last year.
- Iberdrola Energía Internacional (IEI) contributed EUR 41.6 million (-27.7%) to Gross Margin, affected by the cold snaps in the first quarter of the year.

- **Other Businesses** contributed a total of EUR 51.3 million

2. Gross operating result - EBITDA

Consolidated EBITDA grew by 10.7% compared to the first nine months of 2020 to total EUR 8,164.9 million.

Aside from the Gross Margin performance explained above, Net Operating Expenses increased by 2.7% to total EUR 3,153.4 million, due to the contributions made by new businesses such as Neo Distribuição Brasília (Brazil), Infigen (Australia) and Aalto Power (France), which were partially offset by the exchange rate effect and the contribution to Other Operating Results from the inclusion of new renewable energy capacity in the joint venture with MAPFRE. As mentioned earlier, since the first quarter of 2021, Net External Services includes, within Other Operating Results, profits or losses from the loss of control of consolidated holdings. Having recorded EUR +170 million in the first nine months of the year following the inclusion of a further 100 MW in renewable energy in the third quarter under the joint venture set up with MAPFRE in Spain, which now totals 495 MW. This amount is partially offset by EUR 89 million in positive extraordinary impacts recorded last year, with no offsetting entry in the current year, as well as certain reclassifications (EUR -44 million).

Taxes were down by 9.1% to EUR 1,267.5 million (-7.3% excluding the exchange rate effect), largely due to the extraordinary positive effect of the reversal of the Spanish levy in Spain in relation to the amounts paid from 2013-2016, following the recent Supreme Court ruling (EUR +417 million). This impact was partially offset by the tax recorded as a result of Spanish Royal Legislative Decree 17/2021, on the gas clawback (EUR -114 million).

3. Net operating result - EBIT

EBIT totalled EUR 4,781.1 million, up 19.0% compared to the same period in 2020.

Depreciation and amortisation charges and provisions grew slightly (+0.8%) to EUR 3,383.8 million, as the Group's increase in activity was offset by the exchange rate effect. Excluding the exchange rate effect, this heading increased by 3.6%.

- Depreciation and amortisation heading increased by 2.5% to EUR 3,064.1 million, and increased by 7.2% if we exclude the exchange rate effect, due to a higher asset base and an increase in Group activity (EUR 216 million).
- Provisions came to EUR 319.7 million, down EUR 50.0 million (-13.5%), due to the improvement in non-performing loans, which was driven in 2020 by COVID-19.

4. Financial result

The financial result fell by a further EUR -55 million on the EUR -641 million reported at the end of the first nine months in 2020 to total EUR -696 million, due to the positive result of exchange rate hedges booked in 2020, which were partially offset by positive extraordinary impacts in the form of default interest due to the reversal of the Spanish levy (EUR 92 million) and the mark-to-market valuation of the stakes held in Wallbox and Stem following their IPO (EUR 54 million), together with a lower debt balance.

- Debt stood at EUR -48 million: EUR -81 million from the increase in the cost of debt and EUR +32 million from the lower average balance, to reach EUR 1,363 million in line with debt reduction.
- Gains/(losses) on derivatives and others was down EUR -7 million, largely due to the effect of exchange rate hedges, which was offset by other items on the income statement.

Financial result	Sept 2021	Sept 2020	Dif.
Debt	-928	-880	-48
<i>By cost</i>			-80
<i>By average balance *</i>			+32
Derivatives and others	232	239	-7
Total	-696	-641	-55

* The average balance dropped from EUR 37,357 million to EUR 35,994 million

The cost of debt rose by 30 basis points (from 3.15% to 3.45%), mainly due to rising inflation in Brazil, which was more than offset by the operating profit earned by the distributors, which is also indexed to inflation.

5. Results of companies accounted for using the equity method

Results of companies accounted for using the equity method was EUR 5.0 million, compared to EUR +465.2 million in the first nine months of 2020 following the sale of the minority stake in Siemens-Gamesa last year. As mentioned above in the section Operating highlights, as of this year and taking into account both the format required in the periodic public information submitted in accordance with Spanish stock market commission (CNMV) circular 3/2018 and the draft of amendments to IAS 1, the format of the income statement has been modified by eliminating the heading "Income from non-current assets". Profit (loss) sharing and results from significant loss of influence of equity holdings are presented under the heading "Results of companies accounted for using the equity method". According to the regulations, the previous accounting criterion has been applied retroactively to 2020, having no impact on the net result of the period.

6. Profit in the period

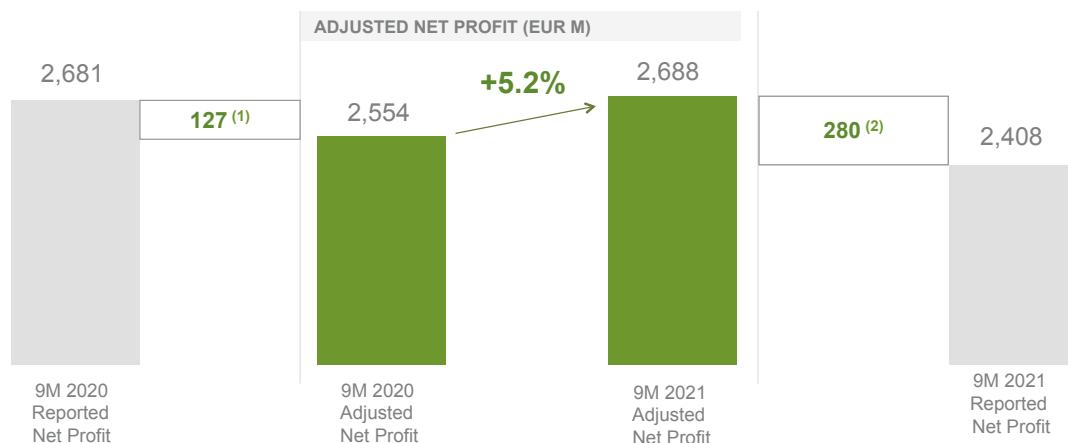
Taxes totalled EUR 1,324.0 million (+38.7%) due to the extraordinary negative impact of EUR 453 million on deferred tax following the rate change approved in the United Kingdom from 19% to 25% effective from April 2023. Minority interests grew by 72.8% to EUR 357.8 million, due to improved results in the United States, Brazil and the East Anglia 1 offshore wind farm.

Reported Net Profit totalled EUR 2,408.2 million, down 10.2%, affected by the impact on deferred taxes in the United Kingdom, as mentioned above, and by the 2020 recognition of the capital gain on the sale of the stake in Siemens Gamesa.

Adjusted Net Profit grew by 5.2% to EUR 2,687.8 million. This heading does not include the net impact of COVID-19 (EUR -123 million), the reversal of the Spanish levy for the 2013-2016 period in Spain (EUR +382 million), the impact of deferred taxes in the United Kingdom (EUR -453 million) and the gas clawback in Spain under Royal Legislative Decree 17/2021 (EUR -85 million). Adjusted Net Profit for 2020 does not include the effect of COVID-19 (EUR -203 million), the capital gain on Siemens Gamesa (EUR +485 million), or extraordinary tax impacts (EUR -154 million) due to the UK's decision to keep the corporate rate at 19% compared to the planned 17%.

Net Profit / Group

Adjusted Net Profit up 5.2%, to EUR 2,688 M ...



... and EUR 2,408 M of **Reported Net Profit**, affected by the increase of UK Corporate Tax Rate (non cash item)

(1) 9M 2020 adjustments: COVID impact (EUR -203 M), Siemens Gamesa (EUR +485 M) and net tax impacts (EUR -154 M).

(2) 9M 2021 adjustments: COVID impact (EUR -123 M), 2013-2016 Spanish hydro canon reversal (EUR +382 M), UK deferred taxes (EUR -453 M) and gas clawback (EUR -85 M).

Results by business

1. Networks Business

Key figures for the Networks business are as follows:

(EUR millions)	9M 2021	vs 9M 2020
Revenue	10,712.4	+14.4%
Gross margin	6,065.9	+7.8%
EBITDA	3,931.3	+11.5%
EBIT	2,445.3	+19.9%

The EBITDA of the Networks business increased by 11.5% to EUR 3,931.3 million, thanks to the good operating performance of the business in all locations as a result of the investments made and the rate cases in force, despite the negative impacts in terms of both the exchange rate, which had a negative impact of EUR 178 million, and demand as a result of COVID-19 (EUR -47 million). Excluding both effects, Networks EBITDA grew by 14.0%.

1.1 SPAIN

(EUR millions)	9M 2021	vs 9M 2020
Revenue	1,491.3	+1.6%
Gross margin	1,487.8	+1.4%
EBITDA	1,250.3	+3.7%
EBIT	804.0	+2.0%

a) Gross margin

The Gross Margin of the Networks Business in Spain increased by 1.4% to EUR 1,487.8 million, due to the lower remuneration set from 2021 at 5.58% (EUR -22 million), offset by net revenues from new investments, as well as the recalculation of quality incentives and operating expenses from previous years (EUR +19 million).

b) Operating profit / EBIT

EBITDA at this Business amounted to EUR 1,250.3 million, up 3.7%. Net Operating Expenses fell 10.9%

to EUR 173.3 million, thanks to the savings obtained through the efficiency measures carried out last year.

EBIT for the Networks Business in Spain totalled EUR 804.0 million (+2.0%). Depreciation and amortisation charges and provisions totalled EUR 446.3 million (+7.0%) due to the new investments made.

1.2 UNITED KINGDOM

(EUR millions)	9M 2021	vs 9M 2020	Local currency
Revenue	1,047.5	+4.1%	+1.9%
Gross margin	1,008.7	+4.7%	+2.5%
EBITDA	758.8	+3.4%	+1.3%
EBIT	471.6	+0.8%	-1.3%

a) Gross margin

The Gross Margin of the Networks business in the UK increased by 4.7% to EUR 1,008.7 million, due to the growth in the asset base as a result of the investments made and the improvement in demand, which was affected by COVID-19 last year.

b) Operating profit / EBIT

EBITDA totalled EUR 758.8 million (+3.4%, +1.3% in local currency). Net Operating Expenses increased by EUR 18.8 million (+12.8%, +10.4% in local currency) to EUR 166.3 million as a result, among other things, of higher spending on external services (EUR -14 million).

Depreciation and amortisation charges and provisions amounted to EUR 287.2 million (+8.0%), growing 5.8% in local currency due to the increase in the asset base, with EBIT amounting to EUR 471.6 million (+0.8%; -1.3% in local currency).

1.3 UNITED STATES

(EUR millions)	IFRS		Local currency
	9M 2021	vs 9M 2020	
Revenue	3,215.3	4.5%	11.7%
Gross margin	2,160.6	+1.9%	9.0%
EBITDA	900.4	+7.6%	15.1%
EBIT	423.7	+23.7%	32.2%

(EUR millions)	US GAAP (USD MILLION)	
	9M 2020	vs 9M 2019
Revenue	3,942.1	10.9%
Gross margin	2,679.7	8.0%
EBITDA	1,152.1	14.4%
EBIT	563.2	26.5%

a) Gross margin

The Gross Margin increased by 1.9% to EUR 2,160.6 million, affected by the devaluation of the dollar, since in local currency it gained 9.0% thanks to the new regulatory frameworks in force, which include the rate recognition of the new investments and the compensation of regulatory assets and liabilities from previous years (EUR 177 million for both effects).

b) Operating profit / EBIT

EBITDA at the Networks business in the United States grew by 7.6% to EUR 900.4 million, after deducting Net Operating Expenses of EUR 888.3 million, which were down 0.2% due to the devaluation of the US dollar, as in local currency it grew by 6.7% following the increase in the workforce as a result of higher activity and higher costs to be recovered in the future under IFRS (EUR 23 million).

In local currency and under IFRS, EBITDA increased 15.1% to USD 1,077.9 million and under US GAAP to USD 1,152.1 million (+14.4%). The divergence between IFRS and US GAAP is mainly due to the temporary difference in the accounting of taxes related

to real estate (IFRIC 21): in IFRS they are recorded in the first quarter, while in US GAAP they are recorded throughout the year, which means that the difference will reduce by the end of the year.

EBIT amounted to EUR 423.7 million (+23.7%; +32.2% in local currency), after deducting depreciation and amortisation charges and provisions, which fell 3.5%, but grew 3.2% in local currency because of higher depreciation and amortisation due to higher investment.

1.4. BRAZIL

(EUR millions)	9M 2021	vs 9M 2020	
		Local currency	
Revenue	4,958.7	+30.1%	+46.9%
Gross margin	1,408.8	+31.2%	+48.0%
EBITDA	1,021.8	+36.4%	+53.9%
EBIT	746.0	+69.6%	+91.4%

a) Gross margin

The Gross Margin increased by 31.2% (48.0% in local currency) to EUR 1,408.8 million at the end of September, thanks to the positive effect of rate adjustments and inflation at distributors (EUR 325 million) and the higher contribution from transmission assets (EUR 91 million), together with the consolidation of Neoenergia Distribuição Brasília, which contributed EUR 38 million since the beginning of March. The exchange rate effect had a negative impact of EUR 181.1 million.

b) Operating profit / EBIT

The area's EBITDA increased by 36.4% to EUR 1,021.8 million, with the exchange rate effect having a heavily negative impact (EUR -131.4 million), seeing as though EBITDA grew by 53.9% in local currency. Net Operating Expenses increased by 19.4% to EUR 383.9 million, although, without the exchange rate effect, it grew by 34.7% as a result of the increased activity and consolidation of the Brasília distributor.

Depreciation and amortisation charges and provisions dropped 10.8% to EUR 275.9 million, also affected by

the real's depreciation, and increased slightly in local currency (0.6%) as the improvement in non-performing loans due to the lower impact of COVID-19 was offset by the increase in depreciation and amortisation due to the larger asset base. EBIT grew by 69.6% to EUR 746.0 million (+91.4% in local currency).

2. Renewables Business

Key figures for the Renewables business are as follows:

(EUR millions)	9M 2021	vs 9M 2020
Revenue	3,901.5	32.8%
Gross margin	3,554.2	33.6%
EBITDA	3,042.4	+70.9%
EBIT	1,992.0	+165.5%

EBITDA at the renewables business grew by 70.9% to EUR 3,042.4 million, driven by the 12.7% increase in production, thanks to the increase in installed capacity to a total of 37,481 MW (+10.4%) and the higher consolidated load factor (23.4% vs. 22.4% in the first nine months of 2020). In addition, the reversal of the Spanish levy in Spain in relation to the amounts paid between 2013 and 2016 was recorded, with an extraordinary positive impact of EUR 417 million in the tax line, and the rotation of assets in Spain continued with the incorporation of an additional 100 MW to the joint venture set up with Mapfre. The exchange rate subtracted EUR 48 million from EBITDA, with this item growing by 73.6% in local currency.

The main factors shaping the performance of the Renewables business at the end of September are as follows:

- The **average consolidated operating capacity** at EBITDA level during the period grew by 8.3% (+2,415.7 MW) compared to the end of September 2020 thanks to the commissioning of onshore wind farms in the United States, Mexico and Spain, the progressive commissioning of solar photovoltaic

capacity in Spain and Mexico and the East Anglia 1 offshore wind farm in the United Kingdom, together with capacity acquisitions in France, Australia and Poland in the international segment.

- The consolidated **load factor** was 23.4% at the end of September, above the 22.4% recorded in the same period of 2020, albeit with differences by technology:

Technology	9M 2021	vs 9M 2020
Onshore wind	24.7%	-1.0 p.p.
Offshore wind	37.3%	-3.1 p.p.
Hydroelectric	19.9%	+4.3 p.p.
Solar PV	21.4%	-0.8 p.p.

As a result, **consolidated production** increased by 12.7% to 48,401.5 GWh in the first nine months of 2021, with a higher contribution from hydroelectric power in Spain (+33.0%), offshore wind (+7.9%) due to higher average operating capacity (even though the wind resource has fallen), and solar PV (+88.6%).

- The **average sale price of renewable output across the world** stood at EUR 73.4/MWh (+19.0%).

2.1 SPAIN

(EUR millions)	9M 2021	vs 9M 2020
Revenue	1,655.0	+86.6%
Gross margin	1,575.9	+89.4%
EBITDA	1,593.5	N/A
EBIT	1,340.2	N/A

a) Gross margin

Gross Margin grew significantly (+89.4%) to EUR 1,575.9 million, thanks to the higher production, driven mainly by hydroelectric generation (+30.9%), though also wind (+6.9%) and solar (164.6%), the

latter thanks to the increase in average operating capacity (+449 MW), together with a higher selling price to the commercial business following an increase in prices.

b) Operating profit / EBIT

EBITDA grew 254.0% to EUR 1,593.5 million. In addition to the trend in Gross Margin described above, Net Operating Expenses were down by 90.4% following an increase in Other Operating Results due to asset rotation (EUR 170 million). Taxes fell by 116.2%, due to the reversal of the Spanish levy between 2013 and 2016 in the wake of the Supreme Court ruling. In addition, EUR -30 million has been booked as a result of the approval of Royal Legislative Decree 17/2021 to reduce the remuneration for the price of gas.

Depreciation and amortisation charges and provisions decreased by 8.9% to EUR 253.3 million, due to the extension of the useful life from 25 to 30 years in wind turbines of less than 1 MW and photovoltaic installations, partly offset by the entry into service of the new wind farms and solar PV installations. As a result, EBIT amounted to EUR 1,340.2 million (+679.2%).

2.2 UNITED KINGDOM

(EUR millions)	9M 2021	vs 9M 2020	Local currency
Revenue	651.8	-6.6%	-8.5%
Gross margin	597.8	-8.4%	-10.2%
EBITDA	427.8	-14.7%	-16.5%
EBIT	217.6	-32.2%	-33.6%

a) Gross margin

The Gross Margin of the UK business amounted to EUR 597.8 million in the first nine months of the year, down 8.4% (-10.2% in local currency) as a result of the decline in onshore production (-24.7%), the lowest in the last 30 years, partially offset by higher offshore production (+16.6%) thanks to the

commissioning of East Anglia 1, which came on stream in April 2020.

b) Operating profit / EBIT:

Net Operating Expenses were up 14.7% on the first nine months of 2020 to EUR 150.7 million, following the entry into operation of East Anglia 1. Taxes remained stable, bringing EBITDA to EUR 427.8 million (-14.7%; -16.5% in local currency).

Depreciation and amortisation charges and provisions increased by 16.3%, mainly due to the entry into service of East Anglia 1, leaving EBIT at EUR 217.6 million (-32.2%; -33.6% in local currency).

2.3 UNITED STATES

(EUR million)	9M 2021	vs 9M 2020	Local currency
Revenue	936.5	+10.0%	+17.6%
Gross margin	775.2	+10.4%	+18.0%
EBITDA	544.9	+18.5%	+26.8%
EBIT	158.7	N/A	N/A

a) Gross margin

The Gross Margin increased by 10.4% to EUR 775.2 million, mainly due to the effect of the storm in Texas, where the Group's wind farms did not suffer outages and obtained a higher than usual production quota, being able to meet the contracted energy delivery and even selling surpluses on the market. The growth in installed capacity (+307 MW) is offset by a lower load factor than last year (-6.1%). The exchange rate had a negative impact on the Gross Margin of EUR 53.6 million.

b) Operating profit / EBIT

Net Operating Expenses were down 4.8% to EUR 179.4 million (+1.8% in local currency, EUR 3 million). Taxes fell 6.0% to EUR 50.9 million, also affected by the exchange rate impact, as excluding this impact it would be almost flat, with EBITDA standing at EUR 544.9 million (+18.5%; +26.8% in local currency).

EBIT grew to EUR 158.7 million from EUR 37.2 million in the first nine months of 2020, after deducting depreciation and amortisation charges and provisions, which fell by 8.6% to EUR 386.2 million (-2.2% in local currency) due to certain provisions booked in 2020 but not reflected in the current year.

2.4 MEXICO

(EUR million)	9M 2021	vs 9M 2020	Local currency
Revenue	129.8	+62.2%	+73.4%
Gross margin	125.5	+62.1%	+73.3%
EBITDA	103.7	+86.8%	+99.7%
EBIT	60.5	N/A	N/A

a) Gross margin

The Gross Margin grew by 62.1% to EUR 125.5 million (+73.3% in local currency), thanks to the increase in production (+75.6%), as a result of higher average operating capacity (+533 MW, +67.6%) following the commissioning of the Pier (220 MW) and Santiago (105 MW) wind farms and the Cuyoaco photovoltaic plant (274 MW), and the increase in the load factor (+5.4%).

b) Operating profit / EBIT

EBITDA increased 86.8% compared to September 2020 (+99.7% in local currency) to EUR 103.7 million, as, in addition to the aforementioned trend in Gross Margin, Net Operating Expenses remained flat at EUR 21.1 million (+0.2%) due to efficiencies.

Depreciation and amortisation charges and provisions climbed to EUR 43.2 million (+24.6%, +33.3% in local currency) following the addition of new power, bringing EBIT to EUR 60.5 million, compared to EUR 20.9 million in 2020.

2.5 BRAZIL

(EUR million)	9M 2021	vs 9M 2020	Local currency
Revenue	146.2	+17.5%	+32.6%
Gross margin	130.3	+23.2%	+39.0%
EBITDA	107.9	+35.8%	+53.2%
EBIT	77.9	+67.1%	+88.5%

a) Gross margin

The Gross Margin amounted to EUR 130.3 million (+23.2%), strongly affected by the exchange rate, as in local currency it grew 39.0% thanks to the positive impact of the new agreement on the concessions of the hydroelectric plants to recover costs from previous years, as well as the higher wind resource (+5.6%).

b) Operating profit / EBIT

Net operating expenses dropped 15.0% to EUR 22.0 million and 4.1% in local currency (EUR 2.8 million). As a result, EBITDA gained 35.8% to reach EUR 107.9 million (+53.2% in local currency).

Meanwhile, Depreciation and amortisation charges and provisions fell to EUR 30.0 million (-8.6%), up 3.1% in local currency with no significant variations. EBIT totalled EUR 77.9 million (+67.1%, +88.5% in local currency).

2.6 IBERDROLA ENERGÍA INTERNACIONAL (IEI)

(EUR million)	9M 2021	vs 9M 2020
Revenue	382.1	+28.4%
Gross margin	349.5	+20.5%
EBITDA	264.4	+13.2%
EBIT	136.2	-10.0%

a) Gross margin

The Gross Margin of the business at Iberdrola Energía Internacional stood at EUR 349.5 million (+20.5%), due to the contributions of Infigen in Australia and Aalto Power in France and Poland, which offset lower production at Wikinger in Germany.

b) Operating profit / EBIT

EBITDA amounted to EUR 264.4 million (+13.2%) after deducting Net Operating Expenses, which increased by EUR 25.1 million to EUR 78.1 million, due to higher development expenses amid the business expansion. Due to the consolidation of new businesses, depreciation and amortisation charges and provisions also increased to EUR 128.2 million (+55.9%), while EBIT totalled EUR 136.2 million (-10.0%).

3. Generation and supply business

Key figures for the Generation and Supply business are as follows:

(EUR millions)	9M 2021	vs 9M 2020
Revenue	15,910.1	+17.6%
Gross margin	2,946.9	-17.5%
EBITDA	1,086.1	-44.7%
EBIT	335.4	-72.4%

The Generation and Supply business reduced its contribution to EBITDA by 44.7% to EUR 1,086.1 million, affected by lower thermal production and lower margins in Spain and the UK, as a result of higher energy prices. Also noteworthy was the negative impact of the cold spells in Europe and Texas on first quarter results (EUR -92 million), with repercussions on the business in Spain and Mexico and at IEI. It should be noted that the overall impact of COVID-19 in terms of EBITDA was EUR 81 million, as a result of lower demand. This is in addition to EUR 84 million of higher taxes corresponding to the

days since the approval by the Spanish Council of Ministers (14 September) of RDL 17/2021, which reduces the remuneration associated with the increase in gas prices ('gas clawback').

Excluding the impact of COVID-19 and the exchange rate effect (EUR -38 million), EBITDA at the business was down 37.4%.

3.1 SPAIN

(EUR millions)	9M 2021	vs 9M 2020
Revenue	9,141.6	+16.2%
Gross margin	1,650.5	-25.4%
EBITDA	467.7	-60.3%
EBIT	126.8	-84.7%

a) Gross margin

The Gross Margin of the Generation and Supply Business in Spain stood at EUR 1,650.5 million (-25.4%), mainly due to the following factors:

- Production was down 4.4% in the first nine months of 2021, reaching 24,236 GWh, with nuclear production showing a slight recovery (+1.2%), offset by a reduction in combined cycle (-21.6%), due to increased production of renewable energy.
- In addition, business margins have been affected by an increase in procurement costs, mainly due to trends in gas and CO2 prices, with production now being sold at fixed prices. It is worth highlighting the impact that Storm Filomena had on the procurement costs of the business.
- It should also be noted that COVID-19 has led to lower demand, with an impact on this business of EUR 17 million.

b) Operating profit / EBIT

EBITDA stood at EUR 467.6 million (-60.3%), due to the decrease in the Gross Margin mentioned above, and the increase in Net Operating Expenses (+8.2%) to EUR 565.4 million, as a result of higher activity costs and the extraordinary positive result of EUR

15 million recognised in 2020 due to the sale of gas contracts to Pavillion, with no equivalent event in this year.

Taxes increased by 20.7% to EUR 617.5 million, due to the tax recognised under Royal Legislative Decree 17/2021, on the reduction in gas remuneration, as mentioned earlier (EUR 84 million), as well as higher taxes associated with the fiscal measures for energy sustainability ushered in by Law 15/2012.

Depreciation and amortisation charges and provisions were down 2.5% to EUR 340.8 million, mainly due to the final closure of coal-fired plants in 2020. A total of EUR 18 million in provisions attributable to COVID-19 defaults was also recorded during these nine months of the year.

As a result of the above, EBIT amounted to EUR 126.8 million, down 84.7% compared to 2020.

3.2. UNITED KINGDOM

(EUR millions)	9M 2021	vs 9M 2020	Local currency
Revenue	3,262.8	+6.2%	+4.0%
Gross margin	537.1	-5.1%	-7.1%
EBITDA	95.9	-38.1%	-39.4%
EBIT	-102.9	N/A	N/A

a) Gross margin

ScottishPower's liberalised business achieved a Gross Margin of EUR 537.1 million (-5.1%). The weaker operating performance compared to last year is due to a reduction in margins as a result of the negative impact of high priced market purchases, caused by low renewable energy production. This effect has been partially offset by higher gas volumes, mainly due to a colder 2021 when compared with 2020.

b) Operating profit / EBIT

Net Operating Expenses increased by 10.0% to EUR 365.4 million, due to the higher costs associated

with the increase in the number of smart meters and certain extraordinary effects recorded in 2020. Taxes were down 4.3% to EUR 75.8 million, due to the suspension of the Warm Home Discount between April and June 2021.

As a result, EBITDA at the Liberalised Business in the UK came to EUR 95.9 million (-38.1%).

Depreciation and amortisation charges and provisions fell by 3.0% to EUR 198.7 million, due to a reduction in loan-loss provisions associated with COVID-19 compared to the same period last year, falling from EUR 27 million in 2020 to EUR 12 million in 2021.

The EBIT contribution was EUR -102.9 million, from EUR -50.0 million reported in the first nine months of 2020, mainly due to the worsening of margins discussed earlier.

3.3 MEXICO

(EUR millions)	9M 2021	vs 9M 2020	Local currency
Revenue	2,656.7	+46.8%	+57.0%
Gross margin	621.0	-6.7%	-0.3%
EBITDA	466.5	-18.7%	-13.1%
EBIT	349.2	-24.7%	-19.5%

a) Gross margin

In Mexico, the Gross Margin amounted to EUR 621.0 million (-6.7%, -0.3% in local currency). This drop was mainly due to the impact of the cold snap that struck Texas in February of this year, which affected gas supply and prices at some of the combined cycle plants in Mexico. The result was a net impact on results of EUR -51 million. Meanwhile, the increase in freight rates had a negative impact of EUR 19 million. Finally, it should be noted that the impact of the higher cost of gas has not yet been passed on to electricity rates, as these have been frozen pending a judicial appeal.

b) Operating profit / EBIT

EBITDA amounted to EUR 466.5 million (-18.7%, -13.1% in local currency), after deducting Net Operating Expenses, which were up EUR 61.9 million to EUR 151.7 million, mainly due to positive one-off results in 2020 in connection with the insurance indemnity received for the Monterrey plant breakdown. Depreciation and amortisation charges and provisions grew by 6.5% to EUR 117.3 million (+13.9% in local currency), owing to new investments, including customer acquisition. As a result of all this, the business's EBIT amounted to EUR 349.2 million (-24.7%).

3.4 BRAZIL

(EUR millions)	9M 2021	vs 9M 2020	Local currency
Revenue	316.0	+13.1%	+27.6%
Gross margin	96.6	+38.8%	+56.6%
EBITDA	73.4	+51.7%	+71.1%
EBIT	60.8	+77.3%	+100.1%

a) Gross margin

The Gross Margin of the Generation and Supply business in Brazil increased by 38.8% to EUR 96.6 million thanks to the rate increase under the Termopernambuco PPA and the improvement of the Commercial business, though negatively affected by the COVID-19 pandemic in 2020.

b) Operating profit / EBIT

EBITDA grew by 51.7%, to EUR 73.4 million, with Net Operating Expenses up 10.3%, due to the higher costs resulting from the operation and maintenance of Termope.

EBIT rose 77.3% to EUR 60.8 million, with depreciation, amortisation and provisions falling 10.7% as a result of the devaluation of the real, as in local currency there was no significant variation.

3.5 IBERDROLA ENERGÍA INTERNACIONAL (IEI)*

(EUR millions)	9M 2021	vs 9M 2020
Revenue	1,027.0	+12.8%
Gross margin	41.6	-27.7%
EBITDA	(20.3)	N/A
EBIT	101.5	-68.4%

IEI's Gross Margin was 27.7% lower than last year, mainly affected by the cold spells that occurred in the first quarter of the year. Meanwhile, Net Operating Expenses increased (EUR 58.3 million compared to EUR 47.9 million in 2020) due to higher commercial activity. As a result, EBITDA was down compared to the same period of last year (EUR -20.3 million vs EUR +8.7 million).

Depreciation and amortisation charges and provisions increased by 17.8% to EUR 81.2 million, as a result of higher acquisition costs, leaving EBIT at EUR -101.5 million, compared to EUR -60.3 million in the first nine months of 2020.

* Formerly Rest of World

4. Other businesses

Other Businesses include the gas business in Canada and real estate activity.

(EUR millions)	9M 2021	vs 9M 2020
Revenue	151.7	38.2
Gross margin	51.3	15.2
EBITDA	38.4	3.5
EBIT	30.8	4.7

a) Gross margin

The Gross Margin grew to EUR 51.3 million, due to an increase in volume at the real estate business.

b) Operating Profit/EBIT

The EBITDA contribution in the first nine months of the year climbed to EUR 38.4 million from EUR 3.5 million in the same period of 2020. Depreciation and amortisation charges and provisions were down EUR 0.6 million compared to the previous year, resulting in EBIT of EUR 30.8 million.

5. Corporation

The Corporation heading includes the Group's overheads and the administrative costs of running the corporate areas, which are subsequently billed to the other companies.

At the end of September, the Corporation showed a positive EBITDA contribution of EUR 66.8 million, down from EUR 102.2 million in the first nine months of 2020, due to positive adjustments in 2020 recorded under Taxes, with no balancing entry this year.

Balance sheet analysis

January – September 2021

	Sep 2021	vs Dec 2020
TOTAL ASSETS	134,824	+10.0%
TANGIBLE FIXED ASSETS	76,566	+6.7%
INTANGIBLE FIXED ASSETS	19,430	+6.6%
NON-CURRENT FINANCIAL INVESTMENTS	6,593	+20.7%
EQUITY	52,075	+10.3%

At 30 September 2021, Iberdrola's balance sheet showed total assets of EUR 134,824 million, up EUR 12,306 million versus December 2020.

1. Fixed Assets

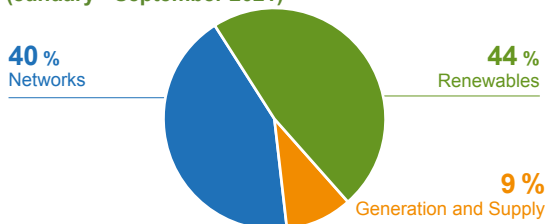
Gross investments in the first nine months of 2021 amounted to EUR 7,036.3 million (+ 5.9%). They break down as follows:

(EUR millions)	Jan-Sep 2021	%
Organic investments		
Networks business	2,775.9	39.5%
Spain	444.9	
United Kingdom	448.0	
United States	1,213.8	
Brazil	669.2	
Renewables business	3,101.1	44.1%
Spain	791.7	
United Kingdom	203.0	
United States	719.7	
Brazil	262.5	
Mexico	15.4	
Iberdrola Energía Internacional (IEI)	1,108.7	
Generation and Supply business	646.1	9.2%
Spain	284.5	
United Kingdom	149.4	
Mexico	142.3	
Brazil	8.3	
Iberdrola Energía Internacional (IEI)	61.5	
Other businesses	8.8	0.1%
Corporation and adjustments	95.4	1.4%
Non-Organic investments	409	5.8%
Total organic gross investment	7,036.3	100.0%

Investments during the period focused on the Networks and Renewables business, in line with the Group's strategy. These two businesses account for approximately 89% of gross investment in the first nine months of 2021, including non organic ones.

Investments by business *

(January - September 2021)

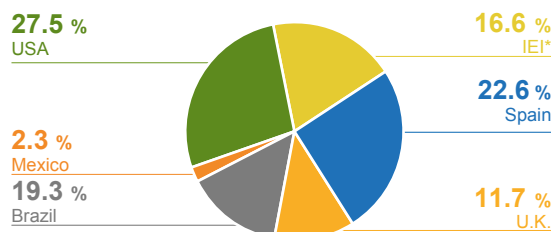


* Only includes organic investments

The following figure shows the geographical distribution of investments over the period:

Investments by geographical area

(January - June 2021)



(* Iberdrola Energía Internacional)

Investment in the Renewables business totalled EUR 3,101.1 million, equivalent to 44.1% of the total.

The majority of investments were made in Iberdrola Energía Internacional EUR 1,108.7 million, in Spain EUR 791.7 million and in the United States EUR 719.7 million.

In the Networks business section, most investments were made in the United States and Brazil, totalling EUR 1,213.8 million and EUR 669.2 million, respectively.

2. Share capital

Iberdrola's share capital totalled EUR 4,775 million at 30 September 2021, represented by 6,366,088,000 shares, each with a par value of EUR 0.75 and all fully subscribed for and paid up.

3. Financial debt

Adjusted net financial debt at September 2021 came to EUR 37,219 million, down by EUR 664 million from EUR 37,883 million at September 2020.

Adjusted net leverage decreased by 3.8% to 41.7% compared to the 45.5% reported at September 2020.

The ratings issued by the rating agencies are as follows:

Iberdrola's credit rating

Agency	Rating(*)	Outlook(*)
Moody's	Baa1 (15/06/2012)	Stable (14/03/2018)
Fitch IBCA	BBB+ (02/08/2012)	Stable (25/03/2014)
Standard & Poors	BBB+ (22/04/2016)	Stable (22/04/2016)

* Date of last modification

The financial debt structure can be broken down by currency* and interest rate** as follows:

	Sep 2021	Sep 2020
Euro	43.3%	44.3%
US dollar	24.9%	28.6%
British pound	18.4%	18.6%
Brazilian real and other currencies	13.4%	8.5%
Total	100%	100%
Fixed rate	67.8%	66.6%
Variable rate	32.2%	33.4%
Total	100%	100%

* Adjusted net debt including derivatives on net investment.

** Adjusted net debt. Including derivatives hedging of future financing (Sep 2021: EUR 3,472 million, excluding those signed for Vineyard Wind; Sep 2020: EUR 2,255 million), the percentage of net debt at fixed rates would rise to 77.2% (Sep 2021) and 72.5% (Sep 2020).

In accordance with the policy of minimising financial risks, the Group continues to mitigate exchange rate risk by financing the international businesses in local currencies (pound sterling, Brazilian real, US dollar etc.) or in their functional currencies (US dollar, in the case of Mexico). Interest rate risk is mitigated by issuing debt at fixed rates and through derivatives and hedging of future borrowing rates.

Debt structure* by country is as follows:

	Sep 2021	Sep 2020
Corporate	72.7%	68.2%
UK	5.9%	6.9%
US	17.7%	20.9%
Mexico	2.4%	2.5%
Other	1.3%	1.5%
Total	100.0%	100.0%

* Gross debt including 50% hybrid and excluding leases and Neoenergia (EUR 5,570 million at Sep 2021 and EUR 4,242 million at Sep 2020)

This debt* breaks down by financing source as follows:

	Sep 2021	Sep 2020
Euro bonds market	27.0%	31.6%
Dollar bonds market	17.9%	18.9%
British pound bonds market	7.2%	8.0%
Other capital markets	4.7%	4.0%
Commercial paper	8.7%	8.3%
Multilateral	15.5%	15.6%
Structured financing	1.4%	1.1%
Leases	5.4%	4.6%
Bank financing	12.2%	8.0%
Total	100.0%	100.0%

* Adjusted gross debt.

Green/sustainable funding came to EUR 35,782 million, including sustainable credit facilities and the sustainable ECP programme. Iberdrola is the world's leading group in green bonds issued.

Iberdrola has a robust liquidity position totalling EUR 19,059 million, including subsequent events after the end of September. This liquidity comes mainly from syndicated credit facilities arranged with partner banks, undrawn loans arranged with multilateral credit institutions and development banks (EIB, ICO, BNDES), along with cash, cash equivalents and IFTs. These liquidity arrangements have been reached across all the main markets in which the Iberdrola Group operates (Europe, the United States and Brazil), in both the banking and capital markets. This liquidity is enough to cover 19 months of the Group's financial needs in the base case and 15 months in the risk scenario.

Liquidity	EUR million
Cash, cash equivalents and IFTs	4,489
Back-up facilities	9,800
Credit facilities	2,897
Committed financing	1,873
Total	19,059

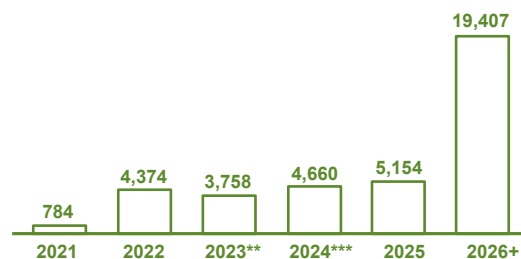
ADJUSTED NET FINANCIAL DEBT

Millions of euros	Sep 2021	Sep 2020
Loans and borrowings with credit institutions and bonds or other marketable securities	39,802	39,753
Liability derivative instruments	594	679
Leases	2,268	1,842
Gross financial debt	42,664	42,274
Capitalised derivative instruments	693	1,262
Deposits securing the value of CSA derivatives	202	101
Current financial investments (between 3 and 12 months)	70	
Cash and cash equivalents	4,476	2,067
Total cash assets	5,441	3,430
Net financial debt	37,223	38,844
Treasury stock derivatives with physical settlement which, at the current date, are not expected to be executed	4	961
Adjusted net financial debt	37,219	37,883
Hybrids	7,500	5,500

Iberdrola has a comfortable debt maturity profile*, with an average term of nearly six years, as shown in the table below.

Maturity debt profile

EUR million



Gross debt excluding credit lines, IFRS16 and T-shares derivatives (EUR 1,301 M). Commercial paper maturing in 2026+.

* Adjusted net financial debt excluding leases; commercial paper falls due after 2026.

** Includes USD 400 million with extension option for one or two years.

*** Includes USD 500 million with extension option for one or two years.

4. Financial ratios

Lastly, the movement in **financial ratios and leverage** was as follows:

	Sep 2021	Sep 2020
Adjusted equity*	52,080	45,299
Adjusted financial debt*	41,690	40,296
Credit facilities utilised	30	-
Unpaid accrued interest	346	337
Liability derivatives	594	679
Adjusted gross financial debt *	42,660	41,313
Cash, cash equivalents and IFTs	-4,546	-2,067
Current capitalised derivatives and escrow accounts (CSAs)	-895	-1,363
Adjusted net financial debt *	37,219	37,883
Adjusted net leverage	41.7%	45.5%
Adjusted funds from operations (FFO)**/Adjusted net financial debt*	23.4%	22.0%
Adjusted retained cash flow (RCF)/Adjusted net financial debt*	20.9%	20.0%
Adjusted net financial debt*/Adjusted EBITDA***	3.41x	3.74x

(*) Adjusted for treasury stock derivatives with physical settlement which, at the current date, are not expected to be executed (EUR 4 million at Sep 2021 and EUR 961 million at Sep 2020).

(**) Adjusted at Sep 2021 on account of the "Exit Plan" carried out in the fourth quarter of 2020 for EUR 45 million and at Sep 2020 on account of the plan carried out in the fourth quarter of 2019 (EUR 51.8 million). Both proforma of the new additions to the Group and corrected for the net tax adjustment for Mexico and the UK. Netted, in Sep 2021, for the effect of court rulings on the gas deduction and Spanish levy in Royal Decree-Law 17/2021.

(***) Adjusted at Sep 2021 on account of the "Exit Plan" carried out in the fourth quarter of 2020 for EUR 59.7 million and at Sep 2020 on account of the plan carried out in the fourth quarter of 2019 (EUR 67.1 million). Both proforma of the new additions to the Group. Netted, in Sep 2021, for the effect of court rulings on the gas deduction and Spanish levy in Royal Decree-Law 17/2021.

5. Working capital

Working capital shows a decrease of EUR 396m in the last 12 months, as a result of multiple effects, among which the positive positions resulting from the current gas prices.

CURRENT ASSETS	Sep 21	Sep 20	Change
Nuclear fuel	273	274	(1)
Inventories	2,336	2,362	(26)
Trade and other receivables	8,129	6,215	1,915
Current financial investments	730	504	226
Derivative financial instruments	1,080	251	829
Taxes payable	1,797	1,408	389
TOTAL CURRENT ASSETS*:	14,345	11,013	3,331

* Does not include cash or debt derivatives

CURRENT LIABILITIES	Sep 21	Sep 20	Change
Provisions	539	226	313
Derivative financial instruments	545	187	358
Trade and other payables	9,427	6,990	2,436
Taxes payable	2,616	1,996	620
TOTAL CURRENT LIABILITIES**:	13,127	9,399	3,728

** Does not include financial debt or debt derivatives

NET CURRENT ASSETS	1.218	1.614	(396)
---------------------------	--------------	--------------	--------------

6. Funds from operations

In the first half of the year, Funds from Operations (FFO) in the first three quarters amounted to EUR 6,412.4 million, up 7.2% on the same period in 2020.

Adjusted FFO for the last 12 months have increased by 4.7% to EUR 8,717 million.

	12M 2021	12M 2020	Change
Net profit (+)	3,338.0	3,586.5	-248.5
Depreciation and amortisation charges and provisions (+)	4,500.5	4,574.0	-73.6
Results of companies accounted for using the equity method (-)	-0.3	-435.0	434.7
Gains/(losses) on non-current assets (-)	0.0	-80.4	80.4
Extraordinary corporate income tax (-)	0.0	-2.9	2.9
Financial revision of provisions (+)	106.8	150.7	-43.8
Minority interests (+)	491.2	304.9	186.3
Adjustment for tax deductible items (+)	470.7	138.1	332.6
Dividends on companies accounted for using the equity method (+)	56.2	57.1	-0.9
Capital grants taken to profit or loss (-)	-79.2	-75.7	-3.6
Other adjustments P&L	-243.4	-	-243.4
Funds from operations (FFO)	8,640.4	8,217.2	423.2
Exit plan	45.0	51.8	-6.8
Proforma new acquisitions	13.9	56.6	-42.7
Proforma goodwill amortisation 1 year	17.7	-	17.7
Adjusted funds from operations (FFO)	8,717.0	8,325.6	391.5
Dividends*	-975.5	-754.8	-220.7
Adjusted retained cash flow (RCF)	7,741.5	7,570.8	170.7

* Cash dividends + Dividends paid to minority interests + Hybrid issue interest.

7. Financial transactions

New financing

Borrower	Transaction	Amount	Currency	Coupon	Maturity
First quarter					
Neoenergia	Public bond (debenture)	2,000.0	BRL	CDI+1.46%	Aug-22
Iberdrola Internacional	Public hybrid green bond	1,000.0	EUR	1.450%	Perpetual
Iberdrola Internacional	Public hybrid green bond	1,000.0	EUR	1.825%	Perpetual
Neoenergia	Loan 4,131	500.0	BRL		Mar-22
Coelba ⁽¹⁾	Loan 4,131	3,884.0	JPY		Jan-22
Coelba ⁽¹⁾	Loan 4,131	36.8	USD		Feb-24
Elektro	Loan 4,131	200.0	BRL		Mar-26
Neoenergia Distribuição Brasília	Loan 4,131	200.0	BRL		Mar-26
Iberdrola Financiación	Bilateral loan	50.0	EUR		Feb-28
Iberdrola Financiación	Bilateral loan	50.0	EUR		Mar-28
Iberdrola Financiación ⁽²⁾	Bilateral credit facility	125.0	EUR		Oct-22
Iberdrola Financiación	EIB loan	100.0	EUR		Jul-28
Second quarter					
Elektro	Public bond (debenture)	405.0	BRL	CDI+1.60%	May-26
Elektro	Public bond (debenture)	295.0	BRL	CDI+1.79%	May-28
Iberdrola Finanzas ⁽³⁾	Private bond	250.0	EUR	EUR+0.65% (4)	Apr-23
Neoenergia Distribuição Brasília ⁽¹⁾	Loan 4,131	35.6	USD		Apr-26
Neoenergia Guanabara	Loan 4,131	200.0	BRL		Jun-22
Neoenergia Lagoa Dos Patos ⁽¹⁾	Loan 4,131	31.3	USD		Jun-22
Neoenergia Vale Do Itajaí ⁽¹⁾	Loan 4,131	13.1	USD		Jun-22
Celpe ⁽¹⁾	Loan 4,131	39.1	USD		Jun-26
Neoenergia Guanabara ⁽¹⁾	Loan 4,131	14.8	USD		Jul-22
Neoenergia Vale Do Itajaí ⁽¹⁾	Loan 4,131	60.2	USD		Jul-22
Energías Renovables Ibermap	Bilateral loan	96.0	EUR		Dec-21
Iberdrola Financiación	Bilateral loan	100.0	EUR		Jun-26
Iberdrola Financiación ⁽²⁾⁽³⁾	Sustainable syndicated credit facility	2,500.0	EUR		Apr-26
Iberdrola Financiación ⁽²⁾	Sustainable bilateral credit facility	16,000.0	JPY		Jun-26
Iberdrola Financiación	Bilateral credit facility	125.0	EUR		Jan-23
Coelba ⁽¹⁾	Development bank loan	9,900.0	JPY		Mar-31
Coelba ⁽¹⁾	Development bank loan	5,053.0	JPY		Mar-26
Third quarter					
Neoenergia Distribuição Brasília	Public bond (debenture)	300.0	BRL	CDI+1.60%	Aug-28
Elektro	Green promissory notes	500.0	BRL	CDI+1.58%	Aug-26
RG&E ⁽⁵⁾	Private bond	125.0	USD	2.100%	Dec-31
RG&E ⁽⁵⁾	Private green bond	125.0	USD	2.910%	Dec-31
CMP ⁽⁵⁾	Private bond	200.0	USD	2.050%	Dec-31
SCG ⁽⁵⁾	Private bond	40.0	USD	2.050%	Dec-31
UI ⁽⁵⁾	Private green bond	150.0	USD	2.250%	Jan-31
NYSEG	Public green bond	350.0	USD	2.150%	Oct-31
Celpe ⁽¹⁾	Loan 4,131	38.0	USD		Aug-26
Coelba ⁽¹⁾	Loan 4,131	38.4	USD		Sep-26
Celpe	Bilateral credit facility	200.0	BRL		Aug-24
Coelba	Bilateral credit facility	300.0	BRL		Aug-24
Cosern	Bilateral credit facility	100.0	BRL		Aug-24
Elektro	Bilateral credit facility	200.0	BRL		Aug-24
Neoenergia Distribuição Brasília	Bilateral credit facility	200.0	BRL		Aug-24
Neoenergia	Bilateral credit facility	300.0	BRL		Aug-24
Iberdrola Financiación ⁽³⁾	Sustainable bilateral loan	250.0	EUR		Jul-26
Iberdrola Financiación ⁽³⁾	Green ICO loan	6.0	EUR		Jul-30
Iberdrola Financiación ⁽⁶⁾	Green EIB loan	550.0	EUR		15 years
Avangrid Renewables	Green TEI	130.9	USD		Sep-31
Vineyard Wind 1 LLC	Green project finance	2,344.0	USD		-

(1) Currency swaps arranged to the company's functional currency.

(2) With extension option.

(3) Operations included in the previous quarter's prospectus as a subsequent event.

(4) The coupon amounts to Euribor 3 million + 65 bp because the fixed price is 100.916%.

(5) Signing and addition of funds planned until Jan 2022.

(6) Funding planned to be available in 2022. Maturity up to 15 years if the amortisable option is chosen.

Extension of existing financing

Borrower	Transaction	Amount	Currency	Extension	Maturity
Iberdrola Financiación	Sustainable syndicated credit facility	1,500	EUR	-	Mar-26
Iberdrola Financiación	Bilateral credit facility	125	EUR	-	Apr-23

Third quarter transactions

The operations formalised from the date of publication of the second-quarter prospectus to the date of publication of the current prospectus are described below.

Capital market

Commercial paper

The commercial paper market remained buoyant against the backdrop of the economic recovery, with the ECB maintaining an accommodative monetary policy. The updating of Iberdrola's ECP programme in Q2, which included the ESG component, has continued to be well received, with the outstanding balance increasing to EUR 3,600 million at the end of September (from EUR 3,500 million at the end of June), with competitive interest rates across all terms.

Bonds

During the third quarter, the Iberdrola Group completed several bond placements through its subsidiaries in Brazil and the USA for a total equivalent to EUR 966 million.

Neoenergiá completed two placements in August for a total equivalent to EUR 131 million:

- A public bond of BRL 300 million with a cost equivalent to the CDI plus a spread of 1.60% and maturing in 2028; and
- An issue of five series of green promissory notes totalling BRL 500 million, at an average cost equivalent to the CDI plus 1.58% and annual maturities from 2022 to 2026 to finance the 2020-2022 Green Capex Programme in Brazil.

In addition, Avangrid closed six bond placements for a total equivalent of EUR 835 million:

- In August, it agreed the price of five private bonds totalling USD 640 million at an average cost of 2.27% and maturing in 2031 (USD 515 million)

and 2051 (USD 125 million). Of this amount, USD 275 million is green.

- In September, it issued a green public bond of USD 350 million at a cost of 2.17% and maturing in 2031. The green bonds will be used to finance investment projects of the regulated business between 2020 and 2023.

Banking market

Neoenergiá arranged two bank loans regulated by Decree 4131 for a total equivalent of EUR 65 million and falling due in 2026. In August, several of this subsidiary's companies arranged eight bilateral lines of credit totalling BRL 1,300 million and maturing in 2024 to more efficiently manage the Group's cash and liquidity.

In July, Iberdrola also extended its new EUR 125-million bilateral line of credit arranged in the first quarter by six months, with the option of extending the contract again for a further six months.

Development and multilateral banking market

Iberdrola arranged a green loan with the EIB in July amounting to EUR 550 million, the terms of which will be determined on the date of disbursement. The loan will be used to finance the new distribution investment programme in Spain from 2021 to 2023.

Structured financing

In September, Avangrid closed the first green financing deal for a US offshore wind project: the 800-MW Vineyard Wind I offshore farm. The financing has been structured as project finance of USD 2,344 million, initially arranged with nine global banks.

As a result of the restructuring of Aeolus VII, in September Avangrid increased its financing in the form of a green Tax Equity Investment by USD 131 million, maturing in Sep 2031.

8. Credit ratings

	Moody's			Standard and Poor's			Fitch Ibc		
	Rating	Outlook	Date	Rating	Outlook	Date	Rating	Outlook	Date
Iberdrola S.A.	Baa1	Stable	June 2021	BBB+	Stable	Feb 2020	BBB+	Stable	May 2020
Iberdrola Finance Ireland Ltd.(*)	Baa1	Stable	June 2021	BBB+	Stable	Feb 2020	BBB+	Stable	May 2020
Iberdrola Finanzas S.A.U.(*)	Baa1	Stable	June 2021	BBB+	Stable	Feb 2020	BBB+	Stable	May 2020
Iberdrola International B.V.(*)	Baa1	Stable	June 2021	BBB+	Stable	Feb 2020	BBB+	Stable	May 2020
Avangrid	Baa2	Stable	July 2021	BBB+	Stable	March 2021	BBB+	Stable	Oct 2020
CMP	A2	Stable	Dec 2020	A	Stable	Oct 2020	BBB+	Stable	Oct 2020
NYSEG	Baa1	Stable	July 2021	A-	Stable	Oct 2020	BBB+	Stable	Oct 2020
RG&E	Baa1	Stable	July 2021	A-	Stable	Oct 2020	BBB+	Stable	Oct 2020
UI	Baa1	Stable	Dec 2020	A-	Stable	March 2021	A-	Stable	Oct 2020
CNG	A2	Positive	July 2021	A-	Stable	March 2021	A-	Stable	Oct 2020
SCG	A3	Stable	Dec 2020	A-	Stable	March 2021	A-	Stable	Oct 2020
BGC	A3	Stable	Dec 2020	A-	Stable	March 2021	A-	Stable	Oct 2020
Scottish Power Ltd	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020	BBB+	Stable	May 2021
Scottish Power UK Plc	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020	BBB+	Stable	May 2021
Scottish Power Energy Networks Holdings Ltd				BBB+	Stable	Dec 2020			
SP Transmission plc	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020			
SP Manweb plc	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020			
SP Distribution plc	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020			
ScottishPower Energy Management Ltd.	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020			
ScottishPower Energy Retail Ltd.	Baa1	Stable	July 2021	BBB+	Stable	Dec 2020			
ScottishPower Renewables (WODS) Limited	Baa1	Stable	Sept 2021						
Neoenergía				BB-	Stable	March 2021			
Elektro				BB-	Stable	March 2021			
Coelba				BB-	Stable	March 2021			
Celpe				BB-	Stable	March 2021			
Cosern				BB-	Stable	March 2021			
Neoenergía (national scale)				brAAA	Stable	March 2021			
Coelba (national scale)				brAAA	Stable	March 2021			
Celpe (national scale)				brAAA	Stable	March 2021			
Cosern (national scale)				brAAA	Stable	March 2021			
Elektro (national scale)				brAAA	Stable	March 2021			

(*) Guaranteed by Iberdrola S.A.
Date related to latest review

Financial Statements Tables

Balance Sheet 2021 *(Unaudited)*

EUR M

ASSETS	Sep 2021	Dec 2020	Variation
NON-CURRENT ASSETS	115,583	107,546	8,037
Intangible assets	19,430	18,222	1,207
Goodwill	8,109	7,613	496
Other intangible assets	11,321	10,609	712
Real Estate properties	230	301	-71
Property, plant and equipment	76,566	71,779	4,787
Property, plant and equipment	67,198	64,879	2,319
Property, plant and equipment in the course of construction	9,368	6,900	2,468
Right of use	2,116	1,974	141
Non current financial investments	6,593	5,461	1,132
Investments accounted by equity method	1,205	1,145	60
Non-current financial assets	47	38	9
Other non-current financial assets	3,579	2,909	670
Derivative financial instruments	1,762	1,369	393
Non-current trade and other receivables	3,853	3,161	692
Tax receivables	679	666	13
Deferred tax assets	6,118	5,982	136
CURRENT ASSETS	19,241	14,972	4,268
Nuclear fuel	273	260	13
Inventories	2,336	2,443	-107
Current trade and other receivables	9,926	7,664	2,262
Tax receivables	667	564	103
Other tax receivables	1,130	623	507
Trade and other receivables	8,129	6,478	1,652
Current financial assets	2,230	1,178	1,052
Other current financial assets	945	578	367
Derivative financial instruments	1,285	601	684
Cash and cash equivalents	4,476	3,427	1,049
TOTAL ASSETS	134,824	122,518	12,306

EUR M

EQUITY AND LIABILITIES	Sep 2021	Dec 2020	Variation
EQUITY:	52,075	47,219	4,856
Of shareholders of the parent	37,269	35,413	1,857
Share capital	4,775	4,763	12
Adjustments for changes in value	323	- 242	565
Other reserves	35,326	34,421	905
Treasury stock	- 1,743	- 1,985	242
Translation differences	- 3,819	- 5,154	1,335
Net profit of the period	2,408	3,611	-1,202
Of minority interests	7,306	6,306	1,000
Hybrids	7,500	5,500	2,000
NON-CURRENT LIABILITIES	60,362	57,369	2,993
Deferred income	1,227	1,240	-13
Facilities transferred and financed by third parties	5,136	5,043	93
Provisions	5,933	5,836	97
Provisions for pensions and similar obligations	2,294	2,318	-24
Other provisions	3,639	3,518	121
Non Current Financial payables	36,696	35,096	1,600
Financial Debt- Loans and other	30,982	30,335	647
Equity Instruments having the substance of a financial liability	399	334	65
Derivative financial instruments	1,758	991	767
Leases	2,123	1,927	196
Other financial liabilities	1,434	1,510	-75
Other non-current payables	364	262	103
Tax payables	294	285	9
Deferred tax liabilities	10,711	9,607	1,104
CURRENT LIABILITIES	22,387	17,930	4,456
Provisions	539	579	-41
Provisions for pensions and similar obligations	13	23	-9
Other provisions	525	557	-32
Current financial payables	18,481	15,469	3,013
Financial Debt- Loans and other	8,821	7,703	1,117
Equity Instruments having the substance of a financial liability	63	57	7
Derivative financial instruments	776	297	479
Leases	145	131	14
Trade payables	5,858	5,137	721
Other financial liabilities	2,819	2,144	674
Other current payables	3,366	1,882	1,484
Current tax liabilities and other tax payables	770	178	592
Other tax payables	1,847	1,226	621
Other current liabilities	750	478	272
TOTAL EQUITY AND LIABILITIES	134,824	122,518	12,306

Profit and Loss *(Unaudited)*

	Sep 2021	Sep 2020 (*)	EUR M %
REVENUES	27,999.8	24,248.0	15.5
PROCUREMENTS	(15,413.9)	(12,406.7)	24.2
GROSS MARGIN	12,585.9	11,841.3	6.3
NET OPERATING EXPENSES	(3,153.4)	(3,070.8)	2.7
Personnel	(2,195.5)	(2,106.9)	4.2
Capitalized personnel costs	515.7	511.2	0.9
External Services	(2,131.6)	(2,027.7)	5.1
Other Operating Income	658.0	552.6	19.1
LEVIES	(1,267.5)	(1,395.2)	(9.1)
EBITDA	8,164.9	7,375.4	10.7
AMORTISATIONS AND PROVISIONS	(3,383.8)	(3,357.3)	0.8
EBIT / Operating Profit	4,781.1	4,018.1	19.0
Financial Expenses	(1,780.5)	(1,541.9)	15.5
Financial Income	1,084.4	901.2	20.3
FINANCIAL RESULT	(696.0)	(640.8)	8.6
RESULTS OF COMPANIES CONSOLIDATED BY EQUITY METHOD	5.0	465.2	(98.9)
PBT	4,090.0	3,842.6	6.4
Corporate Tax	(1,324.0)	(954.5)	38.7
Minorities	(357.8)	(207.1)	72.8
NET PROFIT	2,408.2	2,681.0	(10.2)

(*) *Restated*

Results by Business (Unaudited)

EUR M

Sep 2021	Networks	Renewables	Generation and Supply	Other businesses	Corporation and adjustments
Revenues	10,712.4	3,901.5	15,910.1	151.7	(2,675.9)
Procurements	(4,646.6)	(347.3)	(12,963.2)	(100.4)	2,643.6
GROSS MARGIN	6,065.9	3,554.2	2,946.9	51.3	(32.4)
NET OPERATING EXPENSES	(1,611.8)	(467.8)	(1,161.0)	(12.2)	99.4
Personnel	(1,221.4)	(331.4)	(342.8)	(8.8)	(291.1)
Capitalized personnel costs	385.6	90.5	34.7	0.0	4.8
External Services	(1,115.5)	(486.3)	(950.3)	(3.5)	424.0
Other Operating Income	339.5	259.3	97.5	0.1	(38.3)
LEVIES	(522.8)	(44.0)	(699.7)	(0.7)	(0.3)
EBITDA	3,931.3	3,042.4	1,086.1	38.4	66.8
Amortisation and Provisions	(1,486.0)	(1,050.4)	(750.7)	(7.6)	(89.2)
EBIT/Operating Profit	2,445.3	1,992.0	335.4	30.8	(22.4)
Financial Result	(391.7)	(55.5)	(66.7)	54.5	(236.6)
Results of companies consolidated by equity method	10.7	3.7	2.1	(10.9)	(0.5)
PBT	2,064.3	1,940.2	270.8	74.4	(259.5)
Corporate tax and minority shareholders	(1,060.4)	(657.3)	(99.0)	(22.1)	157.0
NET PROFIT	1,003.8	1,282.8	171.8	52.3	(102.5)

EUR M

Sep 2020 (*)	Networks	Renewables	Generation and Supply	Other businesses	Corporation and adjustments
Revenues	9,362.1	2,937.7	13,530.0	38.2	(1,620.0)
Procurements	(3,737.0)	(277.7)	(9,958.3)	(23.0)	1,589.4
GROSS MARGIN	5,625.1	2,660.0	3,571.7	15.2	(30.6)
NET OPERATING EXPENSES	(1,554.0)	(591.0)	(1,013.2)	(10.7)	98.1
Personnel	(1,210.5)	(303.2)	(325.3)	(8.9)	(259.0)
Capitalized personnel costs	412.0	60.8	26.7	-	11.7
External Services	(1,080.3)	(449.9)	(897.7)	(3.0)	403.3
Other Operating Income	324.9	101.4	183.0	1.2	(58.0)
LEVIES	(546.1)	(288.7)	(594.1)	(1.0)	34.7
EBITDA	3,525.1	1,780.2	1,964.4	3.5	102.2
Amortisation and Provisions	(1,486.4)	(1,030.1)	(747.5)	(8.2)	(85.1)
EBIT/Operating Profit	2,038.6	750.1	1,216.9	(4.7)	17.1
Financial Result	(351.5)	(128.6)	(74.9)	0.3	(86.0)
Results of companies consolidated by equity method	8.7	(21.3)	3.1	475.1	(0.3)
PBT	1,695.9	600.3	1,145.0	470.6	(69.2)
Corporate tax and minority shareholders	(619.8)	(255.9)	(363.7)	31.4	46.4
NET PROFIT	1,076.1	344.3	781.3	502.0	(22.8)

(*) Restated

Networks Business (Unaudited)

EUR M				
Sep 2021	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	1,491.3	1,047.5	3,215.3	4,958.7
Procurements	(3.5)	(38.8)	(1,054.7)	(3,549.9)
GROSS MARGIN	1,487.8	1,008.7	2,160.6	1,408.8
NET OPERATING EXPENSES	(173.3)	(166.3)	(888.3)	(383.9)
Personnel	(222.7)	(190.1)	(569.6)	(239.1)
Capitalized personnel costs	101.5	121.7	162.3	-
External Services	(203.7)	(144.8)	(545.3)	(221.7)
Other Operating Income	151.5	46.8	64.3	76.9
LEVIES	(64.2)	(83.6)	(372.0)	(3.1)
EBITDA	1,250.3	758.8	900.4	1,021.8
Amortisation and Provisions	(446.3)	(287.2)	(476.8)	(275.9)
EBIT/Operating Profit	804.0	471.6	423.7	746.0
Financial Result	(45.9)	(87.8)	(79.4)	(178.6)
Results of companies consolidated by equity method	2.0	-	8.8	-
PBT	760.0	383.8	353.0	567.4
Corporate tax and minority shareholders	(156.1)	(404.3)	(145.0)	(355.0)
NET PROFIT	603.9	(20.5)	208.0	212.4

EUR M				
Sep 2020 (*)	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	1,467.6	1,006.6	3,077.7	3,810.2
Procurements	(0.3)	(42.8)	(957.7)	(2,736.3)
GROSS MARGIN	1,467.3	963.8	2,120.0	1,074.0
NET OPERATING EXPENSES	(194.6)	(147.5)	(890.3)	(321.6)
Personnel	(229.6)	(181.5)	(583.9)	(215.6)
Capitalized personnel costs	87.7	113.0	167.2	44.1
External Services	(199.7)	(127.7)	(536.9)	(216.1)
Other Operating Income	147.0	48.7	63.3	66.0
LEVIES	(67.3)	(82.7)	(393.1)	(3.0)
EBITDA	1,205.5	733.6	836.6	749.3
Amortisation and Provisions	(417.3)	(265.8)	(494.0)	(309.3)
EBIT/Operating Profit	788.2	467.8	342.6	440.0
Financial Result	(48.2)	(102.2)	(106.3)	(94.8)
Results of companies consolidated by equity method	2.0	-	6.7	-
PBT	742.0	365.7	243.0	345.2
Corporate tax and minority shareholders	(132.0)	(168.7)	(104.5)	(214.5)
NET PROFIT	610.0	196.9	138.5	130.7

(*) Restated

Renewables Business (Unaudited)

EUR M

Sep 2021	UNITED					Iberdrola Energía Internacional (IEI)
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	
Revenues	1,655.0	651.8	936.6	146.2	129.8	382.1
Procurements	(79.1)	(54.0)	(161.4)	(15.8)	(4.3)	(32.6)
GROSS MARGIN	1,575.9	597.8	775.2	130.3	125.5	349.5
NET OPERATING EXPENSES	(16.5)	(150.7)	(179.4)	(22.0)	(21.1)	(78.1)
Personnel	(114.8)	(46.7)	(112.5)	(12.2)	(4.6)	(40.6)
Capitalized personnel costs	26.5	14.7	13.4	2.4	1.1	19.7
External Services	(146.1)	(133.9)	(130.7)	(12.3)	(17.9)	(73.5)
Other Operating Income	217.9	15.3	50.4	0.1	0.3	16.2
LEVIES	34.1	(19.2)	(50.9)	(0.4)	(0.6)	(7.0)
EBITDA	1,593.5	427.8	544.9	107.9	103.7	264.4
Amortisation and Provisions	(253.3)	(210.2)	(386.2)	(30.0)	(43.2)	(128.2)
EBIT/Operating Profit	1,340.2	217.6	158.7	77.9	60.5	136.2
Financial Result	78.9	(32.8)	(44.2)	(17.0)	(18.4)	(22.0)
Results of companies consolidated by equity method	4.0	0.1	(5.3)	6.1	-	(1.2)
PBT	1,423.1	184.8	109.2	67.0	42.1	113.1
Corporate tax and minority shareholders	(328.3)	(233.3)	(7.5)	(37.9)	(12.6)	(37.5)
NET PROFIT	1,094.7	(48.4)	101.7	29.1	29.6	75.5

EUR M

Sep 2020 (*)	UNITED					Iberdrola Energía Internacional (IEI)*
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	
Revenues	886.8	697.5	851.3	124.4	80.0	297.6
Procurements	(54.5)	(45.1)	(149.2)	(18.6)	(2.6)	(7.6)
GROSS MARGIN	832.2	652.4	702.1	105.8	77.4	290.0
NET OPERATING EXPENSES	(171.3)	(131.4)	(188.4)	(25.9)	(21.1)	(53.0)
Personnel	(107.2)	(36.6)	(119.1)	(13.1)	(4.3)	(23.0)
Capitalized personnel costs	20.6	10.1	12.4	1.8	3.0	8.7
External Services	(134.2)	(111.8)	(137.1)	(14.6)	(21.9)	(60.6)
Other Operating Income	49.5	6.9	55.3	-	2.0	21.9
LEVIES	(210.9)	(19.1)	(54.1)	(0.4)	(0.8)	(3.5)
EBITDA	450.1	501.9	459.7	79.5	55.5	233.6
Amortisation and Provisions	(278.1)	(180.7)	(422.4)	(32.9)	(34.7)	(82.3)
EBIT/Operating Profit	172.0	321.1	37.2	46.6	20.9	151.3
Financial Result	(34.0)	(7.0)	(37.8)	(20.9)	(3.9)	(25.0)
Results of companies consolidated by equity method	(1.2)	0.3	(12.3)	(8.1)	-	-
PBT	136.8	314.4	(12.9)	17.7	17.0	126.3
Corporate tax and minority shareholders	(37.7)	(141.0)	14.3	(8.1)	(39.2)	(43.9)
NET PROFIT	99.1	173.4	1.4	9.5	(22.2)	82.4

(*) Restated

Generation and Supply Business (Unaudited)

EUR M

Sep 2021	UNITED				Iberdrola Energía Internacional (IEI)	
	SPAIN	KINGDOM	MEXICO	BRASIL	Other	
Revenues	9,141.7	3,262.8	2,656.7	316.0	1,027.0	(494.2)
Procurements	(7,491.1)	(2,725.7)	(2,035.7)	(219.4)	(985.5)	494.2
GROSS MARGIN	1,650.6	537.1	621.0	96.6	41.6	-
NET OPERATING EXPENSES	(565.4)	(365.4)	(151.7)	(23.2)	(58.3)	3.0
Personnel	(203.4)	(79.9)	(33.8)	(6.3)	(19.5)	-
Capitalized personnel costs	15.0	5.4	7.8	0.1	-	6.3
External Services	(450.2)	(311.0)	(137.6)	(17.1)	(53.7)	19.3
Other Operating Income	73.2	20.0	11.9	0.1	14.9	(22.6)
LEVIES	(617.5)	(75.8)	(2.8)	-	(3.5)	-
EBITDA	467.7	95.9	466.5	73.4	(20.3)	3.0
Amortisation and Provisions	(340.8)	(198.7)	(117.3)	(12.6)	(81.2)	-
EBIT/Operating Profit	126.8	(102.9)	349.2	60.8	(101.5)	3.0
Financial Result	(26.4)	(0.5)	(32.4)	(7.3)	(0.2)	-
Results of companies consolidated by equity method	2.1	-	-	-	-	-
PBT	102.5	(103.4)	316.8	53.5	(101.7)	3.0
Corporate tax and minority shareholders	(26.3)	19.2	(88.9)	(30.6)	28.4	(0.7)
NET PROFIT	76.3	(84.2)	227.9	22.9	(73.3)	2.2

EUR M

Sep 2020 (*)	UNITED				Iberdrola Energía Internacional (IEI)*	
	SPAIN	KINGDOM	MEXICO	BRASIL	Other	
Revenues	7,869.4	3,073.6	1,809.8	279.4	910.5	(412.7)
Procurements	(5,656.8)	(2,507.3)	(1,144.1)	(209.8)	(853.0)	412.7
GROSS MARGIN	2,212.6	566.3	665.7	69.6	57.5	-
NET OPERATING EXPENSES	(522.3)	(332.2)	(89.8)	(21.0)	(47.9)	-
Personnel	(205.6)	(68.5)	(28.9)	(6.3)	(16.0)	-
Capitalized personnel costs	10.0	4.7	12.1	0.1	-	-
External Services	(441.3)	(283.1)	(133.5)	(14.9)	(42.7)	17.7
Other Operating Income	114.6	14.8	60.6	0.1	10.8	(17.7)
LEVIES	(511.7)	(79.2)	(2.0)	(0.2)	(1.0)	-
EBITDA	1,178.5	154.9	573.9	48.4	8.7	-
Amortisation and Provisions	(349.5)	(204.9)	(110.1)	(14.1)	(68.9)	-
EBIT/Operating Profit	829.1	(50.0)	463.8	34.3	(60.3)	-
Financial Result	(26.7)	5.0	(42.2)	(9.2)	(1.9)	-
Results of companies consolidated by equity method	3.1	-	-	-	-	-
PBT	805.5	(45.0)	421.6	25.0	(62.1)	-
Corporate tax and minority shareholders	(199.3)	7.5	(168.9)	(13.4)	10.3	-
NET PROFIT	606.2	(37.4)	252.7	11.6	(51.8)	-

(*) Restated

Quarterly results (Unaudited)

EUR M

	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021
Revenues	10,088.4	8,663.7	9,247.6
Procurements	(5,484.3)	(4,761.9)	(5,167.7)
GROSS MARGIN	4,604.1	3,901.9	4,079.9
NET OPERATING EXPENSES	(1,048.7)	(1,071.0)	(1,033.7)
Personnel	(699.3)	(749.8)	(746.5)
Capitalized personnel costs	158.2	182.0	175.5
External Services	(669.0)	(742.8)	(719.8)
Other Operating Income	161.4	239.7	257.0
LEVIES	(741.3)	(201.4)	(324.9)
EBITDA	2,814.1	2,629.5	2,721.3
Amortisation and Provisions	(1,101.4)	(1,100.7)	(1,181.7)
EBIT/Operating Profit	1,712.7	1,528.8	1,539.6
Financial Result	(265.4)	(206.3)	(224.4)
Results of companies consolidated by equity method	(3.9)	2.1	6.9
PBT	1,443.4	1,324.6	1,322.0
Corporate tax	(282.4)	(732.1)	(309.5)
Minorities	(135.8)	(86.3)	(103.6)
NET PROFIT	1,025.2	506.2	876.9

EUR M

	Jan-Mar 2020	Apr-Jun 2020	Jul-Sept 2020
Revenues	9,425.9	7,041.4	7,780.6
Procurements	(4,881.2)	(3,535.9)	(3,989.6)
GROSS MARGIN	4,544.8	3,505.5	3,791.0
NET OPERATING EXPENSES	(1,046.8)	(1,007.0)	(1,017.0)
Personnel	(730.0)	(688.0)	(688.9)
Capitalized personnel costs	172.3	174.2	164.7
External Services	(673.8)	(690.1)	(663.8)
Other Operating Income	184.7	196.9	170.9
LEVIES	(726.5)	(331.2)	(337.5)
EBITDA	2,771.5	2,167.3	2,436.5
Amortisation and Provisions	(1,108.0)	(1,135.4)	(1,113.9)
EBIT/Operating Profit	1,663.5	1,032.0	1,322.6
Financial Result	(180.3)	(219.9)	(240.6)
Results of companies consolidated by equity method	485.7	(9.9)	(10.6)
PBT	1,968.9	802.2	1,071.5
Corporate tax	(624.5)	(155.8)	(174.1)
Minorities	(71.6)	(42.7)	(92.8)
NET PROFIT	1,272.7	603.6	804.6

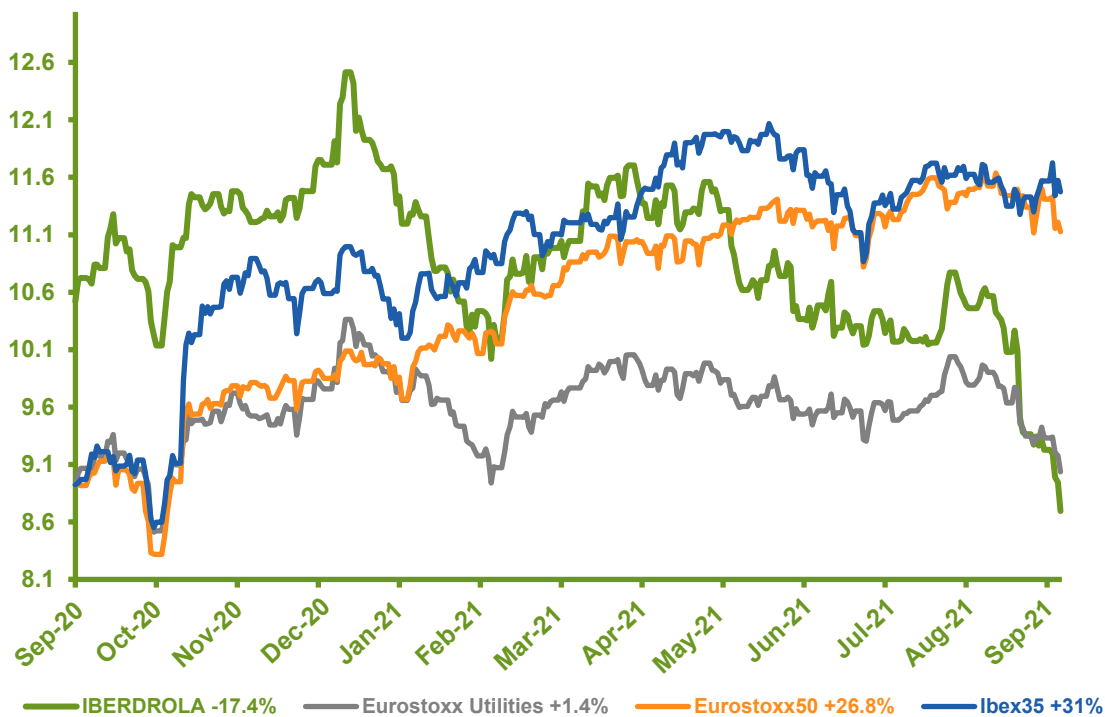
Statement of origin and use of funds (Unaudited)

	9M 2021	9M 2020	Variation
Net Profit	2,408	2,681	(273)
Depreciation and amortisation charges and provisions (+)	3,384	3,357	27
Results of companies accounted for using the equity method (-)	(5)	(465)	460
Gains/(losses) on non-current assets (-)	-	-	-
Financial revision of provisions (+)	75	99	(23)
Minority interests (+)	358	207	151
Adjustment for tax deductible items (+)	525	138	387
Dividends on companies accounted for using the equity method (+)	25	25	(0)
Capital grants taken to profit or loss (-)	(61)	(60)	(1)
Other adjustments P&L	(297)	-	(297)
FFO	6,412	5,982	430
Dividends Paid to Iberdrola shareholders	(570)	(563)	(7)
Total Cash Flow allocations:	(6,903)	(6,859)	(45)
<i>Gross Investments</i>	<i>(6,627)</i>	<i>(6,638)</i>	<i>11</i>
<i>Non core Divestments</i>	<i>169</i>	<i>1,328</i>	<i>(1,159)</i>
<i>Treasury stock</i>	<i>(2,445)</i>	<i>(1,548)</i>	<i>(896)</i>
<i>Issuance/ Hybrid</i>	<i>2,000</i>	<i>-</i>	<i>2,000</i>
Capital Increase	610	-	610
Neoenergia Brasilia acquisition	(409)	-	(409)
Translation differences	(933)	1,984	(2,917)
Other variations	(284)	(892)	608
Decrease/(Increase) in net debt	(2,076)	(347)	(1,730)

Differences may arise due to rounding

Stock market evolution

IBERDROLA stock performance vs. Indexes



IBERDROLA's share

	9M 2021	9M 2020
Number of outstanding shares	6.366.088.000	6.350.061.000
Price at the end of the period	8.684	10.510
Average price of the period	10.769	9.836
Average daily volume	12,812,832	18,921,114
Maximum volume (03-19-2021 / 03-20-2020)	48,728,175	73,587,123
Minimum (11-02-2021 / 06-01-2020)	3,983,299	5,591,843
Dividends paid (€)	0.4220	0.4050
Gross final (02-08-2021 / 02-05-2020) (1)	0.1680	0.1680
Gross interim (07-29-2021 / 08-01-2019) (1)	0.2540	0.2320
Shareholder's Meeting attendance bonus	0.0000	0.0050
Dividend yield ⁽¹⁾	4.86%	3.85%

(1) Purchase price of rights guaranteed by Iberdrola.

(2) Dividends paid in the last 12 months and attendance premium / period-end share price

Regulation

A raft of new regulations affecting the energy sector were enacted in the third quarter of 2021. This section sets out the most significant of these.

Regulation in the European Union

Commission Delegated Regulation regarding the Recovery and Resilience Facility:

Commission Delegated Regulation (EU) 2021/1078 of 14 April 2021 setting out the **guidelines for the Recovery and Resilience Facility** was published in the Official Journal of the European Union on 2 July 2021.

The inclusion of the “**do no significant harm**” principle (not to cause significant harm to any EU environmental objective) and the substitution of fossil fuels are noteworthy.

Publication of the European Climate Law:

Regulation (EU) 2021/1119 of 30 June 2021 establishing **the framework for achieving climate neutrality by 2050** in the European Union was published in the Official Journal of the European Union on 9 July 2021. This standard, known as the “European Climate Law”, sets a target of **reducing GHG emissions by 55% by 2030 (National Greenhouse Gas Inventory)** vs. 1990 levels.

The “European Climate Law” states that the Commission **will propose in 2024 a target for 2040** and an indicative greenhouse gas budget for the period 2030-2050, in pursuit of a global temperature rise of +1.5°C.

Delivering the European Green Deal package of legislation:

On 14 July 2021, the European Commission published a package of legislation embodying its regulatory proposal to **reduce emissions by 55% by 2030 vs. 1990 levels under the terms established in the “European Climate Law”**.

It consists of a dozen policy proposals, which will be pursued over the next two years. These proposals mainly concern:

- Market rules on **CO₂ emission allowances to reduce emissions by 61%** vs. 2005 levels in the

so-called “EU-ETS sectors”, now including maritime transport, land transport and construction.

- A border adjustment mechanism for **putting a CO₂ price on imports**.
- National targets and specific rules to **reduce emissions by 40% vs. 2005 levels** in agriculture, transport and construction.
- **Increasing the renewable target to 40%** by 2030.
- Higher **primary and final energy savings targets of 39% and 36%** by 2030, respectively, vs. business-as-usual scenario.
- **Energy taxes** based on the polluter pays principle.
- **Further development of recharging infrastructure for clean vehicles**.
- 100 per cent of new cars and vans to be **zero emission by 2035**.
- Gradual decarbonisation of **ships and aircraft**.

Regulation in Spain

Royal Decree-Law on tax measures: social protection measures extended to **31 October 2021** under the same terms as the extension established in the previous Royal Decree-Law 8/2021, which ended on 9 August. (*Royal Decree-Law 16/2021, of 3 August, adopting social protection measures to deal with situations of social and economic vulnerability*):

- The prohibition on cutting the supply of electricity, natural gas and water is extended.**
- The option for consumers to apply for the subsidised rate (*bono social*) in the event of unemployment, furlough or reduced income has also been extended.**

Resolution on the second renewable energy auction call: The resolution launching **the call for the second renewable energy auction was published in Spain’s Official State Gazette (BOE)** on 19 October 2021 (*Resolution of 8 September 2021, of the Secretary of State for Energy, convening the second auction for the granting of the economic regime for renewable energies under the provisions of Order TED/1161/2020, 4 December*).

- i. **Capacity quota to be auctioned: 3,300 MW. Minimum reserves for:** 1) solar PV and wind power with accelerated deployment: 600 MW; 2) onshore windpower: 1,500 MW; 3) solar PV: 700 MW; and 4) Local distributed solar PV generation: 300 MW.
- ii. **Maximum indivisible segment offered: 180 MW.**
- iii. **Maximum power awarded to a company or business group: 1,650 MW.**
- iv. **New installations or extensions** (not modifications) in mainland Spain. They may be facilities **with storage if the energy stored is not purchased from the grid.**
- v. **Reserve prices by technology** (confidential).
- vi. **Deadline for commissioning:** September 2022 for accelerated deployment of solar PV and wind power; June 2023 for solar PV; and June 2024 for onshore wind.

Royal Decree-Law on measures to reduce electricity bills: Royal Decree-Law 17/2021, adopting electricity sector intervention measures, has been published in Spain's Official State Gazette (*Royal Decree-Law 17/2021, of 14 September, on urgent measures to mitigate the impact of rising natural gas prices on retail gas and electricity markets*).

Intervention measures:

- i. The remuneration of net-zero plants is to be reduced by an amount equivalent to the increase in the gas price above EUR 20/MWh(g).
- ii. Auctions of emission-free, manageable and infra-marginal technologies.
- iii. Regulation of water stored for hydroelectric use to enable river basin authorities to control hydrological variables in reservoirs of > 50 hm³.

Tax measures:

- iv. Reduction of Electricity Tax rate from 5.11% to 0.5% until 31 December 2021.
- v. Extension of the suspension of the Tax on the Value of Electricity Output (IVPEE) (7%) until 31 December 2021.
- vi. Increase of EUR 900 million in the State's contribution from the collection of CO₂ allowance auctions.

Other measures:

Extraordinary 96% reduction of charges until 31 December 2021.

- vii. Review of the formula for determining the voluntary price for small consumers (PVPC).
- viii. Restriction on raising the last resort gas tariff until 31 March 2022.
- ix. Vital Minimum Supply.

Bill on reducing CO₂ remuneration – Text submitted to Congress: the wording of the bill is available on the Congress website until 17 September. (*Bill on electricity sector remuneration for CO₂ not emitted*):

This version includes notable changes from the initial release submitted to public consultation:

- i. **The reduction will be applied from a CO₂ price of EUR 20.67, down approximately 35% on current CO₂ prices (EUR 59/tn).**
- ii. **It applies to plants prior to October 2003** (previously March 2005).
- iii. **The tax base for the calculation of 7% is corrected.**
- iv. **The possibility of a waiver for hydro concessions for six months has been added.**

It also includes a number of more technical changes:

- v. **Exemption for new hybridised modules.** Hybridisation of hydro and solar PV is also allowed without affecting new solar PV.
- vi. **Calculation of pumping at one year** (instead of one month) so as to avoid affecting the operation of seasonal pumping activity.
- vii. **Cogeneration and waste are not included** in the abatement calculations (reduces the hours when there is abatement).
- viii. **90 per cent of the proceeds are for capacity or deficit payments** (not for renewables). Electricity bills are reduced, not the contributions to the National Fund for the Sustainability of the Electric System (FNSEE)

Regulation in the United Kingdom

Applicable tariff cap: As required by the 2018 Domestic Gas and Electricity (Tariff Cap) Act, Ofgem introduced a new default tariff cap on 1 January 2019 to protect customers on default tariffs including standard variable tariffs (SVT). The applicable tariff cap is adjusted on 1 April and 1 October each year. Ofgem announced on 6 August 2021 the level of the price cap for Period 7 (October 2021 to March 2022) which was 12% higher than in Period 6, mainly due to higher wholesale energy costs. The Period 7 cap level also reflects decisions made in the last 12 months regarding smart metering costs, the Feed in Tariff allowance and a provisional ('float') allowance for additional bad debt costs resulting from COVID lockdown. Ofgem consulted in June 2021 on how it might 'true up' the COVID bad debt allowance in a future price cap period to reflect the actual costs incurred by suppliers. Ofgem has recommended to the Secretary of State that the default tariff cap should be extended for another 12 months until 31 December 2022. The Secretary of State is required to respond by 31 October and is expected to follow this recommendation. BEIS announced in August 2021 that it is considering legislating to enable the price cap to be continued beyond the current legislative end date of 2023.

RIIO-T2: In December 2019, SP Energy Networks (SPEN) submitted its final business plan worth GBP 1,400 million to Ofgem for the RIIO-T2 electricity transmission price control, which will run from 1 April 2021 to 31 March 2026. Ofgem published its final decision in December 2020, proposing an allowed total expenditure (TOTEX) of GBP 1,300 million (a significant improvement from its July preliminary decision) and a cost of capital of 4.02% CPIH (CPI, homes included) real (at 55% gearing and net of a 0.23% 'outperformance adjustment'). All nine licensees affected by the RIIO-T2 gas and electricity price controls appealed against Ofgem's decisions to the UK's Competition and Markets Authority (CMA). The CMA published its provisional findings for the RIIO-2 Appeals on 11 August. There has been no movement in the CAPM-based return on

equity. However, the CMA has provisionally rejected Ofgem's proposed 'outperformance adjustment' of 25bps and the application of the 0.2% innovation uplift to Ongoing Efficiency. The final determination for the appeals will be published by 30 October 2021.

RIIO-ED2: The RIIO-ED2 electricity distribution price control will run from 1 April 2023 to 31 March 2028. Distribution Network Operators (DNOs) submitted draft Business Plans on 1 July 2021 to Ofgem and the Challenge Group. Final submission of the Business Plans is due on 1 December 2021. Ofgem's draft and final determinations are expected in 2022.

UK target to reduce carbon emissions: In April 2021, the UK Government announced that it accepted the advice of the Climate Change Committee through the objective of establishing a 78% reduction in carbon emissions by 2035 compared to 1990 levels. The Government has legislated to give effect to this through setting the 6th Carbon Budget (2033-37) under the Climate Change Act. This builds on the UK's existing commitment - in its already announced Nationally Determined Contribution under the Paris Climate Change Agreement - of at least a 68% reduction in emissions by 2030. The UK Government is expected to publish its overall Net Zero Strategy on meeting this challenge ahead of COP 26 in Glasgow at the end of October.

Regulation in the USA

COVID-19 Strategy: On September 9, the Biden administration announced a comprehensive national strategy to combat the coronavirus pandemic. President Biden issued an executive order requiring all government employees and contractors be vaccinated against COVID-19, with limited exemptions for medical or religious reasons. As part of the national strategy, the Occupational Safety and Health Administration is developing a rule that will require all businesses with 100 or more employees to ensure their workers are fully vaccinated or demonstrate weekly negative test results. The deadline for federal workers to be vaccinated is November 22; covered federal contractors by December 8.

FY2022 Federal Government Funding: On September 30, President Biden signed into law a continuing resolution (CR) to extend federal government funding until December 3. The last hour action avoided a government shutdown. The CR notably did not raise or suspend the federal debt ceiling, which if not addressed could potentially lead to a government default in mid-October.

Infrastructure: On August 3, the Senate passed a \$1.2 trillion bipartisan infrastructure bill, which includes funding for hydrogen hubs and demonstration projects, middle mile broadband deployment, grid resiliency and smart grid investment, the Low Income Home Energy Assistance Program (LIHEAP), electric vehicle charging infrastructure, and port upgrades. The bill must be passed by the House before going to President Biden to be formalised and has been deadlocked for months over a separate budget reconciliation bill that could include climate, clean energy, tax, and other priorities. The pathway for both bills remains unclear heading into the fourth quarter.

Offshore wind energy: On July 29, BOEM initiated the permitting process for AGR's proposed Kitty Hawk North offshore wind project in North Carolina. The regulatory action was published in the Federal Register on July 30 and had a 30 day comment period. If approved, the first phase of the Kitty Hawk project would have a capacity of 800 MW with construction beginning as soon as 2024.

Solar Tariffs: On September 29, the U.S. Department of Commerce asked domestic solar tariff petitioners for more information before deciding whether to investigate and potentially retroactively impose tariffs on solar imports from Malaysia, Thailand, and Vietnam. If tariffs are applied, the U.S. solar industry could face major shortages. Commerce has set a deadline of Oct. 13 for petitioners to respond and will then review the information within 45 days.

FERC: On September 29, PJM Interconnection's proposed revisions for the Minimum Offer Price Rule (MOPR) went into effect following FERC's 2 – 2 vote deadlock on the filing. The revisions will moderate current PJM market rules that force energy resources

benefiting from state subsidies, such as renewables and nuclear, to submit disadvantageous higher bids.

New York – “Resiliency and Compensation Bill”: 21 June 2021. The new Customer Resiliency and Compensation Bill has been passed in New York (pending the Governor's signature):

- Utilities must prepare climate vulnerability studies and resilience plans outlining measures for the next 10 and 20 years.
- Utilities will have the right to recover compensation and a return calculated based on the regulatory ROE in force at any time.
- Costs associated with implementing the resiliency plan will be recovered through a specific fee in invoices
- Customers that have no supply for more than 72 hours during a “major event” will be entitled to compensation for lost food and medicine (max. USD 240/customer) and USD 25/day from 96 hours onwards.
- Utility providers may be exempt from paying out compensation under exceptional circumstances to be assessed by the Committee.

Connecticut — UI-D Rate Review: PURA published the draft bill on 10 June, which contained no changes compared to the previously circulated version. The final order is not expected to change, and rates are expected to enter into effect on 1 July. PURA has amended its initial decision and has issued a draft order accepting the substantial part of the Settlement proposed by UI-D and the parties. The key points of the draft order are:

- ROE and equity factor values remain unchanged until the next rate case.
- Offsets the regulatory asset of the Rate Adjustment Mechanism with regulatory tax liabilities (Tax Reform/ADIT), compensating both amounts over 22 months.
- Allows tariffs to be reduced thanks to a lower corporate tax rate (34% to 21%) and the contribution of funds from COVID relief credit.

Connecticut — Storage Bill: 11 June 2021. Connecticut has passed a bill (pending the Governor's signature) to promote energy storage. The Bill aims to deploy 1,000 MW in energy storage by 2030, setting interim targets of 300 MW by 2024 and 650 MW by 2027.

New Mexico — Merger with PNM Resources:

- 26 April 2021. Avangrid has secured FERC approval to move forward with its merger with PNM Resources. This approval is in addition to approvals previously obtained by the Federal Communications Commission (FCC) and the shareholders of PNM Resources.
- 28 May 2021. The proposed merger between PNM Resources and Avangrid has been approved by the Nuclear Regulatory Commission (NRC). The only authorisation still pending is that of the New Mexico Public Regulation Commission (NMPRC); in this regard, the NMPRC has proposed delaying hearings until November in order to be able to properly analyse the merger. The Governor of New Mexico and 13 stakeholders have shown their support for this merger.

Regulation in Mexico

Reform to amend the Law on the Electrical Industry:

Various lawsuits filed by individuals against the bill to reform the Law on the Electrical Industry (LIE) were still ongoing at the end of the third quarter of 2021.

On 9 August, a judge granted, in the first instance, four petitions for injunctive relief to an individual, on the basis that the bill is unconstitutional because it distorts competition and threatens sustainability by failing to champion the growth of clean energies. In the case of Iberdrola Mexico, a final decision has yet to be delivered on the merits of the petitions for injunctive relief and until such a decision is forthcoming, the precautionary measures will remain in force.

Final Basic Supply Rates:

The precautionary measure granted by a judge against the application of the amendment to the 2020 Legacy

Contracts for Basic Supply remains in place. As a result, the Energy Regulation Commission (CRE) changed, with effect from June 2021, the method for calculating the generation and capacity charges that are part of the CFE's final basic supply rate.

The mechanism now being applied is to convert to present value the tariff that was published in the same months of 2020 by applying an increase for inflation.

Mechanism for correcting payment of the Revenue Sufficiency Guarantee:

As a result of the polar vortex that affected Texas in February 2021, the price of natural gas in Mexico increased substantially. The price indices for natural gas used by the National Energy Control Centre (CENACE) to determine the reference prices between 13 and 16 February did not reflect the actual market prices.

Accordingly, on 29 July 2021, the CRE issued Resolution A/023/2021, instructing CENACE to correct this through payment by the Revenue Sufficiency Guarantee to the natural gas-based generators concerned, including Iberdrola Mexico.

Increase in transmission fees (electricity transmission tariffs):

Judicial proceedings continue in relation to various claims filed by individuals against the changes to fees for the transmission of energy generated using renewable sources and efficient cogeneration, as well as the procedure for calculating the conventional transmission fees applicable to Legacy Interconnection Contracts.

In August 2021, the competent court granted two precautionary measures to individuals on appeal, without general effect, against the increase in the Renewable Fee, on the grounds that the hike is unconstitutional by disproportionately increasing fees for the transmission service. For Iberdrola Mexico, a final ruling has yet to be delivered in relation to the appeals and until such a decision is forthcoming, we must continue to honour the precautionary measures, which for the time being affect only the Renewable Fee.

Constitutional reform within the electricity sector:

The President of Mexico sent a bill to the Chamber of Deputies on 30 September 2021 to reform various articles of the Political Constitution of the United Mexican States concerning electricity.

Through this bill, the State seeks to take total control over electricity, including all the activities in the value chain: generation, transformation, distribution and supply. The CFE would continue to have a monopoly over electricity transmission, distribution and supply activities.

The involvement of private companies would be limited solely to generating electricity and then selling it to the CFE under a new modality of contracts that are not defined in the constitutional reform bill.

The State would preserve the energy security and self-sufficiency of the Nation through the CFE, which would be the agency in charge of planning, control, operation, transmission and regulation of the National Electrical System (SEN), eliminating the regulator (CRE) and bringing the system operator (CENACE) into the CFE.

The bill also envisions the cancellation of all permits and contracts granted to private companies under previous legislation and abolishes the Clean Energy Certificates (CELS).

Two-thirds of the Chamber of Deputies and the Senate need to vote in favour of the bill and it has to be approved by an absolute majority in the local congresses of the 32 states of the Republic for it to be passed.

Regulation in Brazil

Annual rate readjustment for Neoenergia ELEKTRO:

On 27 August, Official Resolution No. 2927 of the Brazilian Electricity Regulatory Agency (ANEEL) was published regarding the result of Elektro's 2021 annual rate readjustment. The average readjustment was 11.49%. The average readjustment for residential customers (subgroup B1) was 12.17%, while in the case of large consumers (group A) it was 8.84%.

The new rate took effect on 27 August and will be collected in full through customer billings from October onwards.

Guidelines for the capacity reserve auction:

On 18 August, Ordinance No. 20/2021 of the Ministry of Mines and Energy (MME) was published, setting out the guidelines for the auctioning electricity and associated power contracting. The auction is scheduled for 21 December 2021 and aims to guarantee the supply of power needed by the National Interconnected System (SIN) to ensure continuity of the electricity supply. The products to be traded are "energy" (associated with the inflexible generation of new thermoelectric plants with operating inflexibility of up to 30%) and "power" (new and existing thermoelectric plants). Electricity supply is expected to start in July 2026, while energy will start in January 2027.

Action taken in relation to the water crisis:

In May 2021, the Brazilian National Meteorology System (SNM) issued a water emergency alert for the Paraná Basin hydrographic region, where more than 50% of the water storage capacity for hydroelectric generation in the SIN is located. Since then, measures have been announced to optimise the use of hydroelectric resources. On 28 June, Provisional Measure No. 1055 was published, creating the Chamber of Exceptional Rules for Hydropower Management (CREG) to define exceptional and temporary mandatory guidelines to be followed by the federal public administration bodies, the National Electricity System Operator (ONS), the Chamber for the Commercialisation of Electrical Energy (CCEE) and the generation concessionaires. So far, the CREG has published three resolutions aimed at dealing with the water crisis: Resolution No. 2 of 31 August, establishing the Programme to Incentivise the Voluntary Reduction of Electricity Consumption for consumers in the SIN; Resolution No. 3, also of 31 August, setting the "Water Scarcity" tariff band at an additional BRL 14.20 per 100 kWh consumed (the "Level 2 Red Flag" tariff was an additional BRL 9.492 per 100 kWh); and Resolution No. 4 of 9

September, on the contracting of reserve capacity through a simplified competitive procedure, with a supply period from 2022 to 2025.

Extension of the concession for hydroelectric power plants under renegotiation:

In view of the contributions received through Public Consultations No. 53 and No. 54, on 14 September ANEEL approved the extension of the concession period for power plants participating in the Energy Reallocation Mechanism (MRE) and the new rules governing the conditions for renegotiating the hydrological risk of energy generation. In the case of Neoenergia's plants, the extensions were as follows: 235 days for Teles Pires (BRL 22.0 million), 1,353 days for Itapebi (BRL 130.2 million), 1,163 days for Corumba III (BRL 16.5 million), 1,678 days for Baguari (BRL 18.5 million), 2,148 days for Dardanelos (BRL 35.7 million), 319 days for Belo Monte (BRL 30.7 million) and 34 days for Baixo Iguaçu (BRL 0.6 million). The values in Brazilian real reflect Neoenergia's stake in the projects.

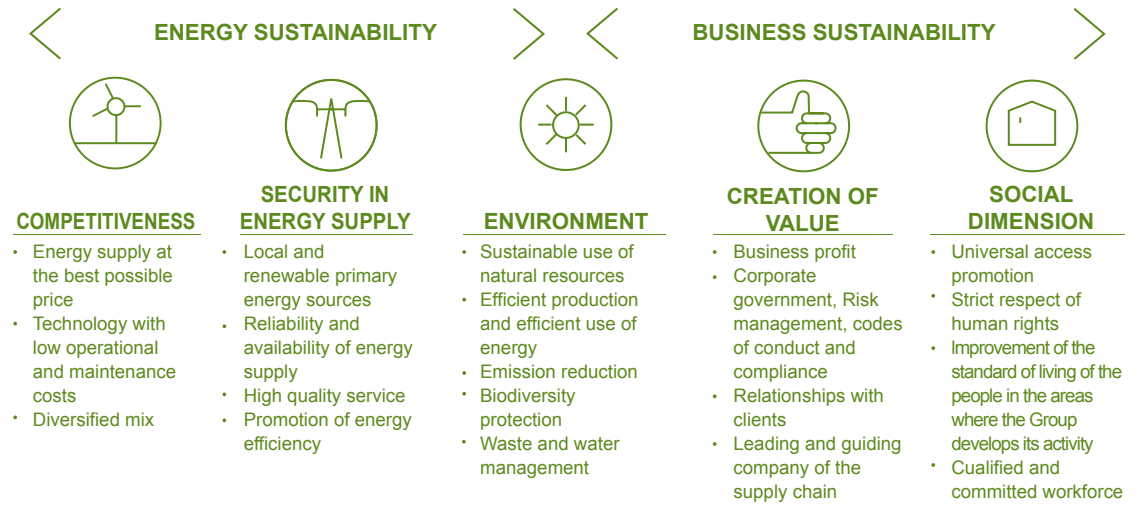
Sustainability Performance - ESG



Iberdrola’s contribution to sustainable development is reflected in several corporate responsibility practices that meet the needs and expectations of its stakeholders.

In this section, the Company describes its performance in the non-financial environmental, social and governance areas that drive the sustainability of its operations, achievement of the social dividend and contribution to the United Nations Sustainable Development Goals.

Sustainability Policy:



ESG initiatives in the period

ESG initiatives in the period	9M 2021	Related SDGs
Fight against climate change	<u>Climate action</u>	 
Green Hydrogen Production	<u>Green hydrogen development</u>	 
Biodiversity Restoration	<u>Trees programme</u>	
Reducing impacts on birds	<u>Protection of biodiversity</u>	
Rational use of water	<u>Utility with best water productivity</u>	
Sustainable Mobility Plan	<u>Rollout of charging points</u>	 
COVID response: taking stock	<u>Social responsibility model</u>	 
Access to energy	<u>Electricity for all</u>	 
Training and employment	<u>Master's scholarships, impacts and talent retention</u>	 
Training excellence	<u>Research commitment</u>	   
Good Health and Well-being	<u>Occupational health and safety</u>	 
Equality and diversity	<u>Diversity and Inclusion Report</u>	 
Vulnerable customers	<u>Support for vulnerable customers</u>	 
Action in the community	<u>Volunteering initiatives</u>	  
Social contribution	<u>Foundation actions</u>	    

1. Sustainability Indicators

Financial Indicators	9M 2021	9M 2020
Contribution to GDP (Gross Margin) (*)	1.62%	1.56%
Contribution to GDP (Net Revenues) (*)	3.47%	3.15%
Net profit (EUR million)	2,408.2	2,681.0
Dividend yield (%)(**)	4.86%	3.85%
Sustainability Indicators	9M 2021	9M 2020
Own CO2 emissions over the period (gCO2 /kWh): Total	91	98
CO2 emissions over the period (gCO2 /kWh): Europe	53	69
CO2 emissions over the period (gCO2 /kWh): Spain	60	79
CO2 emissions over the period (gCO2 /kWh): UK	0	0
CO2 emissions over the period (gCO2 /kWh): US	57	47
CO2 emissions over the period (gCO2 /kWh): Brazil	63	38
Own CO2 emissions over the period (gCO2 /kWh): Mexico	305	326
CO2 emissions over the period (gCO2 /kWh): IEI	9	0
Ratio own emission-free production to total production: Total (%)	76%	75%
Ratio emission-free production to total production: Europe (%)	88%	85%
Ratio emission-free production to total production: Spain (%)	87%	83%
Ratio emission-free production to total production: UK (%)	100%	100%
Ratio emission-free production to total production: US (%)	86%	89%
Ratio emission-free production to total production: Brasil (%)	78%	87%
Ratio own emission-free production to total production: Mexico (%)	14%	9%
Ratio emission-free production to total production: IEI (%)	99%	100%
Ratio of own emission-free installed capacity: Total (%)	80%	79%
Ratio of emission-free installed capacity: Europe (%)	81%	80%
Ratio of emission-free installed capacity: Spain (%)	79%	77%
Ratio of emission-free installed capacity: UK (%)	100%	100%
Ratio of emission-free installed capacity: US (%)	91%	90%
Ratio of emission-free installed capacity: Brasil (%)	88%	87%
Ratio of own emission-free installed capacity: México (%)	35%	34%
Ratio of emission-free installed capacity: IEI (%)	90%	94%

Note: Third-party installed capacity and production not included

(*) Source: Iberdrola Results and National Quarterly Accounting for Spain — INE (Base 2010. Latest published figures for 2Q 2021)

(**) Dividends paid in the last 12 months and attendance bonus/share price at end of the period

E Environmental

Environmental highlights during this period are as follows:

Fight against climate change

In July, the European Commission presented the **Fit for 55 package of measures** (EU plan for ecological transition), setting out a raft of proposals to review and update EU legislation and launch new initiatives to ensure that policies in the EU are aligned with the climate goals agreed by the Council of the European Union and the European Parliament. Fit for 55 seeks to achieve a 55% reduction in emissions by 2030 compared to the benchmark level in 1990, thus making Europe the first climate-neutral continent by 2050.

The aim of the proposals is to provide a coherent and balanced framework for achieving the EU's climate objectives; one that is equitable and socially fair, maintains and strengthens the innovation and competitiveness of EU industry while ensuring equal conditions of competition with economic operators in third countries, and underpins the EU's leading position in the global fight against climate change. The legislative proposals and strategic initiatives included in the Fit for 55 package that affect the energy sector include:

- a review of the EU Emissions Trading Scheme (EU ETS), to apply it to new sectors;
- a review of the Renewable Energy Directive;
- a recasting of the Energy Efficiency Directive;
- a review of the Directive on Alternative Fuels Infrastructure;
- a review of the Energy Taxation Directive;
- the creation of a social climate fund; and
- the EU forestry strategy, which regulates the absorption of emissions through land use.

Meanwhile, turning to the development of innovative projects that help to mitigate climate change, Iberdrola has completed the installation of its **first**

hybrid wind and solar project in the world: Port Augusta, located in the state of South Australia, comprising 50 wind turbines and 250,000 solar panels. The initiative combines a wind farm with an installed capacity of 210 MW and a 107 MW solar PV plant. The supply of renewable energy from Port Augusta will help reduce consumer electricity prices and facilitate the decarbonisation of South Australia's economy.

Also during this period, Iberdrola commissioned the **first photovoltaic plant to feature a storage system**: the Arañuelo III photovoltaic plant (40 MW) in Spain, which has a 3-MW battery and 9 MWh of storage capacity. This sees the Company making further progress in developing innovative projects to maximise energy use and to champion an efficient integration of renewable energies into the electricity grid.

Smart grids

In July 2021, Iberdrola obtained a EUR 550 million green loan from the European Investment Bank (EIB) to further the development, modernisation and digitisation of the Company's electricity distribution grids. The loan will enable it to drive the expansion of smart grids across Spain, contributing to a greater electrification of the economy (in line with the European and Spanish objective of climate neutrality by 2050). This work will see Iberdrola improving the reliability, efficiency and safety of renewable and sustainable electricity distribution.

Sustainable use of water resources and transition to a circular economy

Iberdrola has negotiated the **first energy sector loan in Europe linked to the reduction of water consumption**: a EUR-250 million operation over five years. The deal, signed last August, includes an incentive linked to the achievement of circular economy objectives: Iberdrola undertakes to progressively reduce its water use to not exceed the threshold of 420 m³/GWh by 2025. If met, Intesa

Sanpaolo will apply a discount to the loan. If not, the cost of financing will increase. The circular loan with Iberdrola is the largest operation in Spain under the EUR 6,000 million Circular Economy programme launched by Intesa Sanpaolo as part of its 2018-2021 Business Plan.

Biodiversity

Iberdrola has acquired a stake in CO₂ Revolution, a company leading the way in the use of drones and smart seeds for reforestation. The acquisition was completed through Iberdrola's International Start-Ups-PERSEO Programme, through which it has been identifying and promoting energy-related technologies of the future for just over a decade.

S Social

As part of our commitment to the community, numerous initiatives have been launched in areas such as sport, education, cooperation and support for the most disadvantaged segments of society:

Community impact: volunteering

Iberdrola's Corporate Volunteering Programme has been recognised by the United Nations, as it is included in the Transforming Lives and Communities report, published by IMPACT2030 in collaboration with the United Nations Office for Cooperation.

This report recognises Iberdrola's Corporate Volunteering Programme as a pioneering practice to harness the skills, passion and experience of its employees in working towards the Sustainable Development Goals (SDGs).

Notably, Iberdrola is the only Spanish company and the only energy company from among the 19 companies selected in the report published on the occasion of the Global Goals Week 2021.

Iberdrola has brought together more than **5,000 employees** – 25% more than last year – during the **International Volunteers Week**, across a total of 64 solidarity initiatives, which has been run in a dozen countries where it operates, including Spain, the

United States, Mexico, Brazil, the United Kingdom, Australia, Belgium, France, Germany, Greece, Italy and Portugal.

The Company has the **"My Social Footprint"** initiative, which allows the Group's volunteers to measure their impact on society and their contribution to the SDGs. Thus, each volunteer can find out the hours dedicated to the achievement of each of the SDGs, as well as the number of people who have benefited from their help, how many volunteering actions they have carried out and how they are contributing.

Volunteering at Iberdrola has continued over this six-month period through projects to train and improve the employability of young people at risk of exclusion, thus **helping thousands of people from the most disadvantaged segments** (refugees, women who are victims of gender-based violence and/or at risk of severe exclusion). The projects are also helping women return to work after taking an extended break in their careers for maternity leave or to care for family members.

Meanwhile, the Company continues to **carry out actions to care for the environment** such as reforestation, clean-ups, recycling workshops and other awareness-raising activities, and to **promote diversity and inclusion**, while also responding to the food emergency through various global initiatives such as Operation Kilo.

Access to energy for vulnerable groups

The *Electricity for All* programme is Iberdrola's response to the international community's call to extend universal access to modern forms of energy through environmentally sustainable, economically acceptable and socially inclusive models. **Under this programme, the Group aims to use environmentally sustainable forms of energy to provide electricity to 16 million vulnerable people without access to this resource in emerging or developing countries by the year 2030. So far,**

the Company has helped 8.2 million people benefit from access to electricity, mainly in Latin American and African countries.

ESG criteria in the supply chain

The Group has set a target for at least 70% of Iberdrola's major suppliers (estimated to total more than 1,000 worldwide) to be subject to ESG policies and standards by 2022. The Company has therefore created a model – validated by a third party – and a digital platform, developed by Spanish scale-up **GoSupply**, that the Company's suppliers can use to self-evaluate their performance in this field.

Turning to human rights in the supply chain, Iberdrola Group companies have reacted to the risk of Uyghur forced labour in the manufacturing of solar panels in the Chinese province of **Xinjiang** by demanding their suppliers strictly comply with the commitments entered into regarding their employment practices.

Diversity and equality

During the business summit hosted by **50&50 Gender Leadership Advisory**, Iberdrola's chairman drew attention to the Group's commitment to diversity and equality to inspire humanistic, innovative leadership leading to “an equal, diverse and inclusive workplace” and specific actions both within Iberdrola and across the rest of society. He mentioned the drive for a better work-life balance, equal pay, steps to encourage women to take up senior positions, support for women in STEM careers and support for women's sport among Iberdrola's efforts in this area.

Regarding the latter, in a meeting with sportswomen, Ignacio Galán underlined the Company's **commitment to the 2024 Paris Olympics and Paralympics**. The Company has also reaffirmed its commitment to the future of sportswomen by launching, in partnership with the Spanish National Olympic Committee, a new edition of the **programme to run finance, economics and law courses for sportswomen**.

Foundations

The Iberdrola Group's foundations embody the Company's commitment to the development of the countries in which it operates and support for those most at risk. The most significant initiatives over the period by work stream are as follows:

- A. Training and research

This work stream focuses on young students, by supporting their degree, technical training or language studies and offering opportunities to those who have disabilities and/or limited resources.

Iberdrola Foundation in Spain:

- **Three national and one international scholarships for restoration and conservation at the Prado Museum, and two for the Museum of Fine Arts in Bilbao.**
- **Two Fulbright scholarships.**
- **11 Paralympic scholarships.**
- **10 Carolina Foundation scholarships.**
- **12 engineering scholarships at the ICAI.**
- **Chair of STEM Women Sustainability Mobility**, with the collaboration of EMT and the Comillas Pontifical University.
- **Energy for Future Research Aid Programme:** to support research projects focusing on technologies associated with the energy transition and green transformation over the next five years.
- **“Empieza por Educar” (Start with Education) Programme, STEM Scholarships – Vocational Training:** to enable five STEM talents to immerse themselves in the world of education by becoming a teacher for two years on basic or intermediate vocational training courses.
- **Programme to help young people integrate into society and the labour market in partnership with Save the Children:** an educational programme on the green economy for young people at risk of exclusion.

ScottishPower Foundation in the UK:

- **ScottishPower Foundation Planetarium Community Pass:** significantly ramping up deployment of the Dynamic Earth Planetarium project in its second year.
- **Affinity Coaching and Counselling:** Affinity will offer a counselling and guidance service for autistic people and their families throughout Scotland.
- **Tools for Transition:** support and advocacy for children with spina bifida/hydrocephalus.
- **Figurenotes – Everyone can play!:** inclusive project to transform music education in Scotland.

Avangrid Foundation in the United States:

- **Binghamton University Foundation – Senior Capstone Projects (New York):** supporting energy and environmental projects at the Watson School of Engineering.
- **Henry Ford Museum – Invention Convention Worldwide (National):** ICW is a coalition of affiliates that teaches students real-world problem-solving and creative thinking skills.
- **Blue Hub Capital – Working Communities Challenge:** collaboration between the public, private and non-profit sectors to make an impact on sustainable development.

Iberdrola Foundation in Mexico:

- **STEM Impulse:** a hundred scholarships will be awarded to young underprivileged Oaxacan people.
- **Altamira scholarships:** contributing towards the academic readiness of high-performing young people who require financial support.
- **Young People Building the Future:** a programme led by the Ministry of Labour and Social Welfare to provide work-related training opportunities for young people.
- **Support for the development of young Mexicans:** support for research students from the Institute of Renewable Energies at the Autonomous University of Mexico (UNAM).

Neoenergía Institute in Brazil:

- **Project “Balcão de Ideias e Práticas Educativas”:** school management for integral development and early childhood learning and development.

- B. Biodiversity and climate change

In this work stream, we collaborate with public institutions and bodies devoted to protecting the environment.

Iberdrola Foundation in Spain:

- Collaborates with **SEO/BirdLife** on the **MIGRA project**, aimed at studying the migratory patterns of birds.
- The **campaign to rescue steppe birds in Extremadura**.
- **Reforestation of the Albacete military training area** in Chinchilla has been completed and contracts have been signed to reforest the **Almagro and Villatobas military training areas** (Toledo). Work will start in January 2022.
- **“Expansión de Abies Pinsapo en la Reserva de la Biosfera de Grazalema” (Expansion of Abies Pinsapo in the Grazalema Biosphere Reserve):** the first reforestation day has been held at the Biosphere Reserve.
- **The climate change and birds of prey conservation project**, through research into vaccine prophylaxis, in collaboration with the Aquila Foundation.
- Collaboration with the **Rey Jaime I Awards** as a member of the Environmental Protection Award, one of the six award categories.
- Agreement to partner with the **MIGRES Foundation** on a project to reintroduce ospreys in the Valencian Community.

ScottishPower Foundation in the UK:

- **Sustainable Futures:** raising awareness among children and young people of the fight against climate change.
- **A River for all:** creating a path to facilitate public access to previously inaccessible forests and rivers.

- **Connecting the UK on Climate Change: Sharing the MockCOP model nationally:** young people come together to start their own projects for change in schools and communities.
- **Action for Nature in Ayrshire:** activities to boost biodiversity.

Avangrid Foundation in the United States:

- **Power the Future Programmes at the Ithaca Sciencecenter:** to extend the reach of the Ithaca project.
- **Vital Recovery Actions for California Condors** for the recovery and reintroduction of condors.
- **Climate Change Education Programming:** a programme for the Oregon Science Museum to undertake educational initiatives and provide easier access for rural students.
- **Advancing Ocean-Climate Research: Strengthening community capacity for science-based decision making (Year 3):** year three of a five-year partnership with the Gulf of Maine Research Institute (GMRI).

Iberdrola Foundation in Mexico:

- **Fernández Canyon Conservation:** state park conservation programme to protect its thousand-year-old Sabino forest ecosystem.
- **Mangrove Conservation:** the goal is to ensure the survival and foster the growth of flora and fauna in the mangrove ecosystem through constant monitoring.
- **Feline conservation:** ensuring the survival of jaguars, jaguarundis, ocelots and bobtail cats that inhabit the region.

Neoenergía Institute in Brazil:

- **Flyways Brasil:** conservation of wading birds, focusing on priority sites and threatened species in Brazil.
- **Projecto Coralizar (Coralise Project):** in collaboration with WWF-Brazil, which continues to pursue research on the methodology of coral restoration.

- C. Art and culture

In this field, the Company works alongside cultural bodies, renowned museums, public institutions and

religious bodies in order to promote culture and restore and conserve artistic heritage, thereby driving local development.

Iberdrola Foundation in Spain:

- **Lighting** of the façade of the CESEDEN, Sigüenza Cathedral, the Puente Viejo old bridge of Talavera and the Prado Museum, as well as **Salamanca’s Old Cathedral.**
- **Inauguration** of Santiago de Compostela Cathedral, the Plaza Mayor of Sigüenza and the Carrascal Church of Velambélez.
- **“Un patrimonio de todos” (Everyone’s heritage) exhibition,** organised by the government of Castilla-La Mancha. The Iberdrola Foundation Spain is the sole sponsor.
- **Restoration of the San Antonio de Padua Altarpiece, Villarmentero de Campos, Parish Church of Ceclavín and the Muga Chapel,** which is **part of the Atlantic Romanesque Plan.**
- **The “Tàpies en Zabalaga” exhibition at the Chillida Leku Museum,** which the museum will host from 10 June 2021 to 10 January 2022.

ScottishPower Foundation in the UK:

- **Heritage Horizons:** this project will offer the most vulnerable young people in the Argyll and Bute areas the possibility of collaborating with museums and heritage centres.
- **The Dundee Dome Experience:** a spectacular new gallery at Discovery Point Museum.

Avangrid Foundation, in the United States:

- **Hancock Shaker Village – Outdoor Trail Initiative:** funding for trail upkeep to ensure a safe space.
- **Playwright Mentoring Project (PMP):** a 6-month intensive out-of-school initiative that uses theatre tools to learn new skills.

Neoenergía Institute in Brazil:

- Key **lighting** projects include the Guarany de Triunfo cultural theatre and cinema (Pernambuco state) to safeguard the historical heritage and raise awareness of its importance.

- Call for the **Transformando Energia em Cultura (Transforming Energy in Culture)** competition in Coelba to support projects for the inclusion of children and young people at social risk and reduce inequalities.
- Launch of the **Inspire Award**: focusing on art and culture initiatives in marginalised communities led by women in Rio de Janeiro and Pernambuco.
- **Cultural and Artistic Offices – OCA**: empowering socially vulnerable young people aged between 16 and 24.
- **Resgatando a História (Recovering History)**: an initiative to arouse the interest of the private sector in supporting projects to recover Brazil's historical and artistic heritage.

- D. Social action

This work stream has entailed collaborations with NGOs, foundations and development agencies to promote social projects aimed at more vulnerable people.

Iberdrola Foundation Spain:

The 2022 Social Programme is now closed. The new lines of work will be as follows:

- **Child poverty and social exclusion**: supporting low-income households to meet their basic needs.
- **Social inclusion for people with disabilities**: providing support to children and young people, and the occupational centres they attend, by offering them a space to develop their skills that allows them to integrate into society and join the labour market.
- **Good health and well-being**: supporting vulnerable children and young people with serious illnesses.
- **Supporting women**: aiming to support and boost the self-esteem and personal independence of women who have been victims of gender-based harassment or violence.

ScottishPower Foundation in the UK:

- **Finding your Feet**: this programme aims to improve the emotional well-being of amputees in Scotland.
- **Disabled Entrepreneurs Business Start-up Service (DEBSS)**: enhancing the occupational skills of

75 people with disabilities living in Bournemouth, Christchurch and Poole.

- **Street League**: this project works with under-performing secondary schools in six regions of Scotland, involving more than 700 young people.
- **M.E. Advocacy Service**: to empower young people and adults with self-advocacy skills to make informed choices and increase their self-worth and well-being.
- **Edward's Trust Reaching Out**: support for 5-16 year-olds who have lost a close loved one (parents, siblings, grandparents etc.).
- **Using creativity to inspire access to sustainable employment**: financial assistance to help people who are homeless or at risk of exclusion be less isolated and access different types of training and employment.

Avangrid Foundation in the United States:

- **AVANGRID Foundation Employee Giving Programme**: encouraging employees to give back to organisations that are meaningful to them in their communities and across the country.
- **Camp Sunshine Pumpkin Festival**: camp offering recreational activities, support and happiness to children with potentially terminal illnesses and their families.
- **Employer Resources Network (ENR) – Rochester – Growth & Expansion**: resources for staff whose personal circumstances may affect their work.
- **Social Call – Reconciliation & Recovery (2021)**: supporting the Black Resilience Fund, which that provides paperwork-free direct financial assistance to black Portlanders.
- **Cool Sweep Community Cooling & Public Safety Program (Rochester)**: opening places where people can cool down during days of extreme heat.
- **Advice JMG's Reach (2019-2023); strengthening JMG's financial position and sustainability**: a partnership to ensure that all Maine students graduate and pursue meaningful careers.
- **General Operating Funds in Support of Emergency Refugee Resettlement (Connecticut – Afghan**

Crisis): supporting the resettlement of Afghans at the national level and providing them with the help they need to rebuild their lives in the country.

- **SMART Schools Reading Support:** a programme to boost literacy by providing support for early reading.

Iberdrola Foundation in Mexico:

- **Luces de esperanza (Lights of Hope):** to increase electrification in rural communities without access to electricity.
- **Energy education:** students, teachers and parents attend workshops so that children have a space where they can learn.
- **Construir para educar (Build to Educate):** rebuilding schools struck by the earthquakes in Oaxaca.
- **Urology Brigades in the south and southeast of Mexico:** enhancing the well-being of Oaxacan women suffering from complex urological problems.
- **Educational infrastructure:** construction and fitting out of spaces for learning.
- **Dulces Nombres baseball and football field:** improvements to the condition of the Dulces Nombres baseball and football field through the installation of an irrigation system.
- **Health houses in Altamira:** extending medical coverage to families in the most remote areas of the municipality and those living in precarious conditions.
- **Civil Protection Ensenada:** contributing to the development of Civil Protection in the area.
- **Down Laguna Foundation:** donation for the annual calendars.

Neoenergia Institute in Brazil:

- **Impactô (Impact):** helping 16 NGOs and social impact companies in Rio and São Paulo.
- **PLIS (Social Impact Leaders Programme):** provides training on the social ecosystem and areas relevant to the development of ideas or impactful projects.

- **Territórios Saudáveis (Healthy Areas):** distribution of more food to people at risk of social exclusion in different territories of Brazil.
- **São João e Boas Energias:** donation of food baskets in the State of Peralba (Rio Grande do Norte).
- **Mentes Brilhantes (Brilliant Minds):** developing socio-emotional skills in children and adolescents with after-school activities and help with their training.

G Governance

Governance and sustainability system

Iberdrola continually updates its Governance and Sustainability System. Generally recognised good governance recommendations in international markets have been taken into account when drawing up these documents.

Internal rules and regulations are drawn up, revised and enhanced in line with the strategy that the Company and the companies belonging to the Iberdrola Group have now been following for years.

On 23 February 2021, Iberdrola's Board of Directors agreed to reform its Governance and Sustainability System to: (i) adapt the *Regulations of the Board of Directors* – the amendment of which was reported to the Spanish stock market commission (CNMV) as a disclosure of other material information – so that each board committee can submit for the Board's approval the comprehensive report on their work during the previous financial year within the first six months of the year; (ii) review risk policies; and (iii) introduce other technical improvements.

Subsequently, on 19 April 2021, the Company's Board of Directors approved a new version to: (i) revise the preamble to the second book titled *Purpose and values of the Iberdrola Group*; (ii) amend the *Regulations of the Compliance Unit* to regulate market research; (iii) revise corporate policies to

ensure that their content is organised following a standard structure; (iv) unify the *Diversity and Inclusion Policy* and the *Equal Opportunities and Reconciliation Policy* in the new *Equality, Diversity and Inclusion Policy*; (v) change the name of the *Climate Change Policy* to *Climate Action Policy* and include a new line of action based on the drawing up of a climate action plan; and (vi) change the name of the *Recruitment and Selection Policy* to the *Selection and Hiring Policy*.

On 11 May 2021, the Company's Board of Directors approved a new reform to: (i) update the preamble to the Corporate governance and Sustainability System and the preambles to the third environment and climate book, fourth social commitment book and fifth corporate governance book; (ii) revise the *Code of Ethics* to adjust the categories for classifying non-public information; and (iii) revise the *General Sustainable Development Policy* and *Stakeholder Engagement Policy* to adjust their content to a standard structure.

On 17 June 2021 the Board of Directors also approved a reform of the Governance and Sustainability System, conditional upon the approval of certain resolutions by the General Shareholders' Meeting to: (i) amend the *Regulations of the Board of Directors* – the amendment of which was reported to the Spanish stock market commission (CNMV) as a disclosure of other material information – pursuant to the reform of the *Spanish Corporate Enterprises Act* and in line with the proposed amendment of the *By-laws*, submitted for approval by the General Shareholders' Meeting; (ii) reform the regulations of the advisory committees to update the powers conferred on each committee; and (iii) update the *Shareholder Engagement Policy*, *Policy on Communication and Contact with Shareholders*, *Institutional Investors and Proxy Advisors*, and the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*, in line with the reform of the *Regulations of the Board of Directors*.

All documents that comprise the Governance and Sustainability System are published (in their full or

summarised version) in both Spanish and English on the corporate website (www.iberdrola.com), which also offers the option of downloading them onto an e-book reader or any other mobile device.

Material information reported to the CNMV

Highlights during the third quarter of 2021 were as follows:

- On 1 July 2021, IBERDROLA notified the Spanish Stock Market Commission (“CNMV”) of the implementation of the share capital reduction by means of the redemption of treasury stock approved by the Company's General Shareholders' Meeting on 18 June 2021.
- Subsequently, on 6 July 2021 the Company reported that the public deed of share capital reduction had been placed on record with the Bizkaia Companies Register. The share capital after this reduction totalled EUR 4,680,000,000, corresponding to 6,240,000,000 common shares each of a nominal value of EUR 0.75.
- On 9 July 2021, the Company submitted its energy production figures for the first half of the 2021 financial year.
- On 20 July 2021, it was reported that the Board of Directors had voted to appoint Santiago Martínez Garrido as the Company's general secretary upon the recommendation of the Appointments Committee.
- On 20 July 2021, Iberdrola sent a material information notice regarding the so-called ‘Villarejo case’, reporting that the Company's Board of Directors had acknowledged the court order issued on 9 July 2021 by Central Instruction Court no. 6 in separate section 17 of preliminary proceedings 96/17, summoning Iberdrola Renovables Energía, S.A. (Sociedad Unipersonal) to appear as a party under investigation as potential perpetrator of bribery in relation to an engagement of Club Exclusivo de Negocios y Transacciones, S.L. (CENYT), to provide a service in Romania.
- On 21 July 2021, the Company submitted its first half results of financial year 2021 to the CNMV.

- On 23 July 2021, Iberdrola sent the CNMV its financial information for the first half of 2021.
- On 29 June 2021, the Company reported the terms and conditions of the first edition of the “Iberdrola Retribución Flexible” optional dividend scheme for the 2021 financial year. Subsequently, on 6 July 2021, the addendum to the prospectus containing the terms and conditions of the scheme was reported.

On 28 July 2021, Iberdrola completed the scrip issue approved by the General Shareholders’ Meeting of 18 June 2021, as well as the distribution of the final dividend for financial year 2020, all as part of the first round of the “Iberdrola Retribución Flexible” optional dividend scheme. This was filed with the Bizkaia Companies Register on 30 July.

The share capital of Iberdrola, S.A. after this scrip issue totals EUR 4,774,566,000.00, corresponding to 6,366,088,000 common shares each of a nominal value of EUR 0.75.

- On 21 September, Iberdrola informed the CNMV that Avangrid, Inc.’s wholly-owned subsidiary, Avangrid Renewables, LLC, had entered into an agreement with various subsidiaries of Copenhagen Infrastructure Partners, and with Vineyard Wind LLC, to restructure the assets of Vineyard Wind LLC, the joint venture held 50% by Avangrid Group and 50% by Copenhagen Infrastructure Partners for the development of certain offshore wind projects off the east coast of the United States of America.

General Shareholders’ Meeting

The Board of Directors of Iberdrola, at its meeting of 11 May 2021, agreed to convene the General Shareholders’ Meeting to be held at first call on 17 June 2021, or at second call on 18 June 2021.

The announcement of the call to the General Shareholders’ Meeting was published by the Company on its corporate website (www.iberdrola.com), and also in the Official Gazette of the Companies Registry and on the CNMV’s website on 14 May 2021.

On 18 June 2021, the Company’s General Shareholders’ Meeting was held at second call, with a quorum of 65.83% of share capital (6.46% present and 59.37% represented). All the motions included on the meeting agenda were approved at the meeting, as shown below:

Resolutions relating to management performance

1. Annual financial statements for 2020.
2. Directors’ reports for 2020.
3. Statement of non-financial information for 2020.
4. Corporate management and performance of the Board of Directors in 2020.

Resolutions regarding the governance and sustainability system and the climate action plan

5. Amendment of the Preamble and of Articles 1, 4, 8, 9, 12, 14, 15, 17, 19, 21, 23, 24, 27, 30, 31, 32, 33, 35, 36, 37, 38, 42, 43, 44, 45, 46, 47 and 49 of the *By-Laws* to update the name of the Governance and Sustainability System and introduce other technical improvements.
6. Amendment of Article 10 of the *By-Laws* in order to reflect the amount of share capital resulting from the capital reduction through the redemption of a maximum of 178,156,000 own shares (2.776% of share capital).
7. Amendment of Articles 12, 17, 28, 33, 39, 40 and 41 of the *By-Laws* to adapt the wording to the new regulations there to foster long-term shareholder engagement.
8. Amendment of Articles 18, 19, 20, 22, 23, 24, 26 and 27 of the *By-Laws* to regulate remote attendance at the General Shareholders’ Meeting.
9. Amendment of Article 32 of the *By-Laws* to include the approval of a climate action plan.
10. Amendment of Articles 35 and 36 of the *By-Laws* to update the rules on how meetings of the Board of Directors and of its committees may be held.
11. Amendment of Articles 53 and 54 of the *By-Laws* and inclusion of six new articles numbered from 55 to 60, reorganising the chapters of Title V, to establish the regulations for the drafting, verifi-

cation and approval of the annual financial and non-financial information.

12. Amendment of Articles 55 and 56 of the *By-Laws*, which will become Articles 61 and 62, to introduce technical improvements and group them within a new Title VI.
13. Amendment of Articles 4, 6, 7, 8, 9, 19, 20, 28, 29, 30, 38, 39, 40 and 41 of the *Regulations of the General Shareholders' Meeting* in order to update the name of the Governance and Sustainability System and to make other technical improvements.
14. Amendment of Articles 9 and 20 of the *Regulations of the General Shareholders' Meeting* to adapt the wording to the new regulations there to foster long-term shareholder engagement.
15. Amendment of Articles 11, 14, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31, 33, 34, 35, 36, 40 and 43 of the *Regulations of the General Shareholders' Meeting* and inclusion of a new Article 37 to establish the rules for remote attendance, and numbering of the articles.
16. *Director Remuneration Policy*.

Resolutions relating to shareholder remuneration

17. Allocation of earnings and distribution of the 2020 dividend, in relation to which the final dividend will be paid within the framework of the "Iberdrola Retribución Flexible" optional dividend scheme.
18. First scrip issue for a maximum reference market value of EUR 1,725 million, under the terms of the "Iberdrola Retribución Flexible" optional dividend scheme.
19. Second scrip issue for a maximum reference market value of EUR 1,250 million, under the terms of the "Iberdrola Retribución Flexible" optional dividend scheme.

Resolutions regarding the Board of Directors

20. Re-election of Juan Manuel González Serna as independent director.
21. Re-election of Francisco Martínez Córcoles as executive director.

22. Ratification and re-election of Ángel Jesús Acebes Paniagua as independent director.
23. Setting the number of members of the Board of Directors at 14.

Resolutions on authorisations and vesting of powers

24. Authorisation to issue simple long- or short-term bonds and other fixed-income securities, not exchangeable for or convertible into shares, with a limit of EUR 6,000 million for promissory notes and EUR 30,000 million for other fixed-income securities, as well as to guarantee issues carried out by subsidiaries.
25. Delegation of powers to formalise and to convert the resolutions adopted into a public instrument.

Advisory votes

26. *Annual Director Remuneration Report for 2020*.
27. *Climate Action Policy*.

Board of Directors

At its meeting on 29 June 2021, the Board of Directors adopted, among others, the following resolutions:

- i. Re-election, upon the recommendation of the Appointments Committee, of Juan Manuel González Serna as lead director of the Company, with the responsibilities attributed to that post in the *By-Laws* and the *Regulations of the Board of Directors*; and
- ii. Re-election, upon the recommendation of the chairman and the chief executive officer and supporting report by the Appointments Committee, of directors Juan Manuel González Serna and Ángel Jesús Acebes Paniagua as members of the Executive Committee.

On 6 August 2021, José Walfredo Fernández tendered his resignation as a board member and as a member of the Company's Audit and Risk Oversight Committee. Mr Fernández stated that the sole reason for his resignation was his appointment as the Under Secretary of State (Economic Growth, Energy and the Environment) of the United States of America – a

position incompatible with his seat on the Company's Board of Directors.

Information transparency

One of the core principles underlying Iberdrola's corporate governance practices is to ensure maximum transparency in the financial and non-financial information disclosed to shareholders, investors and markets.

The Company continued to work hard in the 2021 financial year to ensure that institutional investors and financial analysts are kept fully informed of its business and activities. Thus, in the 2020 Sustainability Report, published in the first quarter of 2021, Iberdrola has reported on the progress made towards each of the four thematic areas around which the recommendations of the Task Force on Climate-Related Financial Disclosures (TFCD) are structured. Specifically, the potential financial impact of two scenarios in the 2030 horizon has been analysed.

Information on the existence of instances of corruption during the year

The Company received no reports in its ethics mailboxes of confirmed cases of corruption during the year. Nor did the Company receive any reports through the legal channels of its Legal Services department of judicial rulings in this realm during the reporting period. No reports were received in the mailboxes set up for this purpose of any incident that might warrant the cancellation of orders or contracts with group suppliers.

The Iberdrola Group is collaborating with the justice system in establishing the facts relating to the contracting of the company Cenyt with the aim of determining any eventual liability or responsibility and to defend its own good name and reputation.

The review and analysis of internal processes carried out with the assistance of independent experts and in accordance with the Group's corporate governance and sustainability and compliance system revealed no violation of the systems of internal control, the Code of Ethics or any other rules or procedures. On

this matter, the report drawn up by renowned law firm Baker&McKenzie concluded that the events involving the Iberdrola Group cannot be deemed legally significant and that the impact of the proceedings may be merely reputational.

https://www.iberdrola.com/wcorp/gc/prod/es_ES/corporativos/docs/informe_bakermckenzie_cenyt.pdf

Further information on the actions undertaken by the Iberdrola Group with respect to the contracting of Club Exclusivo de Negocios Y Transacciones SL (CENYT) can be found at: https://www.iberdrola.com/wcorp/gc/prod/es_ES/lixesa/consejo-administracion-ratifica-apoyo-gestion-direccion-iberdrola-caso-villarejo_res/com_iberdrola_2462021_2_.pdf.

Notifications sent to Spanish stock market commission (CNMV) from July to September 2021

Date	Event	Registration nº
01/07/2021	Completion of the reduction in share capital through the redemption of treasury stock, as approved by the General Shareholders' Meeting held on 18 June 2021, under point six on the agenda.	10355
06/07/2021	Addendum to the prospectus regarding the terms and conditions of the first round of the "Iberdrola Retribución Flexible" optional dividend scheme for 2021.	10488
06/07/2021	Filing of the public instrument to reduce share capital through the redemption of treasury shares, as approved by the General Shareholders' Meeting held on 18 June 2021, under point six on the agenda.	10503
06/07/2021	Total voting rights and capital following the capital reduction, as approved by the General Shareholders' Meeting on 18 June 2021.	10507
07/07/2021	Presentation of the first half results of 2021.	10521
09/07/2021	The Company reports its Energy Balance Sheet for the first half of 2021.	10559
20/07/2021	Appointment of general secretary of Iberdrola, S.A.	10712
20/07/2021	Notice from Iberdrola, S.A. in connection with the so-called 'Cenyt case'	10713
21/07/2021	Submission of the first half results of 2021.	10721
21/07/2021	Presentation of the first half results of 2021.	10723
23/07/2021	The Company submits financial information for the first half of 2021.	10789
28/07/2021	Implementation of the first round of the "Iberdrola Retribución Flexible" optional dividend scheme for 2021.	10912
30/07/2021	Implementation of the first round of the "Iberdrola Retribución Flexible" optional dividend scheme for 2021.	11108
30/07/2021	Total voting rights and capital following the scrip issue approved by the General Shareholders' Meeting on 18 June 2021.	11109
09/08/2021	Resignation of an Iberdrola, S.A. board member	11269
21/09/2021	Agreement signed by Grupo Avangrid and Copenhagen Infrastructure Partners to restructure the assets of their joint venture, Vineyard Wind.	11767

Iberdrola's place in sustainability, reputation and corporate governance indexes and rankings

Sustainability	
	Ranking
Dow Jones Sustainability World Index 2020	Selected in the utility sector Iberdrola member in all editions
Sustainability Yearbook 2021 S&P Global	Classified as "Silver Class" in the electricity sector
MSCI Global Sustainability Index Series	Iberdrola selected AAA
CDP Climate Change 2020	A-
CDP Supplier Engagement Leader 2020	Iberdrola selected
Global 100	Iberdrola selected
Sustainalytics	Iberdrola among the utilities with the lowest risk
ISS-oekom	Iberdrola selected as Prime
FTSE4Good	Selected in the index since 2009
Bloomberg Gender Equality Index 2021	Iberdrola member in all editions
V.E-Euronext Vigeo indexes: World 120, Eurozone 120 and Europe 120	Iberdrola selected
EcoVadis	Gold EcoVadis Medal. Iberdrola among the best-performing companies
2021 World's Most Ethical Company	Iberdrola selected. Only Spanish utility
ECPI	Iberdrola selected in several sustainability indexes
STOXX	Iberdrola selected in STOXX Global ESG Leaders and in several sustainability indexes
EcoAct	Iberdrola first utility in the ranking
Influence Map	Iberdrola in the top 10 best qualified companies
MERCO 2021	mercoEmpresas: Leader among Spanish utilities: energy, gas, and water industry
Standard Ethics	Iberdrola included in the SE European Utilities Index
Energy Intelligence	Iberdrola ranked among the fourth first utility worldwide in the EI New Energy Green Utilities Report 2020
Forbes	Iberdrola selected in Forbes 2021 GLOBAL 2000: World's Largest Public Companies
WBA Electric Utilities Benchmark	Iberdrola among the five most influential electric utilities in the world
Brand Finance	Iberdrola among the 500 most valuable brands globally
WDI	Iberdrola's 2020 disclosure score above average
OpenODS Index	Iberdrola ranked first in the 2020 edition
Fortune Global 500	Iberdrola selected

Recognition of good ESG performance

- **Iberdrola, the only Spanish enterprise recognised as a “leading company” by the UN Global Compact**

Iberdrola has been recognised as one of the member companies of the Global Compact LEAD for its ongoing commitment to the UN Global Compact and the 10 principles for driving responsible business activity.

The electric utility has featured on this select ranking, which represents 18 sectors of industry across all regions of the world, for five years in a row and is the only Spanish company to do so. Iberdrola has been selected as one of the organisations most focused on promoting a model of sustainable development and has formed part of the climate ambition and sustainable financing platforms – two areas where it has demonstrated its leadership.

- **Iberdrola ranked on the FTSE4Good index since 2009**

For another year, Iberdrola has been included in the prestigious international index FTSE4Good, designed to facilitate investment into the most sustainable companies in the world in terms of their ESG performance. The Company has succeeded in meeting the requirements included in 204 indicators, which include environmental conservation, social commitment and corporate governance. Iberdrola’s inclusion on the FTSE4Good index reaffirms its success when it comes to work standards, human rights, health and safety, biodiversity, climate change, water and customer responsibilities and social aspects of the supplier chain.

- **Iberdrola the only Spanish company to make the ranking of the world’s best 100 integrated reports**

The Iberdrola Group has been awarded the Platinum Award for its Integrated Report, as part of the 2020 Vision Awards hosted by the League of

American Communications Professionals (LACP). This organisation assessed nearly 1,000 annual reports from different companies in more than a dozen countries around the world.

This prestigious international award was given in recognition of Iberdrola’s Integrated Report, which achieved a score of 99 out of 100, ranking it among the best in Europe in integrated reporting. Criteria such as accessibility of information, clarity of financial data and creativity were assessed. The online version of Iberdrola’s Integrated Report also received a Gold Award for its excellent narrative.

- **Ignacio Galán appointed chairman of the Renewable Hydrogen Coalition**

The Renewable Hydrogen Coalition has strengthened its leadership with the appointment of Ignacio Galán, as chairman of the alliance, and of Sunfire founder and CEO, Nils Aldag, as vice-chair for the next 18 months. The coalition aims to help shape the necessary regulatory framework in the European Union. Galán and Aldag will combine their expertise in renewables and electrolyzers to coordinate the coalition’s efforts to ensure that, with the right policies, renewable hydrogen becomes a competitive alternative to conventional hydrogen during this decade.

- **Iberdrola’s Investor Relations team the best among European utilities according to IR Magazine**

The prestigious publication, IR Magazine, has selected Iberdrola’s Investor Relations division as the best among all European utilities, handing it the IR Magazine Awards Europe in its sector ahead of Iberdrola’s most direct competitors. These awards acknowledge the professionalism, transparency and attention paid to the financial community by the listed companies operating across the continent.

- **Neoen receives several awards at the 2021 ABRADÉE Awards**

Neoen’s distribution companies have been awarded the 2021 Abradee Award in recognition of the quality of their management, social and

environmental responsibility and operational management. The annual award, which has been going since 1999, acknowledges companies with the best performance and practices in the national electricity sector.

- **Iberdrola rated best European utility by the Institutional Investor Research Group**

Iberdrola has been ranked as the best European utility for analysts and investors by the Institutional Investor Research Group, in its most recent All-Europe Executive Team ranking. More than 2,000 professionals cast their vote, with Iberdrola coming out top as the most outstanding company in its work with financial markets. To select the best companies, survey participants have to assess aspects such as ease of access to financial data, information disseminated about the Company and the quality and depth of the answers to their questions.

- **Iberdrola recognised for its leadership in financial sustainability**

Iberdrola has received the dual distinction of being the best issuer of green corporate bonds and hybrid bonds in the latest edition of the Global Capital Awards – one of the most prestigious awards in the international financial sector. This latest accolade shows that the financial markets hold the Company in high regard and ratifies other awards received in previous editions (2016, 2017 and 2018), based on the Group's leadership and anticipation in its sustainable strategy, as well as its financial strength and commitment to ESG finance.

- **Europe's leading private power company for investment in R&D and innovation, according to the European Commission**

Iberdrola is cementing its leadership in R&D and innovation investment within the energy sector as a key tool in driving the transition towards a green economy that stimulates recovery. According to the European Commission's 2020 Industrial R&D Investment Scorecard report, Iberdrola is once again the EU's leading private utility for investment in R&D and innovation, having channelled EUR 293 million into these pursuits during the 2020 financial year.

Glossary of terms

Alternative Performance Measures	Definition
Market capitalisation	Number of shares at the close of the period x price at the close of the period
Earnings per share	Net profit for the quarter / number of shares at the close of the period
PER	Price at the close of the period / Earnings per share for the last four quarters
Price / Book value	Market capitalisation / Equity of the parent company
Dividend yield (%)	Dividends paid in the last 12 months and attendance bonus / price at close of the period
Gross Margin	Net Revenue - Procurements
Net Operating Expenses	Personnel expense - Capitalized personnel expense + External services - Other Operating Income
Net Operating Expenses / Gross Margin	Net Operating Expenses / Gross Margin
Net Personnel Expense	Personnel Expense - Capitalized Personnel Expense
Net External Services	External Services - Other Operating Income
Gross Operating Profit (EBITDA)	Operating Profit + Depreciations, Amortisations and Provisions
Adjusted Gross Operating Profit (EBITDA)	Gross Operating Profit (EBITDA) adjusted by provisions for efficiency plans
Net Operating Profit (EBIT)	Operating Profit
Financial Result	Financial Revenue - Financial Expenses
Income from Non-Current Assets	Benefits from sale of non-current assets - Losses from sale of non-current assets
ROE	Net Profit of the four last quarters / Equity (average)
Financial leverage	Net Financial Debt/(Net Financial Debt + Equity)
Adjusted Equity	Shareholders' Equity adjusted by the market value of the accumulators
Gross Financial Debt	Financial Debt (loans and other) Liability derivative debt instruments
Net Financial Debt	Gross Financial Debt – Asset derivative debt instruments - Other short-term credits(*) - Cash and other cash equivalents
Adjusted Net Financial Debt	Net financial debt adjusted for derivatives on treasury stock with physical settlement that at this date are not considered to be executed
Net Financial Debt / Equity	Net Financial Debt / Equity
Net Financial Debt / EBITDA	Net Financial Debt / EBITDA for the last four quarters
Funds from Operations (FFO)	See section 'Funds From Operations' in the report

(*) Included in the Balance Sheet in "Other current financial assets"

Alternative Performance Measures	Definition
Adjusted Funds from Operations (Adjusted FFO)	Funds from Operations adjusted by provisions for efficiency plans
Funds From Operations (FFO) / Net Financial Debt	FFO for the last four quarters / Net Financial Debt
Net Operating Cash Flow per Share	FFO for the quarter / Number of shares at close of the period
Retained Cash Flow (RCF) / Net Financial Debt	RCF for the last four quarters / Net Financial Debt

Download the Iberdrola Investor:



Available in
**Google
Play**



Available on the
App Store
(iPhone & iPad)

IBERDROLA, S.A.
Investor relations
Phone: 00 34 91 784 2804
investor.relations@iberdrola.es

www.iberdrola.com