

# Results Presentation

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First Quarter  
May 12, 2021

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# 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)	1Q 2021	1Q 2020	vs. 1Q 2020
Spain	23,480	23,328	0.6%
United Kingdom	8,745	9,102	-3.9%
United States	9,872	9,593	2.9%
Brazil	18,507	17,422	6.2%
<b>Total</b>	<b>60,604</b>	<b>59,445</b>	<b>1.9%</b>
GAS (GWh)			
United States	25,534	23,106	<b>10.5%</b>
<b>Total</b>	<b>25,534</b>	<b>23,106</b>	<b>10.5%</b>

## Managed Supply Points

ELECTRICITY (Millions)	1Q 2021	1Q 2020	vs. 1Q 2020
Spain	11.23	11.21	0.2%
United Kingdom	3.54	3.53	0.3%
United States	2.27	2.26	0.2%
Brazil	15.47	14.11	9.6%
<b>Total Electricity</b>	<b>32.50</b>	<b>31.11</b>	<b>4.5%</b>
GAS (Millions)			
United States	1.02	1.02	0.4%
<b>Total Gas</b>	<b>1.02</b>	<b>1.02</b>	<b>0.4%</b>
<b>TOTAL SUPPLY POINTS</b>	<b>33.53</b>	<b>32.13</b>	<b>4.3%</b>

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

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)<sup>(1)</sup></b>	<b>42,952</b>	<b>43,278</b>	<b>-0.8%</b>
<b>Net owned production<sup>(1)</sup></b>	<b>35,330</b>	<b>33,860</b>	<b>4.3%</b>
Renewables <sup>(1)</sup>	22,820	20,132	13.4%
Onshore	11,370	10,921	4.1%
Offshore	1,407	1,119	25.8%
Hydro	9,288	7,696	20.7%
Minihydro	199	165	20.6%
Solar	534	215	148.2%
Nuclear	6,122	6,546	-6.5%
Gas combined cycle	4,678	5,169	-9.5%
Cogeneration	1,710	1,775	-3.7%
<b>Net production for third parties</b>	<b>7,622</b>	<b>9,418</b>	<b>-19.1%</b>
Renewables	80	72	11.1%
Onshore	80	72	11.1%
Gas combined cycle	7,542	9,346	-19.3%
<b>Installed Capacity (MW)<sup>(2)</sup></b>	<b>55,393</b>	<b>53,272</b>	<b>4.0%</b>
<b>Net owned installed capacity<sup>(2)</sup></b>	<b>48,247</b>	<b>46,126</b>	<b>4.6%</b>
Renewables <sup>(2)</sup>	35,102	32,350	8.5%
Onshore	18,547	16,915	9.6%
Offshore	1,258	1,174	7.2%
Hydro	12,864	12,864	-
Minihydro	296	306	-3.3%
Solar	2,042	1,077	89.6%
Batteries	82	-	N/A
Nuclear	3,177	3,177	-
Gas combined cycle	8,777	8,534	2.8%
Cogeneration	1,191	1,191	-
<b>Net installed capacity for third parties</b>	<b>7,146</b>	<b>7,146</b>	<b>-</b>
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	7,043	7,043	-
<b>Electricity customers (No mill.)</b>	<b>13.53</b>	<b>13.48</b>	<b>0.4%</b>
<b>Gas customers (No mill.)</b>	<b>3.28</b>	<b>3.16</b>	<b>3.6%</b>
<b>Gas Supplies (GWh)</b>	<b>18,271</b>	<b>17,046</b>	<b>7.2%</b>
<b>Gas Storage (bcm)</b>	<b>0.05</b>	<b>0.06</b>	<b>-3.7%</b>

(1) Including 22 GWh of production from fuel cells

(2) Including 13 MW installed capacity of fuel cells

Note: In terms of operational data, IFRS11 do not apply. (see details under Operational Performance for the period)

Differences may arise due to rounding

## Spain

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)</b>	<b>17,450</b>	<b>15,572</b>	<b>12.1%</b>
Renewables	10,172	7,237	40.6%
Onshore	3,747	3,168	18.3%
Hydro	6,051	3,904	55.0%
Minihydro	199	165	20.6%
Solar	176	0	N/A
Nuclear	6,122	6,546	-6.5%
Gas combined cycle	640	981	-34.7%
Cogeneration	517	571	-9.6%
<b>Installed Capacity (MW)</b>	<b>26,794</b>	<b>26,690</b>	<b>0.4%</b>
Renewables	17,570	16,592	5.9%
Onshore	6,292	6,016	4.6%
Hydro	9,715	9,715	-
Minihydro	296	306	-3.3%
Solar	1,264	555	127.7%
Batteries	3	-	N/A
Nuclear	3,177	3,177	-
Gas combined cycle	5,695	5,695	-
Cogeneration	353	353	-
<b>Electricity customers (No mill.)</b>	<b>9.98</b>	<b>10.03</b>	<b>-0.5%</b>
<b>Gas customers (No mill.)</b>	<b>1.11</b>	<b>1.05</b>	<b>6.0%</b>
<b>Gas Supplies (GWh)</b>	<b>7,035</b>	<b>7,060</b>	<b>-0.4%</b>
Users	5,353	4,821	11.0%
Gas Combined Cycle	1,682	2,239	-24.9%

Differences may arise due to rounding

## United Kingdom

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)</b>	<b>2,098</b>	<b>2,141</b>	<b>-2.0%</b>
Renewables	2,098	2,141	-2.0%
Onshore	1,039	1,461	-28.9%
Offshore	1,058	680	55.6%
Solar	-	-	N/A
<b>Installed Capacity (MW)</b>	<b>2,948</b>	<b>2,730</b>	<b>8.0%</b>
Renewables	2,948	2,730	8.0%
Onshore	1,986	1,906	4.2%
Offshore	908	824	10.2%
Solar	-	-	N/A
Batteries	54	-	N/A
<b>Electricity customers (No mill.)</b>	<b>2.80</b>	<b>2.79</b>	<b>0.2%</b>
<b>Gas customers (No mill.)</b>	<b>1.89</b>	<b>1.88</b>	<b>0.5%</b>
<b>Gas Supplies (GWh)</b>	<b>11,236</b>	<b>9,986</b>	<b>12.5%</b>
<b>Gas Storage (bcm)</b>	<b>0.05</b>	<b>0.06</b>	<b>-3.7%</b>

Differences may arise due to rounding

## USA

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)<sup>(1)</sup></b>	<b>5,828</b>	<b>6,199</b>	<b>-6.0%</b>
Renewables <sup>(1)</sup>	5,054	5,421	-6.8%
Onshore	4,954	5,320	-6.9%
Hydro	34	35	-4.0%
Solar	44	48	-9.1%
Gas combined cycle	1	0	364.7%
Cogeneration	773	778	-0.6%
<b>Installed Capacity (MW)<sup>(2)</sup></b>	<b>8,847</b>	<b>8,440</b>	<b>4.8%</b>
Renewables <sup>(2)</sup>	8,007	7,600	5.4%
Onshore	7,746	7,339	5.5%
Hydro	118	118	-
Solar	130	130	-
Gas combined cycle	204	204	-
Cogeneration	636	636	-

(1) Including 22 GWh of production from fuel cells

(2) Including 13 MW installed capacity of fuel cells

Differences may arise due to rounding

**Mexico**

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)</b>	<b>12,066</b>	<b>13,394</b>	<b>-9.9%</b>
<b>Net owned production</b>	<b>4,445</b>	<b>3,976</b>	<b>11.8%</b>
Renewables	711	382	86.1%
Onshore	398	217	83.5%
Solar	313	165	89.6%
Gas combined cycle	3,313	3,168	4.6%
Cogeneration	420	426	-1.3%
<b>Net production for third parties</b>	<b>7,622</b>	<b>9,418</b>	<b>-19.1%</b>
Renewables	80	72	11.1%
Onshore	80	72	11.1%
Gas combined cycle	7,542	9,346	-19.3%
<b>Installed Capacity (MW)</b>	<b>10,683</b>	<b>10,367</b>	<b>3.1%</b>
<b>Net owned installed capacity</b>	<b>3,537</b>	<b>3,221</b>	<b>9.8%</b>
Renewables	1,232	916	34.5%
Onshore	590	529	11.4%
Solar	642	387	66.2%
Gas combined cycle	2,103	2,103	-
Cogeneration	202	202	-
<b>Net installed capacity for third parties</b>	<b>7,146</b>	<b>7,146</b>	<b>-</b>
Renewables	103	103	-
Onshore	103	103	-
Gas combined cycle	7,043	7,043	-

Differences may arise due to rounding

**Brazil**

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)</b>	<b>4,296</b>	<b>5,110</b>	<b>-15.9%</b>
Renewables	3,583	4,090	-12.4%
Onshore	380	334	13.7%
Hydro	3,204	3,756	-14.7%
Gas combined cycle	712	1,020	-30.1%
<b>Installed Capacity (MW)</b>	<b>4,083</b>	<b>4,079</b>	<b>0.1%</b>
Renewables	3,550	3,546	0.1%
Onshore	519	516	0.7%
Hydro	3,031	3,031	-
Gas combined cycle	533	533	-

Differences may arise due to rounding

**Iberdrola Energía Internacional (IEI)**

	1Q 2021	1Q 2020	vs. 1Q 2020
<b>Net Production (GWh)</b>	<b>1,213</b>	<b>862</b>	<b>40.8%</b>
Renewables	1,202	862	39.6%
Onshore	852	422	102.0%
Offshore	349	438	-20.4%
Solar	2	2	-4.7%
Gas combined cycle	11	-	N/A
<b>Installed Capacity (MW)</b>	<b>2,038</b>	<b>965</b>	<b>111.1%</b>
Renewables	1,795	965	85.9%
Onshore	1,413	609	132.0%
Offshore	350	350	-
Solar	6	6	-
Batteries	25	-	N/A
Gas combined cycle	243	-	N/A
<b>Electricity customers (No mill.)</b>	<b>0.75</b>	<b>0.66</b>	<b>13.5%</b>
<b>Gas customers (No mill.)</b>	<b>0.28</b>	<b>0.23</b>	<b>17.6%</b>
<b>Gas Supplies (GWh)</b>	<b>598</b>	<b>406</b>	<b>47.3%</b>

Differences may arise due to rounding

## Stock Market Data

		1Q 2021	1Q 2020
Market capitalisation	EUR (million)	70,503	57,979
Earnings per share (6,418,156,000 shares at 31/03/21 and 6,453,592,000 shares, at 31/03/20)	€	0.154	0.195
Net operating cash flow per share	€	0.36	0.33
P.E.R.	Times	21.48	15.47
Price/Book value (capitalisation to NBV at the end of the period)	Times	1.94	1.54

## Economic/Financial Data (\*)

Income Statement		1Q 2021	1Q 2020
Revenues	EUR (million)	10,088.4	9,425.9
Gross Margin	EUR (million)	4,604.1	4,544.8
EBITDA	EUR (million)	2,814.1	2,771.5
EBIT	EUR (million)	1,712.7	1,663.5
Net Profit	EUR (million)	1,025.2	1,272.7
Net Operating Expenses / Gross Margin	%	22.8%	23.0%
Balance Sheet		Mar, 2021	Dec, 2020
Total Assets	EUR ( million)	125,575	122,518
Equity	EUR ( million)	50,229	47,219
Net Financial Debt	EUR ( million)	36,389	35,925
Adjusted Net Financial Debt	EUR ( million)	36,305	35,142
ROE	%	9.12	9.69
Financial Leverage (Net Financial Debt/(Debt Financial Debt + Equity))	%	42.0	43.2
Net Financial Debt / Equity	%	72.4	76.1

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

## Others

		1Q 2021	1Q 2020
Gross Organic Investments	EUR (million)	2,103.2	1,728.6
Employees	No.:	38,297	35,107

## 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 quarter of 2021, the Iberdrola Group achieved an **adjusted Net Profit** of **EUR 1,082.4 million, an increase of 12.4%**. **Reported Net Profit** amounted to EUR 1,025.2 million, a decrease of 19.5% compared to the same period of the previous year, mainly due to the sale of the stake in Siemens Gamesa in 2020, which represented non-recurring income of EUR 485 million.
- The results of the period were affected by the **COVID-19 pandemic**, which had a minimal impact in the first quarter of 2020. The total impact amounted to EUR 84 million at the EBIT level, EUR 65 million due to the fall in demand and EUR 19 million due to an increase in delinquency rates.
- The acceleration of **gross investments** continues, which increased by 45% and **reached a record quarterly figure of EUR 2,507 million**, due mainly to the networks business, which accounted for 50% of the total, and renewables, 42% of the total, with 8,700 MW already under construction.
- **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 end of the first quarter of 2020, reaching 23.2%.
- The average evolution of Iberdrola's main **reference currencies** had an impact on EBITDA of EUR 225.7 million, as follows:
  - The pound sterling depreciated by 3.7% against the euro to reach 0.881.
  - The US dollar depreciated by 9.1% against the euro to reach 1.213.
  - The Brazilian real depreciated by 27.1% against the euro to reach 6.544.
- The company's **own CO<sub>2</sub> emissions in Europe in the period decreased by 45%** compared to last year, to 28 g/KWh.
- **Total own CO<sub>2</sub> emissions in the period decreased 19%** compared to last year, to 69 g/KWh.

## Global environment and general considerations

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

- The **energy balance of the Spanish mainland system** in the first quarter of 2021 was characterised by an increase in wind (+32%), solar (+31%) and hydroelectric (+27%) production compared to the same period of the previous year, and a decrease in coal (-55%), combined cycle (-30%) and nuclear production (-6%).

In the first three months of 2021, demand increased by 0.8% compared to the previous year. Adjusted for labour and temperature, it decreased by 0.2%.

The first quarter of 2021 closed with a producibility index of 1.3 and hydroelectric reserves at 65.6%, compared to an index of 1.0 and reserves at 59.0% at the end of the same period of 2020.

- In the **United Kingdom**, electricity demand fell by 0.2% in 2021 compared to the first quarter of 2020. Demand for conventional gas rose by 10.7% compared to the same period of the previous year.
- In **Avangrid's** management areas on the East Coast of the United States, electricity demand was down 2.9% against the first quarter of 2020, while gas demand dropped by 10.5%.
- Demand across **Neoenergia's** management areas in Brazil increased by 6.2%.

## Significant events for the Iberdrola Group

- In 2021, the Iberdrola Group modified 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 consolidated by 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.

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 more 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.

- From the third quarter of 2020, the Iberdrola Group has revised **the criteria for the recognition of the financial cost of the hybrid bond**, which to date has been presented together with minority interests in the income statement. The Group has carried out the interpretation of the accounting standard on the basis of normal market practice and has considered it

appropriate to recognise gross expenditure directly on reserves. As this constitutes a change in accounting policy, in accordance with IAS 8, the change has a retroactive effect and has led to a change in net profit for the first quarter of 2020 of EUR 16 million.

- Finally, the new consideration of the **use of the Iberdrola brand** and its implications in the different Group businesses from September 2020 should be highlighted:
  - The Generation and Supply business in Spain had higher net operating expenses of EUR 25 million, the net result of payment to the Corporation for the use of the brand (EUR 34 million), from which the advertising expenses now covered by that Corporation are deducted (EUR 9 million).
  - The IEI Generation and Supply business had lower net operating expenses of EUR 4 million, an amount representing advertising now also borne by the Corporation.
  - The Corporation improved its net operating expenses by EUR 21 million; EUR 25 million net that it receives from the Generation and Supply business in Spain and EUR 4 million that it must pay to IEI Generation and Supply for advertising expenses.

The main items in the **profit and loss account** were as follows:

EUR M	1Q 2021	vs 1Q 2020
GROSS MARGIN	4,604.1	+1.3%
EBITDA	2,814.1	+1.5%
ADJUSTED EBITDA <sup>(1)</sup>	2,878.7	+3.9%
EBIT	1,712.7	+3.0%
NET PROFIT	1,025.2	-19.5%
ADJUSTED NET PROFIT <sup>(2)</sup>	1,082.4	+12.4%

(1) Adjusted EBITDA 2021 excludes the effect of Covid on the quarter (EUR -65 million)

(2) Adjusted Net Profit 2021 excludes the effect of Covid (EUR -57 million). Adjusted Net Profit 2020 excludes the effect of Covid (EUR -17 million), Siemens Gamesa Gain (EUR +485 million) and extraordinary tax impacts (EUR -159 million)

Consolidated **EBITDA** increased by 1.5% to EUR 2,814.1 million. This figure was adversely affected by two factors: without which **adjusted EBITDA** grew by 3.9%, and the exchange rate, which subtracted EUR 231 million. Excluding this effects, EBITDA increases by 12.2%.

From an operational point of view, significant factors included the larger contribution of network assets in the United States and Brazil, increased renewable installed capacity, the increase in renewable production in Spain at higher prices, and the growing contribution of offshore wind power with the start-up of East Anglia in April last year. On the negative side, the Generation and Supply business stands out in particular, with a weaker quarter in Spain due to lower nuclear and thermal production and lower margins. As does Mexico, which was temporarily affected by a surge in gas costs as a result of the cold wave that hit Texas in February, an impact that will recover in the next months as electricity rates incorporate these fuel prices into their calculation.

**Net Operating Expenses** remained flat at 0.2% as the Group's growth was offset by the positive impact of the exchange rate (EUR 98 million). Stripping out the devaluation of currencies, net operating expenses grew by 9.5% as a result of the Group's increased activity, including the consolidation of Infigen (Australia), Aalto Power (France) and CEB-D (Brasilia, Brazil), as well as storms in the United States.

**Taxes** increased by 2.0% mainly due to the higher production and price in Spain, with an effect on generation taxes.

**Depreciation and amortisation charges and provisions** fell by 0.6%, with the exchange rate (EUR 81 million) offsetting the increase in the group's activity. It should also be noted that the period includes EUR 19 million of provisions for late payment caused by COVID-19.

**Adjusted Net Profit** grew by 12.4% to EUR 1,082.4 million. This item excludes the net impact of COVID-19 in the period, which amounted to EUR

-57 million, as well as the non-recurring amounts recorded in the first quarter of 2020: the capital gains on the sale of the stake in Siemens Gamesa (EUR 485 million net), the non-recurring impact recorded in tax (EUR -159 million) and the impact of COVID-19 (EUR -17 million).

**Reported Net Profit** totalled EUR 1,025.2 million, down 19.5% on the same period of the previous year, affected by the aforementioned non-recurring elements (the gain on Siemens Gamesa, which was partially offset by the impact of tax).

The key financial figures for the period are as follows:

- Adjusted Net Financial Debt\* stood at EUR 36,305 million, with a reduction of EUR 1,319 million from March 2020 owing to the issuance of hybrid bonds, which offset the investment for the period.
- Adjusted Funds Generated\*\* from Operations in the last twelve months came to EUR 8,434 million, 2.8% higher than at the end of March 2020, while they reached EUR 2,269.9 M in the first quarter, growing 6.7% versus the same period of the previous year.

Lastly, **gross investment** grew by 45% to EUR 2,507 million, including CEB-D acquisition. Of this amount, 92% was concentrated in the Networks and Renewables businesses.

\* Adjusted for treasury stock derivatives with physical settlement that, at the current date, are not expected to be executed (EUR 84 in Mar-21 and EUR 140 million in Mar-20).

\*\* Adjusted for exit plan and proforma new additions.

## 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 Aomori prefecture, in the north-west of the country. This project will participate in round 2 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 7 April 2021, **Iberdrola and MAPFRE signed a strategic alliance to jointly invest in renewable energy in Spain**. The company starts with 230 MW: 100 MW of operational wind and 130 MW of photovoltaic in development, with the objective of incorporating additional green projects from the energy portfolio, up to 1,000 MW. The vehicle will be 80% owned by MAPFRE, while Iberdrola will hold 20% and will also be responsible for developing, constructing and maintaining the wind farms.

# 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% on 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

In the first quarter of 2021 electricity distributed by the Group totalled 60,604 GWh – up 1.9% on the same period in 2020, with the following breakdown:

## Distributed Energy

Electricity (GWh)	1Q 2021	1Q 2020	vs 1Q 2020
Spain	23,480	23,328	0.6%
United Kingdom	8,745	9,102	-3.9%
United States	9,872	9,593	2.9%
Brazil	18,507	17,422	6.2%
<b>Total</b>	<b>60,604</b>	<b>59,445</b>	<b>1.9%</b>

GAS (GWh)			
United States	25,534	23,106	10.5%
<b>Total</b>	<b>25,534</b>	<b>23,106</b>	<b>10.5%</b>

Electricity and gas supply points increased by 4.3% compared to March 2020, exceeding 33 million, thanks to organic growth in all geographies and the incorporation of CEB, which contributes 1.1 million supply points in Brasilia, the capital of Brazil:

## Managed supply points

ELECTRICITY (million)	1Q 2021	1Q 2020	vs 1Q 2020
Spain	11.23	11.21	0.2%
United Kingdom	3.54	3.53	0.3%
United States	2.27	2.6	0.2%
Brazil	15.47	14.11	9.6%
<b>Total electricity</b>	<b>32.50</b>	<b>31.11</b>	<b>4.5%</b>

GAS (million)			
United States	1.02	1.02	0.4%
<b>Total gas</b>	<b>1.02</b>	<b>1.02</b>	<b>0.4%</b>

TOTAL SUPPLY POINTS			
	<b>33.53</b>	<b>32.13</b>	<b>4.3%</b>

Following the acquisition of PNM in the United States, scheduled for integration at the end of 2021, the number of supply points will be expanded by 0.8 million.

### 1.1. Spain — i-DE

At the end of the first quarter of 2021, the network business in Spain has more than 11.2 million supply points, while the distributed energy came to 23,480 GWh, which represents growth of 0.6% compared to the same period of 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	1Q 2021	1Q 2020
SAIDI (min)	11.6	13.4
SAIFI (no. inter.)	0.22	0.27

These quality indicators were impacted in January by the unprecedented snow storm Filomena, which affected a total of 270,000 customers across the peninsula. In this context, i-DE managed to restore service to 70% of affected customers in less than 30 minutes thanks to the degree of network automation and the development of automatic supply restoration.

During the first quarter of 2021, i-DE presented to the European funds programme, Next Generation Fund, an investment plan of EUR 2,107 million focused on three main lines of action: smart networks and flexibility, decarbonisation and resilience and biodiversity. The company leads three proposals presented as expressions of interest (EOI) that have emerged so far: programme to boost projects driving competitiveness and industrial sustainability, electric mobility: charging infrastructure, innovation and electrification of the fleet and flexibility of the energy system, electrical infrastructure and intelligent networks and deployment of energy storage, as part of the Recovery, Transformation and Resilience Plan.

### 1.2. United Kingdom – SPEN

At the end of March 2021, Scottish Power Energy Networks (SPEN) had more than 3.5 million supply points. The volume of energy distributed during the first quarter of the year came to 8,745 GWh, 3.9% less than 2020, mainly due to the restriction measures taken to control the pandemic in the region.

Distributed Energy (GWh)	1Q 2021	1Q 2020	%
Scottish Power Distribution (SPD)	4,782	4,979	-4.0%
Scottish Power Manweb (SPM)	3,963	4,123	-3.9%

In addition, while SPD's quality of service indicators are better than they were in 2020, SPM was affected by storm Christoph in January. Customer Minutes Lost (CML) was as follows:

CML (min.)	1Q 2021	1Q 2020
Scottish Power Distribution (SPD)	7.83	9.20
Scottish Power Manweb (SPM)	10.60	8.57

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

CI (no. of interruptions)	1Q 2021	1Q 2020
Scottish Power Distribution (SPD)	9.97	11.22
Scottish Power Manweb (SPM)	9.00	7.49

Through the Energy Networks Association (ENA), SPEN, together with the UK regulatory agency Ofgem and in collaboration with other energy companies in the country, has launched a public-private call to finance clean energy projects over the next two years through a new GBP 300 million fund, which will help support green economic recovery and the route to Net Zero. Through this investment fund, SPEN will support activities that stimulate the energy transition, help create new jobs in the local supply chain and help accelerate the adoption of future technologies such as electrical heating and vehicles. The company will select projects ready to be carried out in its areas of operation.

In March, SPEN's most recent flexibility tender awarded 140 MW. These bids enable the company to identify the level of flexible capacity available in areas where it could benefit the system, understand the capabilities of these resources, and assess the feasibility of using flexibility to meet network needs. SPEN's next flexibility tender will start at the end of April.

In addition, on 31 March, the eight-year regulatory period (2013-2021) for electricity transport, RIIO-T1, came to an end, followed by the next regulatory period starting on 1 April, RIIO-T2, with a duration of five years (2021-2025).

### 1.3 United States – Avangrid

#### 1.3.1 Electricity

At the end of the first quarter of 2021 Avangrid Networks had more than 2.3 million supply points. The electricity distributed in the year has come to 9,872 GWh, up 2.9% compared to the first quarter of the previous year.

Distributed Energy (GWh)	1Q 2021	1Q 2020	%
Central Maine Power (CMP)	2,497	2,433	2.6%
NY State Electric & Gas (NYSEG)	4,326	4,150	4.3%
Rochester Gas & Electric (RGE)	1,815	1,800	0.9%
United Illuminating Company (UI)	1,233	1,210	1.9%

During the first quarter of the year, Avangrid's distribution area was impacted by a number of storms that affected its Customer Average Interruption Duration Index (CAIDI) rates. Nevertheless, the company has been able to improve its average number of interruptions per customer (SAIFI) at New York State distributors (NYSEG and RG&E) and Maine (CMP).

The Customer Average Interruption Duration Index (CAIDI) was as follows:

CAIDI (hrs)	1Q 2021	1Q 2020
Central Maine Power (CMP)	1.85	1.75
NY State Electric & Gas (NYSEG)	2.02	1.90
Rochester Gas & Electric (RGE)	1.82	1.55

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

SAIDI (min)	1Q 2021	1Q 2020
United Illuminating Company (UI)	10.98	7.32

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

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

SAIFI	1Q 2021	1Q 2020
Central Maine Power (CMP)	0.35	0.38
NY State Electric & Gas (NYSEG)	0.22	0.25
Rochester Gas & Electric (RGE)	0.14	0.19
United Illuminating Company (UI)	0.13	0.10

In the first quarter of the year, AVANGRID's distributors received several awards: NYSEG won the New York State Platinum Engineering Award in the Energy category for its reconstruction of the electric cable under Seneca Lake, given by the New York Council of Engineering Companies to the year's leading initiatives for innovation, complexity and overall value to society. UI, NYSEG and CMP each won the prestigious Emergency Response Award for their response before the storms that hit certain areas of the country in late 2019 and 2020. This award, given out each year by the Edison Electrical Institute (EEI), is given to electric utility companies that excel in their efforts to quickly restore service after a storm or natural disaster.

Under the New England Clean Energy Connect (NECEC) project, the main permits required for construction have been obtained. On 4 January, the corporate transfer of the CMP project to NECEC Transmission LLC was completed, and on 15 January, the US Department of Energy's Presidential Permit was received, along with the Department of Energy's (US DOE) finding of no significant impact (FONSI). As a result of both permits being obtained, the project formally commenced work on 18 January, which, to date, has created some 300 local jobs. In addition, during these first three months of the year, progress has also been made in obtaining municipal permits, accumulating a total of 10, and progress continues to be made towards gradually obtaining the remaining ones in line with the construction calendar. This project aims at the construction of a 1,200 MW continuous current transmission line, with 233 kilometres between Canada and New England, which will provide 9.45 TWh of 100% hydroelectric power to Massachusetts from 2023.

In addition, in February PNM Resources shareholders voted to merge with Avangrid. A month later, AVANGRID received approval from the Federal Communications Commission (FCC) to transfer operating licences related to the company's proposed merger with PNM Resources. Together, Avangrid and PNM have approximately 4.1 million supply points, a regulated asset base of approximately USD

14,400 million and more than 168,000 kilometres of distribution and transmission networks. The closure of the operation is expected at the end of 2021.

### 1.3.2 Gas

Avangrid supplies gas through more than 1 million supply points. At the end of March, 25,534 GWh of gas has been distributed, which is 10.5% more than the same period the previous year, mainly due to the low temperatures experienced in 2021:

Distributed Energy (GWh)	1Q 2021	1Q 2020	%
NY State Electric & Gas (NYSEG)	6,639	6,220	6.7%
Rochester Gas & Electric (RGE)	6,957	6,645	4.7%
Maine Natural Gas (MNG)	1,227	591	107.6%
Berkshire Gas (BGC)	1,180	1,109	6.4%
Connecticut Natural Gas (CNG)	4,855	4,422	9.8%
Southern Connecticut Gas (SCG)	4,675	4,119	13.5%

### 1.4. Brazil – Neoenergia

At the end of March 2021, Neoenergia had a total of 15.47 million supply points. The volume of electricity distributed during the quarter was 18,507 GWh, which represents growth of 6.2% from the same period last year, including CEB's distributed energy:

Distributed Energy (GWh)	1Q 2021	1Q 2020	%
Elektro	5,205	4,908	6.1%
Coelba	6,426	6,303	2.0%
Cosern	1,684	1,638	2.8%
Celpe	4,568	4,574	-0.1%
CEB	623	-	N/A

Discrepancies possible due to rounding

Efforts to improve the quality of supply have allowed us to not only to maintain the indicators within the regulatory limit, but also to improve compared to 2020 in all distributors in the Northeast and to keep Elektro in line with 2020.

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

DEC (hours)	1Q 2021	1Q 2020
Elektro	2.32	2.29
Coelba	2.91	3.60
Cosern	2.23	2.95
Celpe	3.00	3.40
CEB	2.70	2.35

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

FEC	1Q 2021	1Q 2020
Elektro	1.19	1.24
Coelba	1.32	1.50
Cosern	0.82	1.38
Celpe	1.43	1.44
CEB	2.88	2.06

In March, Neoenergia took over the operation of Brasilia Energy Company (CEB-D), which distributes power to 1.1 million customers in the Federal District, where the capital, Brasilia, is located. Neoenergia has begun the integration process with a commitment to expand investments and adopt a sustainable management model that guarantees improvement in service quality, network expansion and modernisation, efficient management and customer satisfaction. The experience gained with the incorporation of Elektro in 2017 will be key in the CEB integration process, reinforcing the synergies that will increase the group's efficiencies.

In this quarter, progress has continued, as planned, on the transport projects awarded at the auctions of Brazil's regulator ANEEL, which will involve the expansion of the transmission network by more than 6,000 km. Since 2017, Neoenergia has been awarded

a total of 12 transport projects, of which three are now in operation, with the contract between Neoenergia and ANEEL signed on 31 March for the concession of Lot 2 awarded at the December 2020 auction.

## 2. Electricity production and customers

At the end of the first quarter of 2021, Iberdrola's **installed capacity** increased by 3.8% compared to 31 March 2020 and came to 55,298 MW, 69.2% of the total (38,287 MW) of emission-free sources, compared to 66.9% at the end of the first quarter of 2020:

MW	1Q 2021	vs 1Q 2020
<b>Capacity for own use (*)</b>	<b>48,247</b>	<b>4.6%</b>
Renewables (*)	35,102	8.5%
Onshore wind	18,547	9.6%
Offshore wind	1,258	7.2%
Hydroelectric	12,864	-
Mini-hydroelectric	296	-3.3%
Solar	2,042	89.6%
Batteries	82	N/A
Nuclear	3,177	-
Gas combined cycle	8,777	2.8%
Cogeneration	1,191	-
<b>Capacity for third parties</b>	<b>7,146</b>	<b>0.0%</b>
Renewables	103	-
Onshore wind	103	-
Gas combined cycle	7,043	-
<b>Total (*)</b>	<b>55,393</b>	<b>4.0%</b>

(\*) Including 13 MW installed capacity of fuel cells  
Discrepancies possible due to rounding

**Net electricity production** in the first quarter of the year came to 42,929 GWh, 0.8% below that recorded in the same period in 2020, with 67.5% of the emission-free total (29,000 GWh) compared to 61.8% in the first quarter of the previous year:

GWh	1Q 2021	vs 1Q 2020
<b>Own production (*)</b>	<b>35,330</b>	<b>4.3%</b>
Renewables (*)	22,820	13.4%
Onshore wind	11,370	4.1%
Offshore wind	1,407	25.8%
Hydroelectric	9,288	20.7%
Mini-hydroelectric	199	20.6%
Solar	534	148.2%
Nuclear	6,122	-6.5%
Gas combined cycle	4,678	-9.5%
Cogeneration	1,710	-3.7%
<b>Production for third parties</b>	<b>7,622</b>	<b>-19.1%</b>
Renewables	80	11.1%
Onshore wind	80	11.1%
Gas combined cycle	7,542	-19.3%
<b>Total (*)</b>	<b>42,952</b>	<b>-0.8%</b>

(\*) Including 22 GWh of production from fuel cells  
Discrepancies possible due to rounding

As of 31 March 2021, Iberdrola had 26.4 million contracts, 4.4% more than at the end of March 2020, broken down as follows:

	Spain	UK	Brazil	IEI	Total	vs 1Q 2020
Electricity contracts	10.0	2.8	-	0.8	13.5	0.4%
Gas contracts	1.1	1.9	-	0.3	3.3	3.6%
Smart solutions	6.5	2.1(*)	0.2	0.8	9.6	11.0%
<b>Total</b>	<b>17.6</b>	<b>6.8</b>	<b>0.2</b>	<b>1.8</b>	<b>26.4</b>	<b>4.4%</b>

(\*) Includes 1.77 million smart meters installed  
Discrepancies possible due to rounding

### 2.1 Spain

#### Renewable capacity and production

At the close of the first quarter, Iberdrola had an installed renewable capacity in Spain of 17,570 MW (+5.9%), broken down as follows:

SPAIN	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	6,094	199	6,292
Solar PV	1,264	-	1,264
Hydroelectric	9,715	-	9,715
Mini-hydroelectric	293	2	296
Batteries	3	-	3
<b>Total Capacity</b>	<b>17,369</b>	<b>201</b>	<b>17,570</b>

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

In **onshore wind**, in the first quarter of 2021 work began at the El Puntal 2 (15 MW) wind farm in Malaga and the Martín de la Jara (36 MW) wind farm in Seville. Work is continuing in the farms of Huesa (18 MW), Orbaneja (32 MW) and Valdesantos (14 MW), in the Herrera II complex, and Fuenteblanca (10 MW) in Burgos, as well as the commissioning work already under way in the wind farms of Capiechamartin (34 MW), Cordel-Vidural (34 MW) and Panondres (21 MW) in Asturias.

In **photovoltaic solar**, the installation of modules in the photovoltaic plants of Ceclavín (328 MW), Campo Arañuelos I and II (100 MW) in Cáceres and Barciencia (50 MW) in Toledo, has been completed. Work has begun at the Francisco Pizarro plant (590 MW) in Cáceres and at Puertollano (100 MW) in Ciudad Real, whose output will be used for the production of green hydrogen. In addition, work continues in Teruel (50 MW), Olmedilla (50 MW) and Romeral (50 MW) in Cuenca province, and in Arenales (150 MW), Campos Arañuelos III (40 MW), where a 3 MW battery associated with the asset has been installed, and Cedillo (100 MW) in Cáceres.

In addition, more than 0.8 GW are in the initial work phase, notably the Ciudad Rodrigo photovoltaic plant (318 MW) in Salamanca and the Buniel wind farm (115 MW) in Burgos.

In Portugal, work also continues on the **Tâmega hydroelectric complex**, with **Daivões** and **Gouvães** slated for commissioning in December 2021:

- At the **Daivões** dam (118 MW), filling of the reservoir has begun. All dam equipment is operational and the hydraulic circuits are complete, with the intake floodgates remaining to be commissioned.
- In the **Gouvães** facility (880 MW), filling of the reservoir has also begun following completion of the dam. Also, two of the four reversible pump turbines have been assembled and commissioning has been initiated.
- In the **Alto Tâmega** (160 MW) the concreting of the dam has begun and is 10% complete, and the concreting of the bases of the intake tower has begun. The suction bends of the two units in the plant have now been cast in concrete and the assembly of the first of the spiral chambers has begun.

**Renewable production** totalled 10,172 GWh (+40.6%), broken down as follows:

SPAIN	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	3,612	136	3,747
Solar PV	176	-	176
Hydroelectric	6,051	-	6,051
Mini-hydroelectric	197	1	199
<b>Total production</b>	<b>10,035</b>	<b>137</b>	<b>10,172</b>

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

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

- Onshore wind production came to 3,612 GWh during the quarter, up 18% from the same period in 2020, mainly due to higher wind resource in January and February and the higher average operating capacity.
- Hydroelectric production was up 55%, coming to 6,051 GWh, and production at mini-hydro plants rose 21% to 197 GWh.
- Solar photovoltaic production reached 176 GWh in the period, with an average operating capacity of 550 MW, after the entry in operation during 2020 of Nuñez de Balboa (500 MW) and Andévalo (50 MW).

### Thermal capacity and production

At 31 March 2021, Iberdrola Group's **thermal capacity** in Spain totalled 9,225 MW, broken down as follows:

SPAIN	MW Consolidated installed	MW Investee companies (*)	Total
Nuclear	3,166	11	3,177
Gas combined cycle	5,695	-	5,695
Cogeneration	302	51	353
<b>Total Capacity</b>	<b>9,163</b>	<b>62</b>	<b>9,225</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

Iberdrola's **thermal production** during the first quarter of 2021 was down 10% on the same period of the previous year, mainly due to the lower production of combined cycle (-35%), cogeneration (-10%) and nuclear (-6%) plants.

Of the 7,278 GWh produced, Iberdrola consolidated 7,226 GWh at EBITDA level, with 53 GWh being consolidated using the equity method. They can be broken down as follows:

SPAIN	GWh Consolidated at EBITDA level	GWh Investee companies (*)	Total
Nuclear	6,122	-	6,122
Gas combined cycle	640	-	640
Cogeneration	464	53	517
Coal	-	-	-
<b>Total production</b>	<b>7,226</b>	<b>53</b>	<b>7,278</b>

Discrepancies possible due to rounding

(\*) Includes the proportional GWh share

### Retail business

As regards the retail business, at 31 March 2021 the portfolio managed by Iberdrola in Spain exceeded

17.6 million contracts, 4% more than at 31 March 2020. They can be broken down as follows:

Thousands of contracts	Spain
Electricity contracts	9,980
Gas contracts	1,113
Smart Solutions Contracts	6,544
<b>Total</b>	<b>17,636</b>

By market type they can be split into the following:

Thousands of contracts	Spain
Free market	14,182
Last resort market	3,454
<b>Total</b>	<b>17,636</b>

Iberdrola's electricity revenue\* during the first quarter of 2021 was up 4%, broken down as follows:

Spain	GWh
Free market	13,408
Voluntary price for small consumers (PVPC) market	2,585
Other markets	9,362
<b>Total Sales</b>	<b>25,355</b>

With regard to gas\*\*, in the first quarter of 2021 Iberdrola managed a total gas production of 0.61 bcm, of which 0.01 bcm was sold in wholesale transactions, 0.46 bcm was sold to end customers and 0.14 bcm was used for electricity production.

\*Sales in busbars

\*\*Including shrinkage

## 2.2. United Kingdom

### Renewable capacity and production

At the end of the first quarter, Iberdrola had a **renewable installed capacity** in the United Kingdom of 2,948 MW (+8.0%):

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
Batteries	54	-	54
<b>Total Capacity</b>	<b>2,933</b>	<b>15</b>	<b>2,948</b>

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

In **onshore wind**, the Halsary wind farm (30 MW) has been completed and installation work has been completed at the Beinn an Tuirc 3 wind farm (50 MW), the commissioning of which is expected to be completed in the next quarter. Both projects are being built in Scotland.

In **photovoltaic solar**, working is commencing on the three hybrid projects to be located in the operating wind farms of Carland Cross (10 MW), Coldham (9 MW) and Coal Cough (10 MW), all in England.

In **battery storage projects**, facilities have been completed in Whitelee (50 MW) in Scotland and in Barnesmore (3 MW) in Ireland, and preliminary work is continuing in Gormans (50 MW) in Ireland. In addition, work has begun on the Harestaness storage project (50 MW) in Scotland.

In **offshore wind** technology, the **East Anglia 1** project continues to supply energy to the national grid through its offshore transmission assets, where the divestment process continues with the evaluation of the final value of these assets in construction. The focus on project portfolio development continues at the **East Anglia Hub** (3.1 GW) complex, where consent requests for EA1N and EA2 are ongoing, and key site engineering, design and research work has continued throughout the Hub during the first quarter of the year.

**Renewable production** in the United Kingdom came to 2,098 GWh, broken down as follows:

UNITED KINGDOM	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	1,035	4	1,039
Offshore wind	1,058	-	1,058
<b>Total production</b>	<b>2,094</b>	<b>4</b>	<b>2,098</b>

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

Consolidated production at EBITDA level varied as follows:

- Onshore wind production came to 1,035 Gwh, down 28.9% on the same period of the previous year, mainly due to the lower wind resource throughout the period.
- Offshore wind production was up, gaining 55.6% to reach 1,058 GWh, largely as a result of East Anglia 1 coming on stream gradually during 2020.

### Retail business

As at 31 March 2021, the contract portfolio managed in the UK surpassed 6.8 million (+2.4%), broken down as follows:

Thousands of contracts	UK
Electricity contracts	2,795
Gas contracts	1,888
Smart Solutions contracts	351
Smart Meters	1,767
<b>Total</b>	<b>6,801</b>

Discrepancies possible due to rounding

At the end of March 2021, 5,430 GWh of electricity and 11,236 GWh of gas had been supplied to customers, 12.5%\* and 2.7%\*\* more than at 31 March 2020, respectively.

\*Sales in busbars  
\*\*Including shrinkage

### 2.3. United States – Avangrid

#### Renewable capacity and production

At the end of the quarter, Iberdrola had an installed **renewable capacity** in the United States of 8,007 MW (+5.4%), broken down as follows:

United States	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	7,510	236	7,746
Hydroelectric	118	-	118
Solar PV	118	12	130
<b>Total Capacity (**)</b>	<b>7,759 (**)</b>	<b>248</b>	<b>8,007 (**)</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

(\*\*) Including 13 MW installed capacity of fuel cells

In **onshore wind**, commissioning work continues at La Joya wind farm (306 MW), New Mexico, which is estimated to be completed in the second quarter of the year, and installation work continues for the wind turbines at Roaring Brook (80 MW) in New York State, which is also expected to be commissioned in the second quarter of the year.

In **photovoltaic solar**, work continues at the Lund Hill plant (194 MW) in Washington state, and work has begun at the Montague plant (211 MW) in Oregon.

Meanwhile, work is now in the preliminary phase to soon commence construction on more than 0.5 GW of additional capacity in both wind and solar photovoltaic technologies.

In addition, in **offshore wind projects** in the United States, activities and commitments in offshore wind energy were accelerated in the first quarter, with a new federal tax incentive and the announcement of an accelerated schedule for new leases.

The federal permit process for **Vineyard ONE** made considerable progress, as the United States Bureau of Ocean Energy Management issued the final environmental impact statement in March. For

its part, the **Park City Wind** project has completed geotechnical and geophysical studies and is making progress in obtaining state permits. Also at state level, Massachusetts and Rhode Island announced that new bids will take place throughout the year in which Vineyard Wind will be eligible to participate.

Off the Middle Atlantic coast, the **Kitty Hawk** project made progress in site control for cable landing in Virginia Beach and identified a list of possible construction and operations and maintenance (O&M) ports.

**Renewable production** in the United States came to 5,054 GWh, broken down as follows:

United States	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	4,818	136	4,954
Hydroelectric	34	-	34
Solar PV	38	6	44
<b>Total production (**)</b>	<b>4,912 (**)</b>	<b>142</b>	<b>5,054 (**)</b>

Discrepancies possible due to rounding

(\*) Includes the proportional GWh share

(\*\*) Including 22 GWh of production from fuel cells

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

- Onshore wind production came to 4,818 GWh, down by 6.9% from the same period in 2020, mainly due to lower wind resource throughout the period and adverse weather conditions.
- Hydroelectric production came to 34 GWh (-4.0%), compared to the 35 GWh of production recorded in the first quarter of 2020.
- Production from solar PV came to 44 GWh (-9,1%).

## 2.4. Mexico

### Renewable capacity and production

At the end of quarter, Iberdrola had an installed **renewable capacity** in Mexico of 1,335 MW (+31.0%), 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
<b>Total Capacity</b>	<b>1,335</b>	<b>-</b>	<b>1,335</b>

Discrepancies possible due to rounding

(\*) Includes the proportional MW share

In **onshore wind technology**, the installation and commissioning of the last wind turbines of the Pier wind farm (220 MW) in Puebla has been completed.

**Renewable production** generated in the period came to 791 GWh (+74.3%), broken down as follows:

MEXICO	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	477	-	477
For own use	398	-	398
For third parties	80	-	80
Solar PV	313	-	313
<b>Total production</b>	<b>791</b>	<b>-</b>	<b>791</b>

Discrepancies possible due to rounding

(\*) Includes the proportional GWh share

By technology, production in EBITDA terms in the first quarter was as follows:

- Onshore wind production came to 477 GWh, up 65.5% on the same period of 2020 due to the coming on stream of the Pier and Santiago wind farms.

- Solar power production came to 313 GWh, 89.6% more than in the previous period, due to the commissioning of the Cuyoaco photovoltaic plant.

### Thermal capacity and production

In Mexico, **thermal capacity** at 31 March 2021 came to 9,348 MW following the commissioning last year of the combined cycle plants of El Carmen (866 MW) and Topolobampo II (911 MW) and the shift of Enertek cogeneration to operating as a gas combined cycle, thus adding 144 MW to this technology. Thermal production in the first quarter of 2021 totalled 11,276 GWh, 12.9% lower than in the same period a year earlier.

MEXICO	MW	GWh
Gas combined cycle	9,146	10,855
For own use	2,103	3,313
For third parties	7,043	7,542
Cogeneration	202	420
<b>Total</b>	<b>9,348</b>	<b>11,276</b>

Discrepancies possible due to rounding

### Retail business

Electricity revenue in the first quarter of 2021 came to 11,673 GWh (-3.3% vs same period of 2020), broken down as follows:

MEXICO	GWh
CFE	7,542
Private	4,131
<b>Total Sales</b>	<b>11,673</b>

## 2.5. Brazil – Neoenergia

### Renewable capacity and production

At the end of March, Iberdrola's **renewable capacity** in Brazil remained at 3,550 MW (+0.1%), broken down as follows:

BRAZIL	Installed MW Consolidated at EBITDA level	MW managed by investee companies (*)	Total
Onshore wind	519	-	519
Hydroelectric	836	2,194	3,031
<b>Total Capacity</b>	<b>1,356</b>	<b>2,194</b>	<b>3,550</b>

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

Work is continuing on the Chafariz **onshore wind** farm in the state of Paraíba with the installation of the first wind turbine in the Chafariz 7 wind farm, as part of a total of 15 wind projects and 472 MW of capacity, expected to be commissioned in early 2022. In addition, at the Oitis facility in the state of Piauí, 12 wind farms are being built for a total of 566 MW, where work is expected to be complete in the second half of 2022.

In **photovoltaic solar** technology, Luzia II and III (149 MW) are expected to be built in the state of Paraíba, with commissioning in the second half of 2022.

**Renewable production** in the first quarter of 2021 came to 3,583 GWh, broken down as follows:

BRAZIL	GWh Consolidated at EBITDA level	GWh managed by investee companies (*)	Total
Onshore wind	380	-	380
Hydroelectric	512	2,691	3,204
<b>Total production</b>	<b>892</b>	<b>2,691</b>	<b>3,583</b>

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

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

- Onshore wind production came to 380 GWh, up by 13.7% on the same period in 2020, due to the higher wind resource recorded at the beginning of the year.
- Hydroelectric production came to 512 GWh (+0.2%).

### Thermal capacity and production

In Brazil, thermal capacity at 31 March 2021 remained at 533 MW, while thermal production during this period came to 712 GWh (-30.1% compared to March 2020).

BRAZIL	MW	GWh
Gas combined cycle	533	712
<b>Total</b>	<b>533</b>	<b>712</b>

### Retail business

Electricity revenue during the first quarter of 2021 came to 3,675 GWh (-1.9% compared to March 2020), broken down as follows:

Brazil	GWh
PPA	2,607
Free market	1,068
<b>Total Sales</b>	<b>3,675</b>

## 2.6. Iberdrola Energía Internacional (IEI)\*

### Renewable capacity and production

Installed **renewable capacity** at Iberdrola Energía Internacional\* reached 1,795 MW (+85.9%), broken down as follows:

Iberdrola Energía Internacional (IEI)	MW
Onshore wind	1,414
Offshore wind	350
Solar	6
Batteries	25
<b>TOTAL</b>	<b>1,795</b>

Discrepancies possible due to rounding

In **onshore wind** work has begun at the Mikronoros wind farm (33.6 MW) in Greece. The installed capacity is broken down as follows by country:

\* Formerly Rest of World

Iberdrola Energía Internacional (IEI)	MW
Australia	670
Greece	275
Hungary	158
France	118
Portugal	92
Romania	80
Cyprus	20
<b>Total</b>	<b>1,414</b>

Discrepancies possible due to rounding

As regards **solar photovoltaic power**, construction continues at Port Augusta, 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. Furthermore, in Australia and following the acquisition of Infigen, Iberdrola will carry out the 50 MW **Wallgrove storage project**, where work has now begun.

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

- In **France**, in the **Saint Briec** project (496 MW) preparations continue, having started works on May 4.
- In **Germany**, the **Baltic Eagle** project (476 MW) continues the process of closing the manufacturing and installation contracts for both wind turbines and foundations and cables. The marine substation's manufacturing work is progressing as planned.
- In **Japan**, Iberdrola Renewables Japan K.K acquired 34.9% of the company Aomori-Seihoku-Oki Offshore Wind from Hitachi Zosen for the execution of a 600 MW project in which it will be eligible to participate in Round 2 (award in 2022). In addition, the development of the project portfolio with its partner Macquarie's Green Investment Group (GIG) continues for the following rounds.
- In **Sweden**, Iberdrola, together with Svea Vind Offshore, has begun administrative processing the 2 Gretas Klackar park, located in the Gävle region and joining the Utposten 2 project, which had already begun such processing. Meanwhile,

environmental studies continue to be carried out for the rest of the projects in the portfolio.

- In **Ireland**, 90% of three projects up to 3 GW have been acquired from DP Energy.
- In **Denmark**, the consortium formed by Iberdrola Renewables International and TOTAL has been pre-selected for the next phase of the auction of a 1 GW offshore wind project.
- In **Poland**, the framework agreement with partner Seawind for the establishment of a joint venture with the objective of developing offshore wind farms in the country has been concluded.

**Renewable production** totalled 1,202 GWh in the first quarter of 2021, up 39.6% on the same period of 2020, broken down as follows by technology:

Iberdrola Energía Internacional (IEI)	GWh
Onshore wind	852
Offshore wind	349
Solar	2
<b>Total production</b>	<b>1,202</b>

Discrepancies possible due to rounding

By technology, production was down in offshore wind (-20.4%) due to lower wind resource, but increases in onshore wind (+102.0%) mainly due to additions of capacity following acquisitions in Australia and France. Production in photovoltaic solar was also down to 1.71 GWh (-4.7%).

### Retail business

In retail sales, at 31 March 2021, the portfolio managed by Iberdrola in Portugal, France, Italy, Germany, Ireland and the United States totalled 1,812,263 contracts, up 10% versus the end of the first quarter of 2020. They can be broken down as follows:

Thousands of contracts	IEI*
Electricity contracts	755
Gas contracts	275
Smart Solutions contracts	782
<b>Total</b>	<b>1,812</b>

Revenue of the international division was up by 0.8% during the first three months of 2021 compared to the previous year. While in electricity\* it decreased to 2,523 GWh (-6.1%), in gas\*\* it increased to 742 GWh (+34%). This is geographically broken down as follows:

GWh	Q1 2021	Q1 2020
<b>Electricity*</b>	<b>2,523</b>	<b>2,687</b>
Portugal	1,526	1,916
France	348	225
Germany	218	203
Italy	347	329
Ireland	27	14
United States	57	-
<b>Gas**</b>	<b>742</b>	<b>553</b>
Portugal	64	48
France	298	164
Italy	324	311
Ireland	56	32
<b>Total Sales</b>	<b>3,265</b>	<b>3,240</b>

\* Sales in busbars

\*\* Including shrinkage

### 3. Other matters

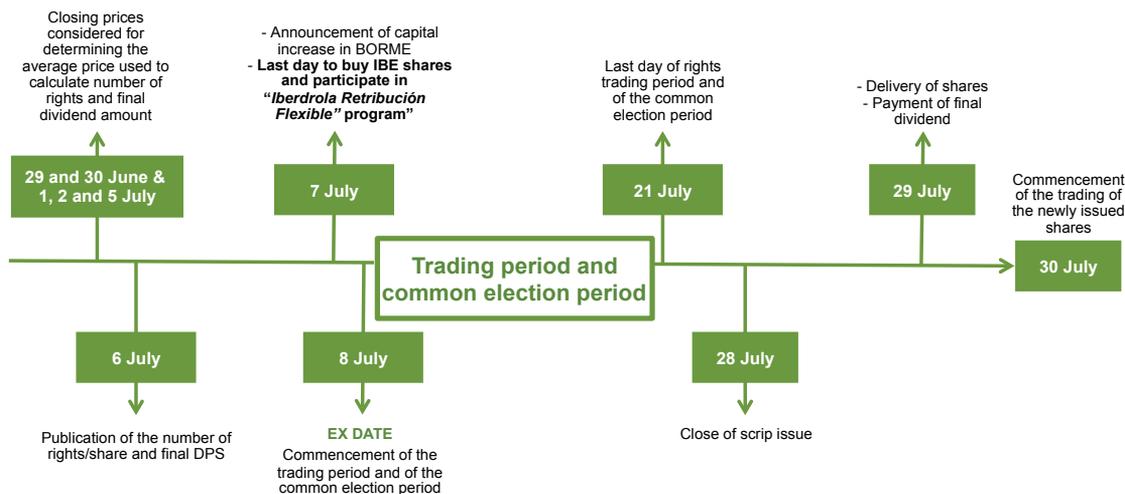
#### 3.1 Shareholder remuneration in 2020

Iberdrola will propose to the next General Shareholders' Meeting the approval of a gross annual remuneration of EUR 0.42 per share for the financial year 2020, an increase of 5% over the previous year.

As part of its optional dividend system "Iberdrola Retribución Flexible", in February the company paid the Interim Dividend for the financial year 2020, which amounted to EUR 0.168 gross per share. Of Iberdrola's share capital, 75.1% opted to receive new company shares.

Thus, provided it is approved by the General Shareholders' Meeting, the amount of EUR 0.252 gross per share as a final dividend to be paid in July 2021 will be added to the interim dividend already paid. An estimated calendar is given below:

### Payment Calendar of the Final Dividend – July 2021



### 3.2 Dividend policy

On 5 November, as part of its Capital Markets Day 2020, Iberdrola revised its dividend policy, notably the following points:

- Dividend growth in line with the company's income, with a pay-out of between 65% and 75% on net profit per share.
- Dividend floor for the period 2020-2022 of EUR 0.40 per share, while for the period 2023-2025, this floor will increase by 10% to EUR 0.44 gross per share.
- Shareholder flexibility is maintained through the "Iberdrola Retribución Flexible" programme, which includes share buyback.

The different options that the shareholder can choose (or combine) through the "Iberdrola Retribución Flexible" system are as follows:

- i. Receive their remuneration in the form of fully paid-up new shares;
- ii. Sell all or part of their free allocation rights in the market; or
- iii. Receive their remuneration in cash via the final dividend payment.

For the financial year 2021, the DPS is expected to amount to EUR 0.44 per share.

# Analysis of the consolidated profit and loss account

The most notable figures in the results for the first quarter of 2021 are as follows:

EUR millions	1Q 2021	1Q 2020	%
NET REVENUE	10,088.4	9,425.9	7.0
GROSS MARGIN	4,604.1	4,544.8	1.3
EBITDA	2,814.1	2,771.5	1.5
ADJUSTED EBITDA <sup>(1)</sup>	2,878.7	2,771.5	3.9
EBIT	1,712.7	1,663.5	3.0
REPORTED NET PROFIT	1,025.2	1,272.7	(19.5)
ADJUSTED NET PROFIT <sup>(2)</sup>	1,082.4	963.4	12.4

(1) Adjusted EBITDA 2021 excludes the effect of Covid on the quarter (EUR -65 million)

(2) Adjusted Net Profit 2021 excludes the effect of Covid (EUR -57 million). Adjusted Net Profit 2020 excludes the effect of Covid (EUR -17 million), Siemens Gamesa Gain (EUR +485 million) and extraordinary tax impacts (EUR -159 million).

In the first quarter of 2021, the reported EBITDA grew by 1.5% compared to the same period of 2020, driven by the Renewables and Networks businesses, despite being negatively affected by the impact of Covid (EUR -65 million) and the exchange rate, which deducted EUR 231 million. Excluding these two effects EBITDA grew by 12.2% to EUR 3,110 million.

The **Networks** business shows solid operational progress in all countries except the UK, which is affected by the fall in demand due to COVID-19 (EUR 8 million) despite the larger asset base, highlighting the new New York rate case approved in November 2020 and the rate revisions along with the greater contribution of transport in Brazil.

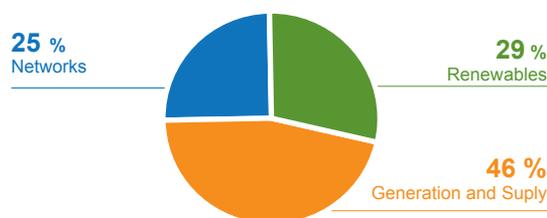
The **Renewables** business is driven by the increase in installed capacity from 8.5% to 35,192 MW, which, together with the greater consolidated load factor (29.5% vs 26.9%), has led to a 19.1% increase in production with a significant contribution from offshore technology due to the entry into operation of East Anglia 1. In addition, the average price has been higher in Spain and the United States.

The **Generation and Customers** business is negatively affected by higher procurement costs due to higher commodity prices due to cold waves that influence the business in Spain and Mexico, and a COVID-19 impact on demand of EUR 38 million.

## 1. Gross margin

The Gross Margin grew by 1.3% to EUR 4,604.1 million, with an exchange rate effect of EUR 356.4 million, without which the Gross Margin grew by 9.1%.

### Gross margin by business



This performance is the result of the following:

- **The Networks business** saw a 1.2% increase in its gross margin compared with the first quarter of 2020 to EUR 2,124.5 million.
  - In Spain it grows by 4.1% to EUR 508.2 million because the lower remuneration established since 2021 at 5.58% (EUR -7 million) is offset by the income of new investments, as well as by the recalculation of quality incentives and Opex from previous years (EUR +15 million).
  - The United Kingdom decreases its contribution by 4.6% to EUR 350.4 million, affected by lower demand as a result of COVID-19 (EUR -8 million, to be recovered from 2023 on) and by the exchange rate (down 0.9% in local currency), despite the larger asset base resulting from investments.
  - The US contribution over the period grew by 2.9% to EUR 825.8 million (+13.3% in local

- currency) thanks to new rate cases in effect that include the recognition of new investments in rate and the compensation of regulatory assets and liabilities from previous years (EUR 50 million both effects). The effect of the exchange rate detracted EUR 83.1 million.
- Brazil's gross margin was EUR 440.0 million (-0.4%) impacted by the depreciation of the Brazilian real, which stripped off EUR 163.5 million, and shows 36.6% growth in local currency mainly thanks to the positive effect of rate reviews on distributors (EUR 27 million) and the larger contribution of transmission assets (EUR 69 million). The consolidation of CEB, the distribution company in the capital of Brasilia, has contributed EUR 8 million since the beginning of March.
  - **The Renewables business** increased by 21.2%, with a Gross Margin of EUR 1,333.6 million:
    - In Spain, it grew to EUR 518.7 million (+52.0%) thanks to higher production, driven by hydroelectric generation (+53.7%) mainly but also by wind power (+16.6%), together with the increase in solar installed capacity (+709 MW) and a higher selling price to the commercial business as a result of the increase in the price of the pool.
    - The Gross Margin in the United Kingdom stands at EUR 292.7 million (-5.7%), with lower onshore production (-28.8%), partially offset by the increase in offshore production (+55.6%) thanks to the entry into operation of East Anglia 1 in April last year, with lower prices. The exchange rate detracted EUR 11.2 million, and in local currency the Gross Margin decreased by 2.1%.
    - The U.S. Contribution increased to EUR 315.6 million (+25.0%) impacted primarily by the effect of the Texas storm, where the Group's wind farms have not been stopped and have obtained a higher production quota than usual. They were able to fulfil the delivery of contracted energy. The effect of the exchange rate deducted EUR 31.7 million.
    - Brazil reached EUR 37.4 million (+1.3%), affected by the exchange rate, since in local currency it grew by 39.0%, positively impacted by the agreement
  - reached with the regulator to extend concessions to recover costs incurred in previous years.
  - The Gross Margin in Mexico grew by 37.9% to EUR 46.2 million, thanks to the increase in average operating capacity (+559 MW), following the entry into operation of the Santiago (105 MW) and PIER (220 MW) wind farms and the Cuyoaco solar power plant (274 MW).
  - IBERDROLA Energía Internacional (IEI) places its Gross Margin at EUR 122.9 million (-2.1%), mainly due to the lower production of Wikinger.
  - **The Generation and Customers Business** stands at EUR 1,145.6 million (-15.3%):
    - In Spain, it stands at EUR 667.0 million (-17.2%), with lower production (-12.7%) in both nuclear and combined cycles due to higher renewable production, together with higher energy purchases at prices higher than in 2020, affected by an increase in supply costs, resulting mainly from the evolution of gas prices and of CO2. In addition, the impact of winter storm Filomena should be highlighted, as it affected negatively procurement costs.
    - The United Kingdom increases its contribution to the Gross Margin to EUR 276.2 million (+7.8%), thanks to higher sales volumes due to a colder climate compared to last year, as well as improved margins in both electricity and gas due to falling procurement costs.
    - Mexico contributes EUR 173.1 million (-30.3%) to the Gross Margin. This fall is mainly due to the impact of the cold wave that took place in Texas in February of this year, which affected the gas supply and prices of some of the combined cycle plants in Mexico. The result has been a net impact on returns of EUR 41 million, most of which will be recovered in the future, as electricity rates are updated based on fuel prices, including gas. The exchange rate, on the other hand, deducted EUR 17.4 million.
    - Brazil's contribution to the Gross Margin reached EUR 25.7 million (-8.9%), due to the performance of the Real since in local currency it grew by 25%.

- IBERDROLA Energía Internacional (IEI) contributed EUR 3.6 million (-74.9%) to the Gross Margin, affected by the cold waves and less energy sales due to COVID-19.
- The contribution of **Other Businesses** totalled EUR 10.5 million (+194.4%).

## 2. Gross operating result - EBITDA

Consolidated EBITDA grew by 1.5% versus the first quarter of 2020, to EUR 2,814.1 million.

To the evolution already explained in the Gross Margin, we must add Net Operating Expenses, which remain flat at EUR 1,048.7 million (+0.2%), since the increase in the activity of the Group was offset by the exchange rate variations. Excluding the devaluation of the currencies, this item increased by 9.5% due to the contribution of new businesses such as Brazilian distributor CEB-D, Infigen (Australia) and Aalto Power (France), together with the higher storm costs in the United States. As mentioned above, since the first quarter of 2021, Net External Services includes, within Other Operating Results, profits or losses from loss of control of consolidated shares, without having registered a relevant amount in the first quarter of 2021.

Taxes rose by 2.0% to EUR 741.3 million (+6.6% excluding the exchange rate), mainly due to the effect of the higher production and price in Spain on both the hydraulic tax (EUR 28 million) and the generation tax (EUR 17 million).

## 3. Net operating result - EBIT

EBIT reached EUR 1,712.7 million, 14.4% more than in the first quarter of 2020, and showed a growth of 11.7% excluding the exchange rate and the COVID-19 effect.

Depreciation and amortisation charges and provisions decreased slightly by 0.6% to EUR 1,101.4 million, as the Group's increase in activity was offset by

the impact from foreign currencies. Excluding the exchange rate, this item increased by 6.7%.

- Depreciation and amortisation charges fell by 2.6% to EUR 986.1 million, and increased by 4.3% excluding the exchange rate impact due to a higher asset base and an increase in the Group's activity (EUR 72 million).
- Provisions came to EUR 115.3 million with an increase of EUR 19.8 million (+20.8%), including EUR 19 million delinquency due to the impact of COVID-19, and to higher provisions in the United States resulting from the Texas storm (EUR 14 million). Excluding the exchange rate and the COVID-19 effects, they grow 55.8%.

## 4. Financial result

The financial result increased its expenditure by EUR 85 million over the EUR 180 million reported at the end of the first quarter of 2020, to EUR 265 million.

- The cost of debt improved by EUR 26 million by reducing the average cost and the average balance of debt by EUR 1,493 million.
- Income from derivatives and others was down by EUR 111 million mainly due to the effect of exchange rate hedges, which had a non-recurring positive impact last year.

Financial result	Mar 2021	Mar 2020	Dif.
Debt	-292	-318	+26
Cost			+13
Average balance *			+13
Derivatives and others	27	138	-111
<b>Total</b>	<b>-265</b>	<b>-180</b>	<b>-85</b>

\* The average balance dropped from EUR 37,145 to EUR 35,653 million

The cost of debt fell 12 basis points (from 3.45% to 3.33%) due to the current interest rate situation and the improvement in financing conditions.

## 5. Results of companies accounted for using the equity method

Results of companies accounted for using the equity method was EUR -3.9 million compared to EUR +485.7 million in the first quarter of 2020 after the sale of the minority stake in Siemens-Gamesa last year. As mentioned above in the section *Highlights of the period*, as from the current fiscal year and taking into account both the format required in the periodic public information presented in accordance with CNMV Circular 3/2018 and the draft amendments to IAS 1, the format of the income statement has been modified by eliminating the heading “Result from non-current assets”. The share in profits (losses) and results from loss of significant influence of equity-accounted investees are presented under the heading “Results of companies consolidated by equity method”. In accordance with the regulations, the above accounting criteria has been applied

retroactively to 2020, with no impact on the net income for the period.

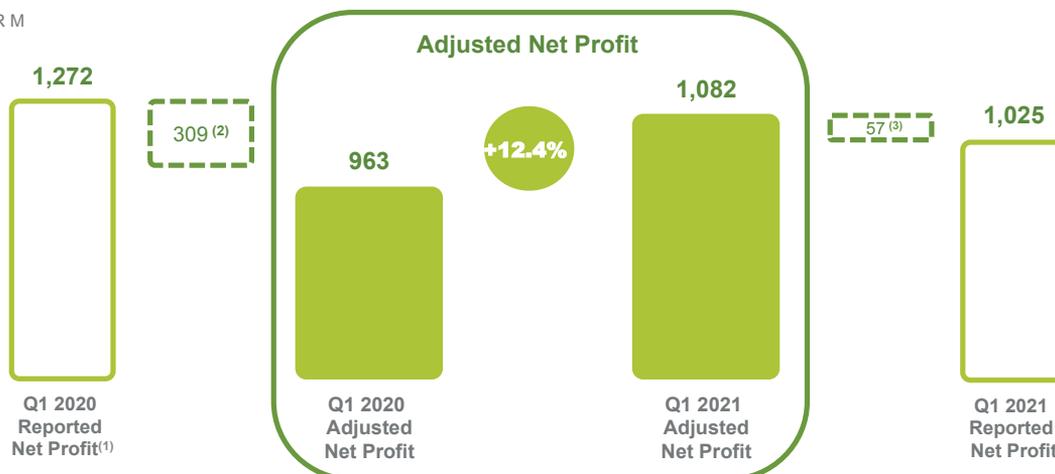
## 6. Profit in the period

Taxes came to EUR 282.4 million, decreasing by 54.8% due to the extraordinary impacts on deferred taxes last year. Minority interests grew by 89.7% to EUR 135.8 million, due to improved results in the United States, Brazil and the East Anglia 1 offshore wind farm.

Finally, **Reported Net Profit** reached EUR 1,025.2 million, with a decrease of 19.5%, affected by the 2020 recognition of the capital gain on the sale of the stake in Siemens Gamesa.

**Adjusted Net Profit** grew by 12.4% to EUR 1,082.4 million. This item excludes the net impact of COVID-19 (EUR -57 million), as well as the extraordinary items accounted for in 2020 due to COVID-19 (EUR -17 million), the capital gain on the sale of Siemens Gamesa (EUR +485 million) and the non-recurring impact of deferred tax in the UK after the change in tax rates (EUR -159 million).

EUR M



(1) Q1 2020 Reported Net Profit excludes EUR 15 M of hybrid bonds coupon previously included

(2) Q1 2020 adjustments: COVID impact (EUR -17 M), Siemens Gamesa (EUR +485 M) and net tax impacts (EUR -159 M).

(3) Q1 2021 adjustments: COVID impact (EUR -57 M).

# Results by business

# 1. Networks Business

Key figures for the Networks business are as follows:

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	3,493.6	-3.7%
Gross margin	2,124.5	+1.2%
EBITDA	1,312.6	+4.3%
EBIT	835.4	+10.0%

The EBITDA of the Networks business increased by 4.3% to EUR 1,312.6 million, thanks to the good performance of the business in all geographies except the United Kingdom, which was affected by lower demand due to COVID-19 (EUR -8 million). The exchange rate deducted EUR 161 million from the business, while the total impact of COVID-19 on demand came to EUR -26 million in the quarter, which will be partially recovered in the coming years. Excluding both effects, Networks EBITDA grew by 19.5%.

## 1.1 SPAIN

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	509.4	+4.3%
Gross margin	508.2	+4.1%
EBITDA	424.9	+8.8%
EBIT	282.6	+11.7%

### a) Gross margin

The Gross Margin of the Networks Business in Spain increased by 4.1% to EUR 508.2 million, due to the lower remuneration set from 2021 at 5.58% (EUR -7 million), offset by revenues from new investments, as well as the recalculation of quality incentives and operating expenses from previous years (EUR +15 million).

### b) Operating profit / EBIT

EBITDA in this Business amounted to EUR 424.9 million, up 8.8%. Net Operating Expenses fell 11.5% to EUR 63.9 million, thanks to the savings obtained through the efficiency measures carried out last year.

EBIT for the Networks Business in Spain totalled EUR 282.6 million (+11.7%). Depreciation and amortisation charges and provisions totalled EUR 142.3 million (+3.5%) because of the new investments made.

## 1.2 UNITED KINGDOM

(EUR millions)	Q1 2021	vs Q1 2020	Local currency
Revenue	365.4	-4.3%	-0.6%
Gross margin	350.4	-4.6%	-0.9%
EBITDA	267.3	-5.2%	-1.6%
EBIT	174.4	-9.2%	-5.7%

### a) Gross margin

The Gross Margin of the Networks business in the United Kingdom (ScottishPower Energy Networks-SPEN) decreased by 4.6% to EUR 350.4 million, affected by lower demand as a result of COVID-19 (EUR -8 million, which will be recovered from 2023 onwards) and by the exchange rate (down 0.9% in local currency), despite the higher asset base as a result of investments.

### b) Operating profit / EBIT

EBITDA totalled EUR 267.3 million (-5.2%, -1.6% in local currency). Net operating expenses improved by 1.7% to EUR 55.8 million due to the exchange rate, without which it grew by 2.1% (EUR -1 million).

Depreciation and amortisation charges and provisions amounted to EUR 92.9 million (+3.4%), growing 7.3% in local currency due to the increase in the asset base, with EBIT amounting to EUR 174.4 million (-9.2%; -5.7% in local currency).

### 1.3 UNITED STATES

(EUR millions)	IFRS		Local currency
	Q1 2021	vs Q1 2020	
Revenue	1,212.3	-1.4%	+8.5%
Gross margin	825.8	+2.9%	+13.3%
EBITDA	295.5	+6.4%	+17.1%
EBIT	142.5	+23.1%	+35.5%

(EUR millions)	US GAAP (USD MILLION)	
	Q1 2020	vs Q1 2019
Revenue	1,484.1	+13.0%
Gross margin	995.2	+12.9%
EBITDA	483.4	+10.5%
EBIT	287.7	+12.2%

#### a) Gross margin

Gross Margin increased by 2.9% to EUR 825.8 million, thanks to the new regulatory frameworks in place which include the rate recognition of new investments and the compensation of regulatory assets and liabilities from previous years (EUR 50 million both effects). The exchange rate deducted EUR 83.1 million, while the Gross Margin in local currency grew by 13.3%.

#### b) Operating profit / EBIT

The EBITDA of the Networks business in the United States grew by 6.4% to EUR 295.5 million, after deducting Net Operating Expenses of EUR 284.5 million, which increased by 8.4% mainly due to higher storm expenses (EUR 25 million). Meanwhile, taxes decreased by 6.2% due to the impact of the exchange rate, while excluding the latter it increased by 3.2% due to the increase in rates.

In local currency and IFRS, EBITDA increased by 17.1% to USD 358.4 million, while in US GAAP it reached USD 483.4 million. This divergence between IFRS and US GAAP is mainly due to the temporary

difference in accounting for taxes related to real estate (IFRIC 21), since under IFRS they are accounted for in the first quarter while under US GAAP they are throughout the year, so the difference will stabilize before the end of the year.

EBIT amounted to EUR 142.5 million (+23.1%; +35.5% in local currency), after deducting depreciation and amortisation charges and provisions, which fell 5.5% affected by the exchange rate, while in local currency they grew 4.0% due to the higher asset base from investments.

### 1.4. BRAZIL

(EUR millions)	Q1 2021	vs Q1 2020	Local currency
Gross margin	440.0	-0.4%	+36.6%
EBITDA	324.9	5.3%	+44.4%
EBIT	235.9	18.6%	+62.7%

#### a) Gross margin

Gross Margin remained flat (-0.4%) at EUR 440.0 million at the end of March, impacted by the depreciation of the Brazilian real (EUR -163.5 million), while in local currency it increased by 36.6%, mainly thanks to the positive impact of rate revisions on distributors (EUR 27 million) and the higher contribution from transmission assets (EUR 69 million). The consolidation of CEB-D from the beginning of March contributed EUR 8 million.

#### b) Operating profit / EBIT

The area's EBITDA increased by 5.3% to EUR 324.9 million, with a strong negative impact of the exchange rate (EUR -120.7 million), as EBITDA grew by 44.4% in local currency. Net Operating Expenses decreased by 13.5% to EUR 112.9 million although, excluding the exchange rate, they grew by 18.6% as a result of increased activity.

Depreciation and amortisation charges and provisions decreased by 18.8% to EUR 89.0 million, also affected by the depreciation of the real, as in local

currency they increased by 11.3%, mainly due to the increase in the asset base. EBIT grew by 18.6% to EUR 235.9 million (+62.7% in local currency).

## 2. Renewables Business

Key figures for the Renewables business are as follows:

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	1,475.3	+22.3%
Gross margin	1,333.6	+21.2%
EBITDA	932.1	+27.8%
EBIT	584.7	+46.9%

The EBITDA of the renewables business grew by 27.8% to EUR 932.1 million, driven by the 19.1% increase in production, thanks to the increase in installed capacity to a total of 35,205 MW (+8.5%) and the higher consolidated load factor (29.5% vs. 26.9% in Q1 2020), as well as higher prices in Spain and the United States. The exchange rate deducted EUR 46 million from EBITDA, which grew 34.1% in local currency.

The main factors that explain the evolution of the renewables business at the end of March are as follows:

- The **average consolidated operating** capacity at EBITDA level during the period grew by 9.9% (+2,819 MW) compared to the first quarter of 2020 thanks to the commissioning of onshore wind farms in Mexico, the United States, and Spain, the progressive commissioning of solar photovoltaic capacity in Spain and Mexico as well as the East Anglia 1 offshore wind farm in the United Kingdom, together with capacity acquisitions in France and Australia in the international segment.
- The consolidated **load factor** stood at 29.5% at the end of the quarter, higher than the 26.9% recorded in the same period of 2020, although with differences depending on the technology:

Technology	Q1 2021	vs Q1 2020
Onshore wind	29.1%	-1.4 p.p.
Offshore wind	51.8%	-7.2 p.p.
Hydroelectric	28.9%	+9.6 p.p.
Solar PV	18.6%	-0.9 p.p.

**Consolidated production** therefore increased by 19.1% to 19,870.7 GWh in the first three months of 2021, with the highest contribution from hydroelectric in Spain (+53.7%), offshore wind (+25.8%) and solar photovoltaic (+152.2%).

- The **average sale price of renewable output across the world** stood at EUR 67.1/MWh (+6.9%).

### 2.1 SPAIN

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	548.1	+48.7%
Gross margin	518.7	+52.0%
EBITDA	321.7	+76.0%
EBIT	238.6	+155.5%

#### a) Gross margin

The Gross Margin grew significantly (+52.0%) to EUR 518.7 million, thanks to the increase in production (+40.1%) driven mainly by hydroelectric generation (+53.7%), but also wind (+16.6%), together with the increase in installed solar capacity (+709 MW, +127.7%), which now stands at 1,264 MW, and a higher selling price to the commercial business as a result of the increase in the pool price.

#### b) Operating profit / EBIT

EBITDA grew 76.0% to EUR 321.7 million. In addition to the aforementioned evolution of the Gross Margin, Net Operating Expenses fell by 11.6% thanks to the increase in Other Operating Results. Taxes rose 43.0%, due to the effect of the higher production and price in Spain in both the hydraulic levy (EUR 28 million) and the generation tax (EUR 13 million).

Depreciation and amortisation charges and provisions decreased by 7.1% to EUR 83.1 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 onshore and solar PV capacity. As a result, EBIT amounted to EUR 238.6 million (+155.5%).

## 2.2 UNITED KINGDOM

(EUR millions)	Q1 2021	vs Q1 2020	Local currency
Revenue	307.8	-6.3%	-2.7%
Gross margin	292.7	-5.7%	-2.1%
EBITDA	237.1	-6.1%	-2.5%
EBIT	169.0	-14.8%	-11.5%

### a) Gross margin

The Gross Margin of the business in the United Kingdom amounted to EUR 292.7 million in the first quarter, down 5.7% (-2.1% in local currency) as a result of the lower load factor of onshore and offshore wind, partially offset by the commissioning of East Anglia 1, which entered into service in April 2020, and lower prices.

### b) Operating profit / EBIT:

Net Operating Expenses were 3.6% lower than in the first quarter of 2020 due to the exchange rate impact, remaining flat in local currency (+0.1%). Taxes decreased by EUR 0.7 million, leaving EBITDA at EUR 237.1 million (-6.1%; -2.5% in local currency).

Depreciation and amortisation charges and provisions increased by 25.9%, mainly due to the entry into service of East Anglia 1, leaving EBIT at EUR 169.0 million (-14.8%; -11.5% in local currency).

## 2.3 UNITED STATES

(EUR million)	Q1 2021	vs Q1 2020	Local currency
Revenue	388.0	+30.1%	+43.2%
Gross margin	315.6	+25.0%	+37.6%
EBITDA	214.2	+58.1%	+74.1%
EBIT	79.0	N/A	N/A

### a) Gross margin

Gross Margin increased by 25.0% to EUR 315.6 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. The exchange rate deducted EUR 31.7 million; without this effect, the Gross Margin of the business increased by 37.6%.

### b) Operating profit / EBIT

Net Operating Expenses decreased by 18.0% to EUR 54.3 million (-9.8% in local currency), mainly due to higher efficiencies and non-recurring effects. Taxes fell by 7.2% to EUR 47.0 million, also affected by the exchange rate; excluding this impact, they rose by 2.1% due to the entry into service of new wind farms, leaving EBITDA at EUR 214.2 million (+58.1%; +74.1% in local currency).

EBIT, on the other hand, increased to EUR 79.0 million from EUR -6.4 million in the first quarter of 2020, after deducting Depreciation and Amortisation charges and Provisions, which decreased by 4.7% to EUR 135.2 million, due to the exchange rate, excluding which they increased by 4.9% due to the higher business activity and certain provisions accounted for in the period related to the Texas storm.

## 2.4 MEXICO

(EUR million)	Q1 2021	vs Q1 2020	Local currency
Revenue	47.6	+38.7%	+52.7%
Gross margin	46.2	+37.9%	+51.8%
EBITDA	38.3	+52.8%	+68.2%
EBIT	24.9	+73.3%	+90.7%

### a) Gross margin

Gross Margin grew by 37.9% to EUR 46.2 million (+51.8% in local currency), thanks to the increase in production (+74.3%), as a result of the higher average operating capacity (+559.4 MW) following the commissioning of the Pier (220 MW) and Santiago (105 MW) wind farms and the Cuyoaco photovoltaic plant (274 MW), and despite the lower prices recorded in the period.

### b) Operating profit / EBIT

EBITDA increased by 52.8% compared to the first quarter of 2020 (+68.2% in local currency) to EUR 38.3 million, as, in addition to the aforementioned evolution of the Gross Margin, Net Operating Expenses decreased by 11.0% to EUR 7.3 million due to the exchange rate, without which it also decreased slightly by EUR 0.2 million.

Depreciation and Amortisation charges and Provisions increased to EUR 13.4 million (+25.2%, +37.8% in local currency) due to the entry into service of the new power plant, bringing EBIT to EUR 24.9 million (+73.3%; +90.7% in local currency).

## 2.5 BRAZIL

(EUR million)	Q1 2021	vs Q1 2020	Local currency
Revenue	41.5	-15.8%	+15.5%
Gross margin	37.4	+1.3%	+39.0%
EBITDA	30.0	+19.4%	+63.7%
EBIT	20.6	+63.6%	+124.3%

### a) Gross margin

Gross Margin amounted to EUR 37.4 million (+1.3%), 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.

### b) Operating profit / EBIT

Net operating expenses dropped 37.5% to EUR 7.2 million and 14.3% in local currency (EUR 1.6 million), leaving EBITDA up 19.4% to EUR 30.0 million (+63.7% in local currency).

Depreciation and amortisation charges and provisions decreased by -24.9% to EUR 9.4 million and remained virtually flat in local currency, leaving EBITDA at EUR 20.6 million (+63.6%, +124.3% in local currency).

## 2.6 IBERDROLA ENERGÍA INTERNACIONAL (IEI)

(EUR million)	Q1 2021	vs Q1 2020
Revenue	142.4	+11.6%
Gross margin	122.9	-2.1%
EBITDA	90.8	-16.4%
EBIT	51.7	-39.2%

### a) Gross margin

The Gross Margin of the Iberdrola Energía Internacional business amounted to EUR 122.9 million (-2.1%), due to lower production at Wikinger as a result of lower wind power (-11.2 p.p.), partially offset by the contributions from Infigen in Australia and Aalto Power in France.

### b) Operating profit / EBIT

EBITDA amounted to EUR 90.8 million (-16.4%) after deducting Net Operating Expenses, which increased by 92.8% to EUR 30.7 million, due to higher development expenses in view of the business expansion. Depreciation and amortisation charges and provisions also increased to EUR 39.1 million (+65.5%), while EBIT reached EUR 51.7 million (-39.2%).

## 3. Generation and supply business

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

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	5,997.9	+12.8%
Gross margin	1,145.6	-15.3%
EBITDA	528.0	-31.8%
EBIT	283.0	-46.4%

The Generation and Supply business reduced its contribution to EBITDA by 31.8%, affected by lower thermal and nuclear production and lower margins in Spain, as a result of higher energy prices. Also noteworthy was the negative impact on the quarter's results of the cold spells that affected Spain and Texas, with repercussions on the Mexican business, due to their effect on gas availability and prices. It should be noted that most of the effect on the Mexican business will be recovered in the coming future as the CFE tariff will be reflecting the higher gas costs for the system through 2021. Lastly, the overall impact of COVID-19 on EBITDA was EUR 38 million, as a result of lower demand, and EUR 49 million on EBIT due to EUR 11 million in provisions for delays in payments. Excluding the COVID impact and the exchange rate effect (EUR -21 million), the EBITDA of the business decreased by 24.0%.

### 3.1 SPAIN

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	2,968.2	-0.7%
Gross margin	667.0	-17.2%
EBITDA	279.5	-39.3%
EBIT	167.3	-50.9%

#### a) Gross margin

The Gross Margin of the Generation and Supply Business in Spain stood at EUR 667.0 million (17.2%), mainly due to the following factors:

- A 12.7% drop in production compared to the first quarter of 2020, to 7,278 GWh, with a fall in both nuclear production (-6.5%), due to the breakdown in Trillo and the shutdown of Almaraz II, and combined cycles (-34.7%), due to higher renewable production.
- In addition, business margins have been affected by an increase in supply costs, mainly due to trends in gas and CO<sub>2</sub> prices. The impact of storm Filomena on procurement costs is worth noting.
- Finally, it should be noted that COVID-19 has led to a drop in demand with an impact on this business of EUR 8 million.

#### b) Operating profit / EBIT

EBITDA stood at EUR 279.5 million (-39.3%) due to the decrease in Gross Margin mentioned above, and the increase in Net Operating Expenses (+28.3%) to EUR 185.1 million, mainly due to the increase in External Services, resulting from the net effect of the use of the Iberdrola brand (EUR 25 million), a service for which Iberdrola Comercial must pay the corresponding amount to Iberdrola Corporación as of 2021. The effect of this transaction at the consolidated level is neutral.

In addition, in 2020, EUR 15 million of extraordinary income was recorded, derived from the sale of gas contracts to Pavillion, with no equivalent in this quarter.

Taxes increased by 0.7% to EUR 202.4 million, due to higher taxes associated with the fiscal measures for energy sustainability (Law 15/2012), as a result of the aforementioned increase in prices compared to the first quarter of 2020, which more than offset the aforementioned drops in conventional production (nuclear and gas cycles).

Depreciation and amortisation charges and provisions decreased by 6.2% to EUR 112.2 million, mainly due to the closure of the coal-fired plants in 2020. EUR 5 million of provisions were also recorded in the quarter, attributable to the increase in COVID-19-related defaults.

As a result of the above, EBIT amounted to EUR 167.3 million, down 50.9% compared to the first quarter of 2020.

### 3.2. UNITED KINGDOM

(EUR millions)	Q1 2021	vs Q1 2020	Local currency
Revenue	1,359.1	-5.7%	-2.1%
Gross margin	276.2	+7.8%	+11.9%
EBITDA	120.5	+25.6%	+30.4%
EBIT	53.1	+78.4%	+85.3%

#### a) Gross margin

ScottishPower's liberalised business achieved a Gross Margin of EUR 276.2 million (+7.8%), continuing the recovery that began in 2020. The key reasons for the operational improvement compared to last year are an increase in margin and the increase in sales of both electricity (+3.5%) and gas (+13.0%) as a result of climate conditions, with colder temperatures compared to the first quarter of 2020. The foregoing was despite an impact of EUR 17 million on the demand due to the COVID-19 crisis.

#### b) Operating profit / EBIT

Net Operating Expenses improved (-3.2%) to EUR 118.7 million, but were virtually flat in local currency, as higher costs associated with the higher number of smart meters were offset by savings from efficiencies. The case of taxes was similar, dropping by 2.1% to EUR 36.9 million, while remaining flat in local currency. As a result, the EBITDA of the Liberalised Business in the UK amounted to EUR 120.5 million (+25.6%).

Depreciation and amortisation charges and provisions rose 1.9% to EUR 67.4 million, caused by the larger operating assets (smart meters) and higher acquisition costs, and include nearly EUR 5 million in insolvencies largely derived from COVID.

As a result of the above, the EBIT contribution was EUR 53.1 million, an improvement of 78.4% from EUR 29.8 million in the first quarter of 2020.

### 3.3 MEXICO

(EUR millions)	Q1 2021	vs Q1 2020	Local currency
Revenue	1,388.2	+132.0%	+155.3%
Gross margin	173.1	-30.3%	-23.3%
EBITDA	121.6	-39.6%	-33.5%
EBIT	84.1	-48.6%	-43.5%

#### a) Gross margin

In Mexico, Gross Margin in the first quarter was EUR 173.1 million (-30.3%, -23.3% in local currency) compared to the same period of the previous year. This drop was mainly due to the impact of the cold snap in Texas in February 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 46 million, most of which will be recovered in 2021, as electricity rates are updated based on fuel prices, including gas. In addition, there was an increase in the transport fees of EUR 11 million.

#### b) Operating profit / EBIT

EBITDA came to EUR 121.6 million in the first quarter of the year (-39.6%), after discounting net operating expenses, which increased by 9.7% to EUR 49.8 million (+20.8% in local currency) mainly due to revisions for inflation and extraordinary gains in 2020. Depreciation and amortisation charges and provisions remained flat (-0.3%) at EUR 37.5 million, although it increased in local currency (+9.8%) owing to new investments, including customer acquisition.

As a result of all this, the business's EBIT amounted to EUR 84.1 million (-48.6%).

### 3.4 BRAZIL

(EUR millions)	Q1 2021	vs Q1 2020	Local currency
Revenue	77.7	-28.1%	-1.4%
Gross margin	25.7	-8.9%	25.0%
EBITDA	18.1	-0.2%	36.9%
EBIT	14.0	+6.5%	46.0%

#### a) Gross margin

The gross margin of the generation and supply business in Brazil decreased by 8.9% to the EUR 25.7 million, affected by the devaluation of the real, since in local currency increases by 25.0% due to a good management of procurements by the Termopernambuco combined cycle gas plant.

#### b) Operating profit / EBIT

EBITDA remained flat at EUR 18.1 million (-0.2%), also affected by the exchange rate, showing growth of 36.9% in reals due to flat net operating expenses in local currency resulting from cost containment.

EBIT increased by 6.5% to EUR 14.0 million in the quarter (+46.0% excluding the exchange rate), with no significant changes in depreciation and amortisation charges and provisions.

factors, EBITDA was down compared to last year's comparable period (EUR -14.7 million vs EUR -1.4 million).

Depreciation and amortisation charges and provisions increased by 31.1% to EUR 23.8 million as a result of the increase in acquisition costs, with EBIT amounting to EUR -38.5 million compared to EUR -19.5 million in the first quarter of 2020.

Lastly, it is worth noting that the number of contracts with customers reached 1.8 million at the end of the quarter, an increase of 10% compared to 2020.

### 3.5 IBERDROLA ENERGÍA INTERNACIONAL (IEI)\*

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	342.0	+2.6%
Gross margin	3.6	-74.9%
EBITDA	(14.7)	N/A
EBIT	(38.5)	N/A

IEI's gross margin decreased from last year by 74.9%, mainly affected by cold spells. In addition, net operating expenses increased by 13% due to the growth of new markets. As a result of these two

\* Formerly Rest of World

## 4. Other businesses

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

(EUR millions)	Q1 2021	vs Q1 2020
Revenue	11.9	+10.7%
Gross margin	10.5	+194.4%
EBITDA	6.3	N/A
EBIT	3.7	N/A

### a) Gross margin

The Gross Margin grew to EUR 10.5 million, from EUR 3.6 million in the first quarter of 2020 (+194.4%), due to the higher volume in the real estate business.

### b) Beneficio Operativo/EBIT

The EBITDA contribution in the first quarter of the year increased to EUR 6.3 million, from EUR -0.9 million in the same period of 2020. Depreciation and amortisation charges and provisions were EUR 0.4 million lower compared to the first quarter of the previous year, with EBIT standing at EUR 3.7 million.

## 5. Corporation

The Corporation item includes the Group's overheads and the cost of administration services of the corporate areas, which are subsequently billed to the other companies.

At the end of March, the Corporation showed a positive EBITDA contribution of EUR 35.3 million, up from EUR 9.8 million in the first quarter of 2020, due to the positive net effect in Net Operating Expenses (EUR 21 million) of the recognition of the Iberdrola brand by the commercial business and in spite of the payment of advertising expenses to that business.

# Balance sheet analysis

## January-March 2021

	March 2021	vs Dec 2020
TOTAL ASSETS	125,575	2.49%
TANGIBLE FIXED ASSETS	74,018	3.12%
INTANGIBLE FIXED ASSETS	19,013	4.34%
NON-CURRENT FINANCIAL INVESTMENTS	5,245	(3.95%)
EQUITY	50,229	6.4%

At 31 March 2021, Iberdrola's balance sheet showed total assets of EUR 125,575 million, up EUR 3,056 million versus December 2020.

## 1. Fixed Assets

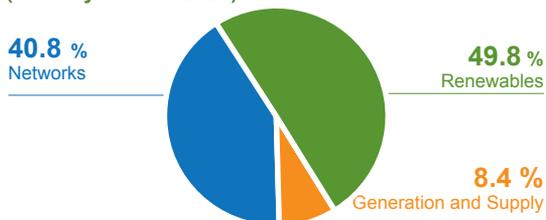
Total gross organic investment in the first quarter of 2021 amounted to EUR 2,103.2 million (+21.7%). Including the EUR 403 million from the acquisition of the Brazilian distributor CEB-D, investments increased by 45% to EUR 2,506 million. They can be broken down as follows:

(EUR millions)	Jan-Mar 2021	%
<b>Networks business</b>	<b>857.9</b>	<b>40.8%</b>
Spain	125.7	
United Kingdom	150.9	
United States	373.1	
Brazil	208.1	
<b>Renewables business</b>	<b>1,047.4</b>	<b>49.8%</b>
Spain	326.0	
United Kingdom	43.5	
United States	351.7	
Brazil	83.0	
Mexico	2.8	
Iberdrola Energía Internacional (IEI)	240.3	
<b>Generation and Supply business</b>	<b>175.8</b>	<b>8.4%</b>
Spain	77.3	
United Kingdom	41.9	
Mexico	31.1	
Brazil	2.6	
Iberdrola Energía Internacional (IEI)	22.9	
<b>Other businesses</b>	<b>2.5</b>	<b>0.1%</b>
<b>Corporation and adjustments</b>	<b>19.7</b>	<b>0.9%</b>
<b>Total gross investment</b>	<b>2,103.2</b>	<b>100.0%</b>

Investments during the period were concentrated in the Networks and Renewables business, in line with the Group's strategy. These two businesses account for approximately 91% of the gross investment in the first quarter of 2021.

## Organic investments by business

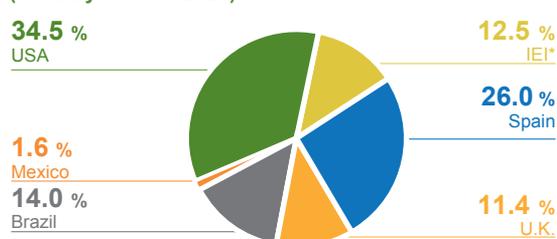
(January - March 2021)



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

## Organic investments by geographical area

(January - March 2021)



(\*) Iberdrola Energía Internacional

Investment in the Renewables business totalled EUR 1,047.4 million, equivalent to 49.8% of the total.

In the Networks business section, most investments were made in the United States and Brazil, totalling EUR 373.1 million and EUR 208.1 million, respectively.

## 2. Share capital

Iberdrola's share capital totalled EUR 4,814 million at 31 March 2021, represented by 6,418,156,000 shares, each with a par value of EUR 0.75 and all fully subscribed and paid.

## 3. Financial debt

The adjusted net financial debt at March 2021 came to EUR 36,305 million, down by EUR 1,319 million from EUR 37,624 million at March 2020, following the financing of the group's investments through the issuance of EUR 5,000 million of hybrid bonds in the last twelve months.

Adjusted net leverage decreased by 2.4% to 41.9% compared to the 44.3% reported at March 2020.

The ratings issued by rating agencies are as follows:

### Iberdrola's credit rating

Agency	Rating <sup>(1)</sup>	Outlook <sup>(1)</sup>
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)

(1) Date of last modification

The financial debt structure can be broken down by currency<sup>(2)</sup> and interest rate<sup>(3)</sup> as follows:

	Mar 2021	Mar 2020
Euro	41.3%	44.9%
US dollar	27.4%	28.0%
British pound	20.6%	17.4%
Brazilian real and other currencies	10.7%	9.7%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Fixed rate	63.5%	59.5%
Variable rate	36.5%	40.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(2) Adjusted net debt including derivatives on net investment.

(3) Adjusted gross debt. Including derivatives hedging future borrowing rates (Mar 21: EUR 3,060 million, including those signed in 2021 to date; Mar 20: EUR 3,583 million), fixed-rate debt rose to 71.3% (Mar 21) and 68.4% (Mar 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 managing the proportion of debt at fixed rates and by hedging future borrowing rates.

Debt structure<sup>(4)</sup> by country is shown in the following table:

	Mar 2021	Mar 2020
Corporate	72.3%	67.2%
UK	6.3%	7.7%
USA	18.1%	21.4%
Mexico	2.4%	2.6%
Others	0.8%	1.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

(4) Gross debt including 50% hybrid and excluding leases and Neoenergia (EUR 4,468 million by Mar 21 and EUR 4,953 million by Mar 20).

This debt<sup>(5)</sup> can be broken down by financing source as follows:

	Mar 2021	Mar 2020
Euro bonds market	28.2%	28.8%
Dollar bonds market	18.8%	18.2%
British pound bonds market	7.6%	8.3%
Other capital markets	4.5%	4.9%
Commercial paper	7.6%	6.4%
Multilateral	16.3%	14.7%
Structured financing	1.0%	1.0%
Leases	5.5%	4.6%
Bank financing	10.3%	13.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

(5) Adjusted gross debt.

The Group has signed new sustainable transactions for a total amount of EUR 7,500 million and new green financing for EUR 2,000 million. Green/sustainable funding came to EUR 32,090 million including sustainable credit facilities and the sustainable ECP programme. Iberdrola is the world's leading group in green bonds issued.

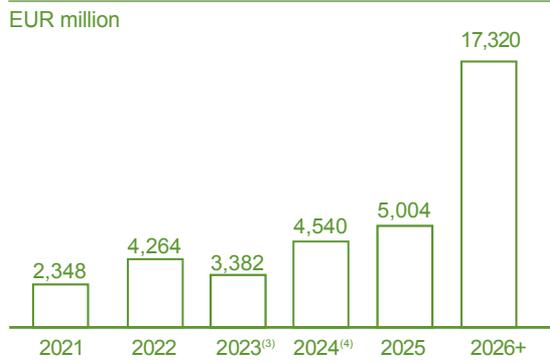
Iberdrola has a strong liquidity position totalling EUR 16,712, including subsequent events. This liquidity comes mainly from syndicated credit facilities arranged with partner banks, undrawn loans arranged with multilateral credit institutions and development banks (EIB, ICO, BNDES), along with cash, 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 covers in the base case 21 months and in the risk scenario 18 months of the financial needs of the Group, excluding payment for the purchase of PNM.

Liquidity <sup>(1)</sup>	EUR million
Cash, cash equivalents and IFTs	2,941
Back-up facilities	9,800
Credit facilities	2,808
Arranged financing	1,163
<b>Total</b>	<b>16,712</b>

(1) Includes transactions signed after 31 December included in Subsequent Events.

Iberdrola has a comfortable debt maturity profile<sup>(2)</sup>, with an average term of nearly 6,5 years, as shown in the table below.

## Maturity debt profile



(2) Adjusted gross debt excluding drawn credit facilities; commercial paper falls due in or after 2026+.

(3) Includes USD 400 million with extension option for one or two years

(4) Includes USD 500 million with extension option for one or two years

## Adjusted net financial debt

EUR Millions	Mar 2021	Mar 2020
Loans and borrowings with credit institutions and debentures or other marketable securities	37,240	38,700
Liability derivative instruments	683	655
Leases	2,166	1,850
<b>Gross financial debt</b>	<b>40,089</b>	<b>41,204</b>
Capitalised derivative instruments	936	1,136
Deposits securing the value of CSA derivatives	75	116
Current financial investments (between three and 12 months)	252	-
Cash and cash equivalents	2,437	2,188
<b>Total cash assets</b>	<b>3,700</b>	<b>3,440</b>
<b>Net financial debt</b>	<b>36,389</b>	<b>37,764</b>
Treasury stock derivatives with physical settlement for which it is considered to date that they will not be executed	84	140
<b>Adjusted net financial debt</b>	<b>36,305</b>	<b>37,624</b>

## Financial ratios

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

EUR Millions	Mar 2021	Mar 2020
<b>Adjusted equity*</b>	<b>50,312</b>	<b>47,310</b>
Adjusted financial debt*	39,024	38,795
Credit line drawdowns	29	1,316
Unpaid accrued interest	269	299
Derivative liabilities	683	655
<b>Adjusted gross financial debt *</b>	<b>40,005</b>	<b>41,064</b>
Cash, cash equivalents and IFTs	-2,689	-2,304
Current capitalised derivatives and escrow accounts (CSAs)	-1,011	-1,136
<b>Adjusted net financial debt *</b>	<b>36,305</b>	<b>37,624</b>
Adjusted net leverage	41.9%	44.3%
Adjusted funds from operations (FFO)**/Adjusted net financial debt*	23.2%	21.8%
Adjusted retained cash flow (RCF)/Adjusted net financial debt*	21.0%	19.9%
Adjusted net financial debt*/Adjusted EBITDA***	3.56x	3.64x

(\*) Adjusted for treasury stock derivatives with physical settlement that, at the current date, are not expected to be executed (EUR 84 million in Mar-21 and EUR 140 million in Mar-20).

(\*\*) Adjusted at Mar-21 on account of the "Exit Plan" implemented in the fourth quarter of 2020 for EUR 45 million and at Mar-20 for the one implemented in the fourth quarter of 2019 (EUR 51.8 million). Both proforma of the new additions to the Group and adjusted for the net tax adjustment of Mexico and UK.

(\*\*\*) Adjusted at Mar-21 on account of the "Exit Plan" implemented in the fourth quarter of 2020 for EUR 59,7 million and at Mar-20 for the one implemented in the fourth quarter of 2019 (67.1 million). Both proforma of the new additions to the Group.

## 4. Working capital

Working capital shows an increase of EUR 101 million over the last 12 months, mainly as a result of variations in derivative balances, partially offset by collections from the tariff deviation.

CURRENT ASSETS	Mar 21	Mar 20	Change
Nuclear fuel	281	278	3
Inventories	2,562	2,666	(104)
Trade and other receivables	7,297	6,958	338
Current financial investments	363	564	(201)
Derivative financial instruments	204	372	(168)
Taxes payable	1,426	1400	26
<b>TOTAL CURRENT ASSETS*:</b>	<b>12,133</b>	<b>12,237</b>	<b>(104)</b>

\* Does not include cash or debt derivatives

CURRENT LIABILITIES	Mar 21	Mar 20	Change
Provisions	706	804	(99)
Derivative financial instruments	140	573	(433)
Trade and other payables	7,340	7,067	273
Taxes payable	2,223	2,169	54
<b>TOTAL CURRENT LIABILITIES**:</b>	<b>10,408</b>	<b>10,613</b>	<b>(205)</b>

\*\* Does not include financial debt or debt derivatives

NET CURRENT ASSETS	Mar 21	Mar 20	Change
	<b>1,725</b>	<b>1,624</b>	<b>101</b>

## 5. Funds from operations

Funds Generated from Operations (FFO) reached EUR 2,269.9 million in the quarter, an increase of 6.7% compared to the same period in 2020.

Adjusted FFO for the last twelve months increased by 2.8% to EUR 8,434 million:

	Mar 21	Mar 20	Change
(+) Net profit attributed to the parent company	3,363.1	3,775.1	-411.9
(-) Depreciation and amortisation charges and provisions	4,467.3	4,367.7	99.5
(-) Results of companies accounted for using the equity method	29.1	-432.8	461.9
(-) Gains on disposal of non-current assets	-	-202.5	202.5
(-) Extraordinary corporate income tax	-	24.9	-24.9
(-) Discount to present value of provisions	120.2	167.4	-47.1
(-) Minorities	404.8	325.6	79.2
(+) Adjustment for tax deductible items	-5.0	142.2	-147.2
(+) Dividends on companies accounted for using the equity method	53.6	64.6	-11.0
(-) Capital grants taken to profit or loss	-80.5	-81.6	1.1
<b>Funds from operations (FFO)</b>	<b>8,352.6</b>	<b>8,150.6</b>	<b>+202.8</b>
Efficiency plans	45.0	51.8	-6.8
Proforma new acquisitions	36.2	-	36.2
<b>Adjusted Funds from operations (FFO)</b>	<b>8,433.8</b>	<b>8,202.4</b>	<b>231.4</b>
Dividends*	-813.1	-696.9	-116.2
<b>Adjusted Retained Cash Flow (RCF)</b>	<b>7,620.7</b>	<b>7,505.5</b>	<b>115.2</b>

\*Dividends paid with cash + Dividends paid to minority stockholders + Interest on hybrid issue

## 6. Financial transactions

### New financing

Borrower	Transaction	Amount	Currency	Coupon	Maturity
<b>First quarter</b>					
Neoenergia	Public bond	2,000.0	BRL	CDI+1.46%	26-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 4131	500.0	BRL		31-Mar-22
Coelba <sup>(1)</sup>	Loan 4131	3,884.0	JPY		13-Jan-22
Coelba <sup>(1)</sup>	Loan 4131	36.8	USD		22-Feb-24
Elektro	Loan 4131	200.0	BRL		25-Mar-26
CEB	Loan 4131	200.0	BRL		30-Mar-26
Iberdrola Financiación	Bilateral loan	50.0	EUR		8-Feb-28
Iberdrola Financiación	Bilateral loan	50.0	EUR		20-Mar-28
Iberdrola Financiación <sup>(2)</sup>	Bilateral credit facility	125.0	EUR		1-Oct-22
Iberdrola Financiación <sup>(3)</sup>	EIB loan	100.0	EUR		Jan-33
<b>Subsequent events <sup>(5)</sup></b>					
Iberdrola Finanzas	Bono privado	250,0	EUR	EUR+0,20% <sup>(6)</sup>	28-Apr-23
Iberdrola Financiación <sup>(4)</sup>	Línea de crédito sindicada sostenible	2.500,0	EUR		21-Apr-26

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

(2) With an extension option of six months + six months

(3) Funding planned to be available in 2021/maturity up to 12 years if the amortisable option is chosen

(4) Extension option 1 year + 1 year

(5) Transactions signed after 31 March

(6) The coupon amounts to Euribor 3M + 65pb because the fixed price is 100.916%

### Extension of existing financing

Borrower	Transaction	Amount	Currency	Extension	Maturity
Iberdrola Financiación	Sustainable syndicated line of credit	1,500	EUR	-	27-Mar-26

## First Quarter Transactions and subsequent events

The market-formalised operations during the first quarter and up to the publication date of the prospectus.

### Capital market

#### Commercial paper

IBERDROLA updated its framework programme for issuing commercial paper on the Euromarket in April, renewing its STEP label and adding two new features:

- Increase in the maximum outstanding balance limit to EUR 5,000 million from the previous EUR 3,000 million.
- It introduces indicators covering the three ESG areas (environmental, social and governance) contributing to the achievement of the Sustainable Development Goals (SDGs) 5, 7, 13, 16 and 17 and with a high level of self discipline, since in the event of non-compliance in any of the three ESG areas, IBERDROLA would forego the possibility of continuing to issue notes with the name ESG until the next review and compliance.

#### Bonds

The Iberdrola Group carried out three issuances for a total equivalent of EUR 2,542 million.

- In February 2021, Iberdrola issued the largest hybrid green bond in history totalling EUR 2,000 million, in two perpetual tranches of EUR 1,000 million each, with coupons of 1.45% and 1.825%, respectively.
- Neoenergía closed in February a public bond of BRL 2,000 million over an 18-month period and a margin of 1.46% above the CDI.
- Iberdrola made a two-year private placement in April for EUR 250 million and a cost equivalent to Euribor 3M +0.20%.

### Banking market

The Iberdrola Group signed a total equivalent to EUR 290 million in seven bank loans:

- Neoenergía signed a total of five loans under the terms of Decree 4131, for a total equivalent to BRL 190 million over an average term of nearly 2.5 years.
- Iberdrola signed two bilateral loans of EUR 50 million, each with maturities in February and March 2028, respectively.

In April, Iberdrola signed a new syndicated, multi-currency and sustainable credit facility for EUR 2,500 million with pre-COVID conditions:

- as the first transaction of a Spanish company referred to as the Risk-Free Rates, replacing the LIBOR.
- subject to sustainability indicators related to the environmental and social sphere. On the basis of its compliance, the margin of the transaction may be adjusted annually either downwards (if they are met) or upwards (if they are not met); and
- introducing, for the first time, an annual contribution to a sustainable project, the annual amount of which will vary according to the degree of use of the facility in collaboration with banks.

In addition, Iberdrola signed a bilateral credit facility of EUR 125 million in March with a maturity of October 2022.

With regard to existing financing, Iberdrola made the last possible extension for an additional year of the sustainable syndicated credit facility of EUR 1,500 million in March, with the new maturity in March 2026.

### Multilateral and structured market

In January, Iberdrola signed a loan of EUR 100 million with the European Investment Bank, the terms of which will be determined on the settlement date. The purpose of this loan is to finance a set of RDI activities in Spain in the period 2020-2023.

## 7. Credit ratings

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

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

# Financial Statements Tables

**Balance Sheet 2021** (Unaudited)

EUR M

ASSETS	March 2021	December 2020	Variation
<b>NON-CURRENT ASSETS</b>	<b>110,499</b>	<b>107,546</b>	<b>2,953</b>
<b>Intangible assets</b>	<b>19,013</b>	<b>18,222</b>	<b>790</b>
Goodwill	7,972	7,613	359
Other intangible assets	11,040	10,609	431
<b>Real Estate properties</b>	<b>300</b>	<b>301</b>	<b>-1</b>
<b>Property, plant and equipment</b>	<b>74,018</b>	<b>71,779</b>	<b>2,239</b>
Property, plant and equipment	66,125	64,879	1,246
Property, plant and equipment in the course of construction	7,893	6,900	993
<b>Right of use</b>	<b>2,078</b>	<b>1,974</b>	<b>104</b>
<b>Non current financial investments</b>	<b>5,245</b>	<b>5,461</b>	<b>-216</b>
Investments accounted by equity method	1,151	1,145	5
Non-current financial assets	39	38	1
Other non-current financial assets	2,889	2,909	-21
Derivative financial instruments	1,167	1,369	-201
<b>Non-current trade and other receivables</b>	<b>3,357</b>	<b>3,161</b>	<b>196</b>
<b>Tax receivables</b>	<b>667</b>	<b>666</b>	<b>1</b>
<b>Deferred tax assets</b>	<b>5,821</b>	<b>5,982</b>	<b>-161</b>
<b>CURRENT ASSETS</b>	<b>15,075</b>	<b>14,972</b>	<b>103</b>
<b>Nuclear fuel</b>	<b>281</b>	<b>260</b>	<b>22</b>
<b>Inventories</b>	<b>2,562</b>	<b>2,443</b>	<b>119</b>
<b>Current trade and other receivables</b>	<b>8,723</b>	<b>7,664</b>	<b>1,059</b>
Tax receivables	580	564	16
Other tax receivables	846	623	223
Trade and other receivables	7,297	6,478	819
<b>Current financial assets</b>	<b>1,072</b>	<b>1,178</b>	<b>-106</b>
Other current financial assets	690	578	113
Derivative financial instruments	382	601	-219
<b>Cash and cash equivalents</b>	<b>2,437</b>	<b>3,427</b>	<b>-990</b>
<b>TOTAL ASSETS</b>	<b>125,575</b>	<b>122,518</b>	<b>3,056</b>

EUR M

<b>EQUITY AND LIABILITIES</b>	<b>March 2021</b>	<b>December 2020</b>	<b>Variation</b>
<b>EQUITY:</b>	<b>50,229</b>	<b>47,219</b>	<b>3,010</b>
<b>Of shareholders of the parent</b>	<b>36,329</b>	<b>35,353</b>	<b>976</b>
Share capital	4,814	4,763	51
Liabilities revaluation reserve	-233	-242	9
Other reserves	37,795	34,362	3,433
Treasury stock	-2,465	-1,985	-480
Translation differences	-4,340	0	-4,340
Interim dividend	-266	-5,154	4,888
Net profit of the year	1,025	3,611	-2,586
<b>Of minority interests</b>	<b>13,899</b>	<b>11,866</b>	<b>2,034</b>
<b>NON-CURRENT LIABILITIES</b>	<b>57,870</b>	<b>57,369</b>	<b>501</b>
<b>Deferred income</b>	<b>1,244</b>	<b>1,240</b>	<b>3</b>
<b>Facilities transferred and financed by third parties</b>	<b>5,092</b>	<b>5,043</b>	<b>49</b>
<b>Provisions</b>	<b>5,941</b>	<b>5,836</b>	<b>105</b>
Provisions for pensions and similar obligations	2,298	2,318	-20
Other provisions	3,643	3,518	125
<b>Non Current Financial payables</b>	<b>35,239</b>	<b>35,096</b>	<b>143</b>
Financial Debt- Loans and other	30,645	30,335	311
Equity Instruments having the substance of a financial liability	354	334	20
Leases	2,028	1,927	101
Derivative financial instruments	764	991	-227
Other financial liabilities	1,448	1,510	-62
<b>Other non-current payables</b>	<b>375</b>	<b>262</b>	<b>113</b>
Other deferred income	14	22	-8
Contract liabilities	361	239	122
<b>Tax payables</b>	<b>288</b>	<b>285</b>	<b>3</b>
<b>Deferred tax liabilities</b>	<b>9,691</b>	<b>9,607</b>	<b>84</b>
<b>CURRENT LIABILITIES</b>	<b>17,477</b>	<b>17,930</b>	<b>-453</b>
<b>Provisions</b>	<b>706</b>	<b>579</b>	<b>126</b>
Provisions for pensions and similar obligations	19	23	-4
Other provisions	687	557	130
<b>Current financial payables</b>	<b>13,923</b>	<b>15,469</b>	<b>-1,545</b>
Financial Debt- Loans and other	6,595	7,703	-1,109
Equity Instruments having the substance of a financial liability	40	57	-17
Derivative financial instruments	435	297	138
Leases	139	131	8
Trade payables	5,133	5,137	-4
Other financial liabilities	1,583	2,144	-562
<b>Other current payables</b>	<b>2,847</b>	<b>1,882</b>	<b>965</b>
Current tax liabilities and other tax payables	735	178	557
Other tax payables	1,488	1,226	262
Other current liabilities	624	478	146
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>125,575</b>	<b>122,518</b>	<b>3,056</b>

**Profit and Loss** (*Unaudited*)

	March 2021	March 2020 (*)	EUR M %
<b>REVENUES</b>	<b>10,088.4</b>	<b>9,425.9</b>	<b>7.0</b>
PROCUREMENTS	(5,484.3)	(4,881.2)	12.4
<b>GROSS MARGIN</b>	<b>4,604.1</b>	<b>4,544.8</b>	<b>1.3</b>
<b>NET OPERATING EXPENSES</b>	<b>(1,048.7)</b>	<b>(1,046.8)</b>	<b>0.2</b>
Personnel	(699.3)	(730.0)	(4.2)
Capitalized personnel costs	158.2	172.3	(8.2)
External Services	(669.0)	(673.8)	(0.7)
Other Operating Results	161.4	184.7	(12.6)
<b>LEVIES</b>	<b>(741.3)</b>	<b>(726.5)</b>	<b>2.0</b>
<b>EBITDA</b>	<b>2,814.1</b>	<b>2,771.5</b>	<b>1.5</b>
AMORTISATIONS AND PROVISIONS	(1,101.4)	(1,108.0)	(0.6)
<b>EBIT / Operating Profit</b>	<b>1,712.7</b>	<b>1,663.5</b>	<b>3.0</b>
<b>Financial Expenses</b>	<b>(823.5)</b>	<b>(649.5)</b>	<b>26.8</b>
<b>Financial Income</b>	<b>558.2</b>	<b>469.1</b>	<b>19.0</b>
<b>FINANCIAL RESULT</b>	<b>(265.4)</b>	<b>(180.3)</b>	<b>47.2</b>
<b>RESULTS OF COMPANIES CONSOLIDATED BY EQUITY METHOD</b>	<b>(3.9)</b>	<b>485.7</b>	<b>(100.8)</b>
<b>PBT</b>	<b>1,443.4</b>	<b>1,968.9</b>	<b>(50.7)</b>
Corporate Tax	(282.4)	(624.5)	(54.8)
Minorities	(135.8)	(71.6)	89.7
<b>NET PROFIT</b>	<b>1,025.2</b>	<b>1,272.7</b>	<b>(19.5)</b>

(\*) *Restated*

**Results by Business (Unaudited)**

	EUR M				
March 2021	Networks	Renewables	Generation and Supply	Other businesses	Corporation and adjustments
Revenues	3,493.6	1,475.3	5,997.9	11.9	(890.2)
Procurements	(1,369.1)	(141.7)	(4,852.2)	(1.4)	880.2
<b>GROSS MARGIN</b>	<b>2,124.5</b>	<b>1,333.6</b>	<b>1,145.6</b>	<b>10.5</b>	<b>(10.1)</b>
NET OPERATING EXPENSES	(517.1)	(197.1)	(375.2)	(3.8)	44.4
Personnel	(386.2)	(105.9)	(116.2)	(2.9)	(88.1)
Capitalized personnel costs	118.1	28.4	10.2	-	1.5
External Services	(357.7)	(151.1)	(302.5)	(0.9)	143.2
Other Operating Results	108.7	31.5	33.4	-	(12.2)
LEVIES (NO NEGRITA)	(294.8)	(204.4)	(242.5)	(0.4)	0.9
<b>EBITDA</b>	<b>1,312.6</b>	<b>932.1</b>	<b>528.0</b>	<b>6.3</b>	<b>35.3</b>
Amortisation and Provisions	(477.2)	(347.4)	(244.9)	(2.6)	(29.3)
<b>EBIT/Operating Profit</b>	<b>835.4</b>	<b>584.7</b>	<b>283.0</b>	<b>3.7</b>	<b>6.0</b>
Financial Result	(129.2)	(53.0)	(18.0)	0.1	(65.2)
Results of companies consolidated by equity method	1.8	(1.3)	(0.2)	(4.1)	(0.1)
<b>PBT</b>	<b>707.9</b>	<b>530.3</b>	<b>264.9</b>	<b>(0.3)</b>	<b>(59.4)</b>
Corporate tax and minority shareholders	(249.3)	(164.0)	(79.4)	(1.1)	75.5
<b>NET PROFIT</b>	<b>458.6</b>	<b>366.4</b>	<b>185.5</b>	<b>(1.4)</b>	<b>16.1</b>

	EUR M				
March 2020 (*)	Networks	Renewables	Generation and Supply	Other businesses	Corporation and adjustments
Revenues	3,629.5	1,206.4	5,316.4	10.8	(737.1)
Procurements	(1,530.2)	(106.2)	(3,963.0)	(7.2)	725.4
<b>GROSS MARGIN</b>	<b>2,099.4</b>	<b>1,100.2</b>	<b>1,353.4</b>	<b>3.6</b>	<b>(11.7)</b>
NET OPERATING EXPENSES	(521.9)	(207.6)	(337.4)	(4.0)	24.1
Personnel	(426.5)	(105.1)	(111.3)	(2.9)	(84.1)
Capitalized personnel costs	140.2	20.8	7.8	-	3.5
External Services	(349.4)	(153.0)	(273.9)	(1.2)	103.7
Other Operating Results	113.8	29.7	40.1	0.1	1.1
LEVIES	(318.9)	(163.2)	(241.4)	(0.4)	(2.6)
<b>EBITDA</b>	<b>1,258.6</b>	<b>729.4</b>	<b>774.6</b>	<b>(0.9)</b>	<b>9.8</b>
Amortisation and Provisions	(498.9)	(331.3)	(246.4)	(3.0)	(28.4)
<b>EBIT/Operating Profit</b>	<b>759.7</b>	<b>398.1</b>	<b>528.2</b>	<b>(3.9)</b>	<b>(18.6)</b>
Financial Result	(142.9)	(50.8)	(72.2)	0.3	85.3
Results of companies consolidated by equity method	2.6	(10.6)	0.5	493.5	(0.2)
<b>PBT</b>	<b>619.3</b>	<b>336.7</b>	<b>456.5</b>	<b>489.8</b>	<b>66.6</b>
Corporate tax and minority shareholders	(305.0)	(170.5)	(145.3)	0.8	(76.1)
<b>NET PROFIT</b>	<b>314.3</b>	<b>166.2</b>	<b>311.2</b>	<b>490.6</b>	<b>(9.6)</b>

(\*) Restated

**Networks Business (Unaudited)**

EUR M

March 2021	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	509.4	365.4	1,212.3	1,406.4
Procurements	(1.2)	(15.0)	(386.5)	(966.4)
<b>GROSS MARGIN</b>	<b>508.2</b>	<b>350.4</b>	<b>825.8</b>	<b>440.0</b>
<b>NET OPERATING EXPENSES</b>	<b>(63.9)</b>	<b>(55.8)</b>	<b>(284.5)</b>	<b>(112.9)</b>
Personnel	(76.5)	(61.9)	(179.0)	(68.9)
Capitalized personnel costs	31.9	36.3	49.9	-
External Services	(67.6)	(46.9)	(176.5)	(66.7)
Other Operating Results	48.2	16.7	21.1	22.7
LEVIES	(19.4)	(27.4)	(245.8)	(2.2)
<b>EBITDA</b>	<b>424.9</b>	<b>267.3</b>	<b>295.5</b>	<b>324.9</b>
Amortisation and Provisions	(142.3)	(92.9)	(153.0)	(89.0)
<b>EBIT/Operating Profit</b>	<b>282.6</b>	<b>174.4</b>	<b>142.5</b>	<b>235.9</b>
Financial Result	(14.3)	(28.3)	(37.3)	(49.3)
Results of companies consolidated by equity method	.7	-	1.1	-
<b>PBT</b>	<b>268.9</b>	<b>146.1</b>	<b>106.4</b>	<b>186.6</b>
Corporate tax and minority shareholders	(55.7)	(29.7)	(44.6)	(119.3)
<b>NET PROFIT</b>	<b>213.2</b>	<b>116.4</b>	<b>61.8</b>	<b>67.3</b>

EUR M

March 2020 (*)	SPAIN	UNITED KINGDOM	USA	BRAZIL
Revenues	488.3	381.9	1,229.9	1,529.5
Procurements	(0.1)	(14.7)	(427.6)	(1,087.7)
<b>GROSS MARGIN</b>	<b>488.2</b>	<b>367.2</b>	<b>802.2</b>	<b>441.7</b>
<b>NET OPERATING EXPENSES</b>	<b>(72.2)</b>	<b>(56.8)</b>	<b>(262.4)</b>	<b>(130.5)</b>
Personnel	(78.6)	(62.9)	(198.9)	(86.1)
Capitalized personnel costs	25.6	38.4	60.3	16.0
External Services	(67.2)	(48.7)	(146.0)	(87.5)
Other Operating Results	48.1	16.4	22.3	27.1
LEVIES	(25.6)	(28.4)	(262.2)	(2.7)
<b>EBITDA</b>	<b>390.4</b>	<b>282.0</b>	<b>277.7</b>	<b>308.5</b>
Amortisation and Provisions	(137.5)	(89.9)	(161.9)	(109.6)
<b>EBIT/Operating Profit</b>	<b>252.9</b>	<b>192.1</b>	<b>115.8</b>	<b>198.8</b>
Financial Result	(16.4)	(33.9)	(37.0)	(55.7)
Results of companies consolidated by equity method	0.6	-	1.9	-
<b>PBT</b>	<b>237.2</b>	<b>158.2</b>	<b>80.7</b>	<b>143.2</b>
Corporate tax and minority shareholders	(45.7)	(131.7)	(39.9)	(87.6)
<b>NET PROFIT</b>	<b>191.5</b>	<b>26.5</b>	<b>40.8</b>	<b>55.5</b>

(\*) Restated

**Renewables Business (Unaudited)**

EUR M

March 2021	UNITED					Iberdrola Energía Internacional (IEI)
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	
Revenues	548.1	307.8	388.0	41.5	47.6	142.4
Procurements	(29.3)	(15.0)	(72.4)	(4.1)	(1.4)	(19.4)
<b>GROSS MARGIN</b>	<b>518.7</b>	<b>292.7</b>	<b>315.6</b>	<b>37.4</b>	<b>46.2</b>	<b>122.9</b>
NET OPERATING EXPENSES	(47.8)	(49.7)	(54.3)	(7.2)	(7.3)	(30.7)
Personnel	(38.6)	(15.1)	(33.4)	(3.7)	(1.5)	(13.6)
Capitalized personnel costs	8.6	4.9	4.4	0.8	0.2	5.4
External Services	(39.8)	(43.0)	(43.7)	(4.2)	(6.2)	(23.1)
Other Operating Results	22.0	3.5	18.3	-	0.1	0.6
LEVIES	(149.2)	(6.0)	(47.0)	(0.1)	(0.6)	(1.5)
<b>EBITDA</b>	<b>321.7</b>	<b>237.1</b>	<b>214.2</b>	<b>30.0</b>	<b>38.3</b>	<b>90.8</b>
Amortisation and Provisions	(83.1)	(68.0)	(135.2)	(9.4)	(13.4)	(39.1)
<b>EBIT/Operating Profit</b>	<b>238.6</b>	<b>169.0</b>	<b>79.0</b>	<b>20.6</b>	<b>24.9</b>	<b>51.7</b>
Financial Result	(8.8)	(8.5)	(15.8)	(5.8)	(6.4)	(7.8)
Results of companies consolidated by equity method	1.2	0.4	(3.5)	0.6	-	-
<b>PBT</b>	<b>231.0</b>	<b>161.0</b>	<b>59.8</b>	<b>15.3</b>	<b>18.5</b>	<b>43.9</b>
Corporate tax and minority shareholders	(61.9)	(61.1)	(6.9)	(9.0)	(11.9)	(13.0)
<b>NET PROFIT</b>	<b>169.2</b>	<b>99.8</b>	<b>52.9</b>	<b>6.4</b>	<b>6.7</b>	<b>30.8</b>

EUR M

March 2020 (*)	UNITED					Iberdrola Energía Internacional (IEI)*
	SPAIN	KINGDOM	USA	BRAZIL	MEXICO	
Revenues	368.7	328.4	298.2	49.2	34.3	127.5
Procurements	(27.5)	(17.8)	(45.8)	(12.4)	(0.8)	(2.0)
<b>GROSS MARGIN</b>	<b>341.2</b>	<b>310.6</b>	<b>252.4</b>	<b>36.9</b>	<b>33.5</b>	<b>125.6</b>
NET OPERATING EXPENSES	(54.1)	(51.5)	(66.3)	(11.5)	(8.3)	(15.9)
Personnel	(35.9)	(12.4)	(43.9)	(5.3)	(1.7)	(6.0)
Capitalized personnel costs	7.1	4.4	3.3	0.6	1.2	2.3
External Services	(39.9)	(45.6)	(47.2)	(6.8)	(9.3)	(13.4)
Other Operating Results	14.6	2.1	21.6	-	1.5	1.1
LEVIES	(104.3)	(6.7)	(50.6)	(0.2)	(0.2)	(1.1)
<b>EBITDA</b>	<b>182.8</b>	<b>252.4</b>	<b>135.5</b>	<b>25.2</b>	<b>25.1</b>	<b>108.5</b>
Amortisation and Provisions	(89.4)	(54.1)	(141.9)	(12.6)	(10.7)	(23.6)
<b>EBIT/Operating Profit</b>	<b>93.4</b>	<b>198.3</b>	<b>(6.4)</b>	<b>12.6</b>	<b>14.4</b>	<b>84.9</b>
Financial Result	(12.8)	(8.4)	(12.3)	(9.3)	(3.8)	(4.3)
Results of companies consolidated by equity method	(1.0)	0.6	(8.7)	(1.5)	-	-
<b>PBT</b>	<b>79.6</b>	<b>190.5</b>	<b>(27.4)</b>	<b>1.8</b>	<b>10.6</b>	<b>80.6</b>
Corporate tax and minority shareholders	(22.0)	(95.5)	(9.2)	(2.1)	(21.8)	(19.7)
<b>NET PROFIT</b>	<b>57.6</b>	<b>95.0</b>	<b>(36.6)</b>	<b>(0.3)</b>	<b>(11.2)</b>	<b>60.9</b>

(\*) Restated

**Generation and Supply Business (Unaudited)**

EUR M

March 2021	UNITED				Iberdrola Energía Internacional (IEI)	
	SPAIN	KINGDOM	MEXICO	BRASIL	Other	
Revenues	2,968.2	1,359.1	1,388.2	77.7	342.0	(137.3)
Procurements	(2,301.1)	(1,083.0)	(1,215.1)	(52.0)	(338.3)	137.3
<b>GROSS MARGIN</b>	<b>667.0</b>	<b>276.2</b>	<b>173.1</b>	<b>25.7</b>	<b>3.6</b>	<b>-</b>
<b>NET OPERATING EXPENSES</b>	<b>(185.1)</b>	<b>(118.7)</b>	<b>(49.8)</b>	<b>(7.6)</b>	<b>(16.9)</b>	<b>3.0</b>
Personnel	(70.6)	(25.8)	(11.3)	(2.0)	(6.6)	-
Capitalized personnel costs	5.0	1.6	1.6	-	-	1.9
External Services	(143.5)	(100.2)	(46.1)	(5.6)	(14.4)	7.3
Other Operating Results	23.9	5.6	5.9	-	4.1	(6.2)
LEVIES	(202.4)	(36.9)	(1.7)	-	(1.4)	-
<b>EBITDA</b>	<b>279.5</b>	<b>120.5</b>	<b>121.6</b>	<b>18.1</b>	<b>(14.7)</b>	<b>3.0</b>
Amortisation and Provisions	(112.2)	(67.4)	(37.5)	(4.1)	(23.8)	-
<b>EBIT/Operating Profit</b>	<b>167.3</b>	<b>53.1</b>	<b>84.1</b>	<b>14.0</b>	<b>(38.5)</b>	<b>3.0</b>
Financial Result	(9.0)	(0.3)	(6.3)	(2.4)	-	-
Results of companies consolidated by equity method	(0.2)	-	-	-	-	-
<b>PBT</b>	<b>158.1</b>	<b>52.8</b>	<b>77.8</b>	<b>11.6</b>	<b>(38.5)</b>	<b>3.0</b>
Corporate tax and minority shareholders	(38.3)	(10.8)	(32.6)	(6.5)	9.6	(0.7)
<b>NET PROFIT</b>	<b>119.8</b>	<b>42.0</b>	<b>45.2</b>	<b>5.1</b>	<b>(28.9)</b>	<b>2.2</b>

EUR M

March 2020 (*)	UNITED				Iberdrola Energía Internacional (IEI)*	
	SPAIN	KINGDOM	MEXICO	BRASIL	Other	
Revenues	2,988.6	1,441.9	598.4	108.0	333.3	(153.8)
Procurements	(2,182.7)	(1,185.6)	(349.9)	(79.9)	(318.7)	153.8
<b>GROSS MARGIN</b>	<b>805.9</b>	<b>256.3</b>	<b>248.5</b>	<b>28.2</b>	<b>14.6</b>	<b>-</b>
<b>NET OPERATING EXPENSES</b>	<b>(144.3)</b>	<b>(122.6)</b>	<b>(45.4)</b>	<b>(10.0)</b>	<b>(15.0)</b>	<b>-</b>
Personnel	(69.6)	(26.6)	(8.3)	(2.4)	(4.5)	-
Capitalized personnel costs	2.4	1.5	3.9	-	-	-
External Services	(112.8)	(103.6)	(46.0)	(7.9)	(10.5)	6.9
Other Operating Results	35.7	6.1	5.0	0.2	-	(6.9)
LEVIES	(201.0)	(37.7)	(1.7)	-	(1.0)	-
<b>EBITDA</b>	<b>460.6</b>	<b>95.9</b>	<b>201.4</b>	<b>18.1</b>	<b>(1.4)</b>	<b>-</b>
Amortisation and Provisions	(119.6)	(66.2)	(37.6)	(5.0)	(18.1)	-
<b>EBIT/Operating Profit</b>	<b>341.0</b>	<b>29.8</b>	<b>163.8</b>	<b>13.2</b>	<b>(19.5)</b>	<b>-</b>
Financial Result	(12.1)	2.4	(56.8)	(4.7)	(1.0)	-
Results of companies consolidated by equity method	0.5	-	-	-	-	-
<b>PBT</b>	<b>329.3</b>	<b>32.2</b>	<b>107.0</b>	<b>8.5</b>	<b>(20.5)</b>	<b>-</b>
Corporate tax and minority shareholders	(81.8)	(7.8)	(55.8)	(5.0)	5.0	-
<b>NET PROFIT</b>	<b>247.5</b>	<b>24.4</b>	<b>51.2</b>	<b>3.5</b>	<b>(15.5)</b>	<b>-</b>

(\*) Restated

**Statement of origin and use of funds (Unaudited)**

	March 2021	March 2020	Variation
<b>Net Profit</b>	<b>1,025.2</b>	<b>1,272.7</b>	<b>-247.5</b>
<b>Adjustments to Net profit</b>	<b>1,498.0</b>	<b>1,208.1</b>	<b>289.9</b>
Minorities and Hybrid	70.1	-15.4	85.5
Corporate Tax	285.2	519.0	-233.8
Financials	35.9	77.7	-41.8
Equity Method	5.4	-481.2	486.6
Amortisation and Provisions	1,101.4	1,108.0	-6.6
<b>Adjustments to EBITDA</b>	<b>-287.7</b>	<b>-215.7</b>	<b>-72.0</b>
Deferred income	-71.9	-69.4	-2.5
Other non-cash adjustments (Networks and Renewables)	-215.8	-146.3	-69.5
<b>Operating Cash Flow</b>	<b>2,235.5</b>	<b>2,265.1</b>	<b>-29.6</b>
Dividends Paid to Iberdrola shareholders	-266.0	-238.6	-27.4
Total Cash Flow allocations:	-1,307.1	-1,706.8	399.7
<i>Gross Investments</i>	<i>-2,103.2</i>	<i>-1,728.6</i>	<i>-374.6</i>
<i>Non core Divestments</i>	4.8	1,224.9	-1,220.1
<i>Treasury stock</i>	-1,208.7	-1,203.1	-5.6
<i>Issuance/ Hybrid</i>	2,000.0	-	2,000.0
CEB D acquisition	-403.4	-	-403.4
Exchange rate differentials	-466.9	357,3	-824.2
Other variations	-955.1	-764,5	-190.6
<b>Decrease/(Increase) in net debt</b>	<b>-1,163.0</b>	<b>-87.5</b>	<b>-1,075.5</b>

Differences may arise due to rounding

# Stock market evolution

## IBERDROLA stock performance vs. Indexes



## IBERDROLA's share

	1Q 2021	1Q 2020
Number of outstanding shares	6,418,156,000	6,453,592,000
Price at the end of the period	10.985	8.984
Average price of the period	11.100	9.685
Average daily volume	14,360,723	26,199,522
Maximum volume (03-19-2021 / 03-20-2020)	48,728,175	73,587,123
Minimum (11-02-2021 / 06-01-2020)	6,748,373	9,389,610
Dividends paid (€)	0.168	0.168
Gross interim (02-08-2021 / 02-05-2020)	0.168	0.168
Dividend yield <sup>(1)</sup>	3.60%	4.15%

(1) Dividends paid in the last 12 months and Shareholder Meeting attendance bonus / price at the end of period

# Regulation

In the first quarter of 2021 a raft of new provisions affecting the energy sector became law. This section sets out the most significant of these.

## Regulation in the European Union

**Recovery and Resilience Fund:** On 18 February 2021, **Regulation (EU) 2021/241 establishing the Recovery and Resilience Fund** was published in the OJEU, which will facilitate the allocation of a **total of EUR 672,500 million** (EUR 312,500 million would be appropriated for transfers and EUR 360,000 million for loans) to Member States to deal with the effects of the pandemic. These facilities are intended to accelerate energy (at least 37% of allocations) and digital (at least 20%) transitions, as well as to cover health, innovation, social and reconstruction spending. **The Recovery and Resilience Fund is the most significant item of the Next Generation EU**, the EU's most ambitious instrument for the COVID-19 crisis, which, with an **amount of EUR 750,000 million between 2021 and 2024**, is part of the framework of the 2021-2027 multi-year budget.

- Of the total of EUR 672,500 million euros, **140,000 million correspond to Spain**, which should be allocated preferably to energy transitions (fulfilment of the National Energy and Climate Plan) and digital transitions, in accordance with a **Recovery and Resilience Plan, which must be sent to the Commission by 30 April**. The plan **will include reforms to address EU recommendations** on structural imbalances (labour market, pensions, taxation, etc.).
- Attached to the Regulation on the Recovery and Resilience Facility, **on Friday, 12 February, the Commission published the Guidelines for interpreting the criterion of “Do No Significant Harm” (DNSH)** to be incorporated into the proposals of the States, in order to ensure that the projects are aligned with the objectives of the Green Deal.

## Regulation in Spain

**Final version of 2021-2030 INCEP:** The final version of the 2021-2030 Integrated National Energy and Climate Plan (INCEP) has been published in the BOE. It does not modify the objectives or measures contemplated in previous versions:

- It sets targets for 2030 (23% emission reduction vs 1990, 42% RES in final consumption, 39.5% efficiency, 27% electricity in final energy consumption)
- Mix of generation with 74% RES in 2030
- 6 GW of new storage
- It sets out the timetable for orderly phasing out of nuclear
- 28% share of RES in transport
- 5 million electric vehicles in 2030

**FNEE contributions 2021:** The Order establishing contributions to the National Energy Efficiency Fund for 2021 has been approved. These contributions stem from the transposition of the Energy Efficiency Directive (2012/27/EU), which requires each Member State to justify an amount of cumulative energy savings for the 2014-2020 period, an obligation that has been extended to 2030 by Directive (EU) 2018/2002. Spain, for one, has opted to set up a National Fund, managed by the IDAE.

- It applies to electricity and gas sellers, and oil product operators proportionally to their sales in 2019 (year n-2). It should be noted that the weight of these sectors is approx.  $\frac{1}{4}$  electricity,  $\frac{1}{4}$  gas and  $\frac{1}{2}$  oil.
- The yearly contribution is set at EUR 207 million, similar to that of previous years, for sales of 819 TWh, which means approximately EUR 0.25/MWh of electricity, gas or oil product.
- Calculations are made on the basis of the final energy revenue reported by each company and corrections from previous years are added. As this is final energy, gas consumption in generation and cogeneration is excluded.

**Energy storage strategy:** This is a document published by MITECO aimed at analysing the role of storage in achieving the objectives of the PNIEC and the strategy for decarbonisation by 2050, both in the operation of the electrical system and in end-uses (including thermal uses). The document includes a total of 66 measures to be implemented, with no timetable. And it carries out a quantification of 20 GW in 2030 and 30 GW at 2050 of storage.

**Extension of Cofrentes:** The Order approved by the Ministry of the Ecological Transition and the Demographic Challenge (MITERD) grants the renewal of the authorisation of the Cofrentes Nuclear Power Plant (1,110 MW) until November 2030.

**Royal Decree on electric system charges:** This Royal Decree approves the methodology for allocating charges (renewables incentives, historical tariff deficits and non-mainland costs, mainly) among the different consumers, in terms of capacity under contract (EUR/kW) and consumed energy (EUR/kWh). The prices for each year will be specified in an Order. This RD supplements the methodology for calculating transport and distribution tolls based on the remuneration of the networks for each year, which is the competence of the CNMC and was approved in January 2020. Both methodologies can be reviewed every six years.

**Network tolls from 1 June:** The Circular approved by the CNMC establishes the beginning of the application of the CNMC's method of transmission and distribution tolls from 1 June, and the Resolution that fixes the tolls prices from that date.

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## Regulation in the United Kingdom

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**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 tariff cap is adjusted on 1 April and 1 October each year. It has been extended for a year until end 2021 and may be extended

annually up to two more times. Ofgem consulted in September 2020 on a potential adjustment to reflect additional debt-related costs due to COVID-19 and confirmed in February 2021 that it would include an adjustment in Period 6 (Apr-Sep 21) and Period 7 (Oct 21-Mar 22). The adjustment for Period 6 has been set at £23.69 per dual fuel customer.

**RIIO-T2.** In December 2019, SP Energy Networks (SPEN) submitted its final Business Plan worth £1.4 billion 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 determination in December 2020, proposing an allowed total expenditure (totex) of £1.3 billion (a significant improvement from its July draft determination) and a cost of equity of 4.02% CPIH real (at 55% gearing and net of a 0.23% 'outperformance adjustment'). All nine licensees affected by the RIIO2 gas and electricity price controls have been granted permission to appeal against Ofgem's decisions to the CMA. The CMA has until the end of October 2021 to determine the appeals.

**RIIO-ED2.** The RIIO-ED2 electricity distribution price control will run from 1 April 2023 to 31 March 2028. DNOs are required to submit a full draft of their business plans to the RIIO-ED2 Challenge Group by 1 July 2021 and final business plans to Ofgem by 1 December 2021.

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## Regulation in the USA

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**COVID-19 Relief:** On March 11, President Biden signed into law the American Rescue Plan Act, a \$1.9 trillion COVID package. The legislation includes \$4.5 billion in supplemental funding for LIHEAP; \$20 billion in rental and utility bill assistance; \$10 billion for homeowner mortgage and utility expenses; and significant funding to states and localities including for investments in broadband infrastructure. It also contains positive pension relief and smoothing provisions.

**Infrastructure:** On March 31, President Biden released the framework of a \$2 trillion, eight-year infrastructure plan. The framework calls for

significant investments in various areas including the electric grid, clean energy, broadband, and surface transportation, among others. Specifically, it references a 10 year extension and phasedown of clean energy production and investment tax credits and making them direct pay to address monetization, funding for broadband infrastructure in underserved areas, investments to improve grid resilience, and funding for climate R&D. Also, the plan proposes raising the corporate tax rate from 21% to 28%, a 15% minimum tax rate for large corporations, funding for domestic manufacturing and supply chains, and support for organized labor. Congress will be working to flesh out legislative details on a potential infrastructure package through Q2 and into Q3.

**Offshore Wind:** On March 29, the White House announced its strategy to boost the U.S. offshore wind industry, which includes a goal to deploy 30GW of offshore wind by 2030, an announcement that BOEM is prioritizing the NY Bight for lease sale by late 2021/early 2022, a commitment to approve 16 offshore wind projects by 2025, \$230 million to fund port infrastructure, and \$3 billion in DOE loan guarantees.

**Tariffs:** On March 29 Commerce announced an antidumping preliminary determination on wind towers from Spain, finding that tariffs should be imposed at a rate of 73%. On April 2, the Commerce Department took initial steps to impose countervailing duties on wind towers imported from India (ranging from 3.7% to 397%), and Malaysia (6.32%). Commerce will take comments on the preliminary results through May 2 and issue final determinations in Q3.

**Inquiries into Extreme Cold Weather Event:** The Federal Energy Regulatory Commission and the North American Electric Reliability Corporation have initiated three separate but related inquiries into the extreme cold weather event of February 14-19 that resulted in the loss of 47 percent of generation capacity in Texas. The inquiries will focus on the operation of the bulk-power system, wholesale natural gas and electric market activity, and risks associated with climate change and extreme weather. Potential

outcomes from these inquiries could range from facility winterization recommendations to possible mandatory standards.

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## Regulation in Mexico

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### Reform to amend the Law on the Electrical Industry

On 1 February 2021, the Federal Government sent the Chamber of Deputies a preferential initiative to reform the Law on the Electrical Industry (LIE). The Reform was approved by the Chamber of Deputies on 23 February and by the Senate on 2 March, and entered into force on 10 March 2021, following the publication in the official journal the day prior. The main elements of the LIE Reform are:

1. **Electrical dispatch in the market.** It modifies electrical dispatch as follows: 1 hydroelectric plants, 2 CFE plants, 3 wind or solar plants owned by private individuals, 4 combined cycles owned by private companies. This proposal would alter the dispatch in the order of economic merit set out in the LIE.

A new figure of physical delivery contracts applicable only to the CFE (between CFE Basic Supply and its generators) is created, giving it competitive advantages over other market participants.

2. **Permits.** Permits are to be granted by the CRE in terms of the SEN planning criteria so as to avoid the use of discretion. In addition, the CRE should be able to revoke self-supply permits on non-transparent criteria that do not exist in the current legislation.
3. **PIE Contracts.** It is proposed that PIE contract revision should be mandatory “to ensure compliance with the cost-effectiveness requirement for the Federal Government” and that the option of early termination be left open if no agreements are reached. Contracts do not include review or early termination clauses.
4. **Clean Energy Certificates (CELs).** It provides that CELs should be granted regardless of the

ownership or start date of commercial power plant operations on the grounds of fostering a competitive market. The initiative would indiscriminately grant CELs to existing CFE plants by depressing their price and giving undue advantages to CFE suppliers.

Due to the significant implications of the LIE Reform, various participants in the electricity sector filed motions for injunctive relief, and specialist courts granted precautionary suspensions with general effects, which, in practice, has paralysed the implementation of this government initiative. As of 16 April, 131 claims for relief had been filed in opposition and 120 provisional suspensions and 114 definitive suspensions had been granted.

On 8 April, the opposition political parties filed an Unconstitutionality Action against the Reform with the Supreme Court of Justice of the Nation (SCJN), considering it to be a human rights violation (right to a healthy environment, Paris Agreement, clean energy treaties) and a violation of the basic principles of legality, legal certainty and retroactive exercise of the law.

### Reliability policy

With respect to the Reliability Policy published by the Ministry of Energy (SENER), the Supreme Court of Justice of the Nation (SCJN) resolved the Constitutional Dispute presented by the Federal Commission on Economic Competition (COFECE), declaring most of its articles unconstitutional.

On 4 March 2021, the SENER published an Agreement in the Official Journal of the Federation that rendered the Reliability Policy null and void.

### Final Basic Supply Rates

The Final Basic Supply Rates have been updated on a monthly basis using the Methodology to determine the calculation and adjustment of the Final Basic Supply Rates published by the CRE on 17 December 2020, which will remain in effect unless amended. The resolution determining transmission and distribution rates was also approved on 17 December 2020. On

30 December 2021, the electricity tariffs update for 2021 was approved.

Update: The basic industrial supply rate (GDMTH and DIST) has remained stable despite the fall in demand due to the COVID-19 virus, as well as the November 2020 changes in the Legacy Contracts for Basic Supply.

## Regulation in Brazil

### Conversion of Provisional Measure No. 998/2020 into Law No. 14120/21

On 2 March, Provisional Measure No. 998/2020 became Law No. 14120/21, which has the following main impacts on Neoenergia:

- (i) The withdrawal of subsidies for TUST (Transmission System Usage Tariff) of new renewable developments filing applications one year following publication of the Act, replacing it with considerations of environmental benefits for expanding generation.
- (ii) The creation of a reserve capacity contracting mechanism with the participation of existing plants.
- (iii) The allocation of R&D and energy efficiency rate resources not devoted to rate reduction.

### 2021 WACC update

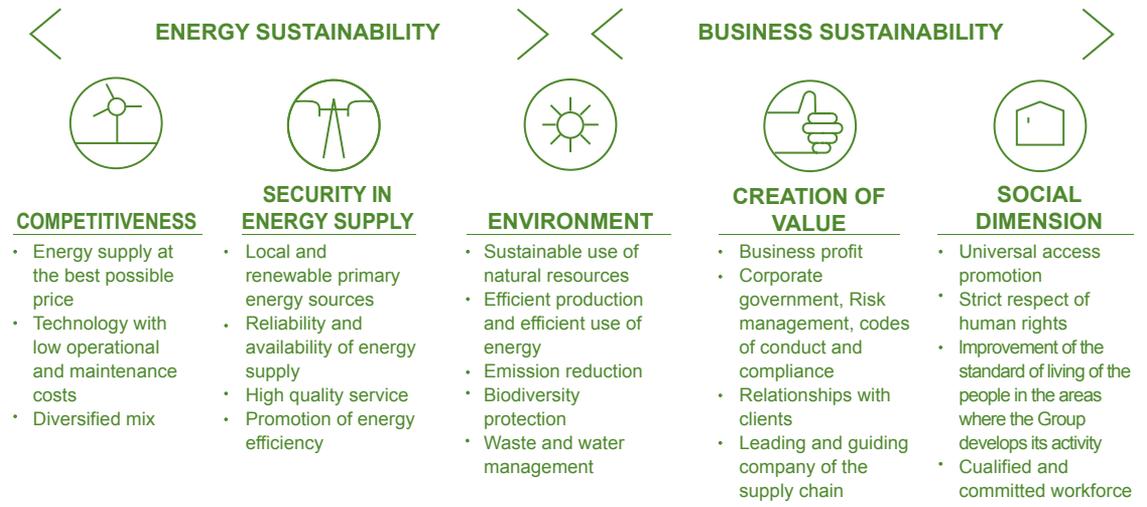
The WACC update for the generation, transmission and distribution business was released on 15 March. The WACC that will apply to distributors in 2021 will be 7.0194%, while in 2020 the rate was 7.32%. For transmission and generation companies, the rate went from 6.98% in 2020 to 6.7596% in 2021. These rates will be used in all processes during the period between March 2021 and February 2022.

# 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, with whom the Company maintains a combination of open communication channels and dialogue. These channels are used for communicating goals, activities and successes achieved in the three areas of sustainable development (environmental, social and governance) and good governance, as well as receiving evaluations and requests from stakeholders, contributing to the attainment of the United Nations Sustainable Development Goals.

## Sustainability Management Policy:



## ESG initiatives in the period

ESG initiatives in the period	Q1 2021	Related SDGs
Fight against climate change	<i>Alliances and decarbonisation strategy such as Race to Zero, Countdown</i>	 
Green Hydrogen Production	<i>Largest complex for industrial use in Europe</i>	 
Biodiversity Restoration	<i>Trees programme</i>	
Reducing effects on birds	<i>Air network improvement project</i>	
Rational use of water	<i>Utility with best water productivity</i>	
Sustainable Mobility Plan	<i>Rollout of charging points</i>	 
COVID response	<i>Model of social responsibility in pandemic: Taking stock one year on</i>	  
Access to energy	<i>Electricity for all</i>	 
Training and employment	<i>Call for master's scholarships and social impact of employment and talent retention</i>	 
Employee training	<i>We Learn. We Give</i>	  
Good Health and Well-being	<i>Certified healthy workplace worldwide</i>	 
Equality and diversity	<i>Strengthening women's presence in the electricity sector: electrician school</i>	 
Vulnerable customers	<i>Electrification of social housing</i>	 
Action in the community	<i>Volunteering initiatives</i>	  
Social contribution	<i>Foundation actions</i>	    

# 1. Sustainability Indicators

Sustainability Indicators	1Q 2021	1Q 2020
Contribution to GDP (Gross Margin) (*)	0.59%	0.52%
Contribution to GDP (Net Revenues) (*)	1.15%	1.22%
Net profit (EUR million)	1,025.2	1,272.7
Dividend yield (%) (**)	3.60%	4.15%
CO <sub>2</sub> emissions over the period (gCO <sub>2</sub> /kWh): Total	69	85
CO <sub>2</sub> emissions over the period (gCO <sub>2</sub> /kWh): Spain	32	62
CO <sub>2</sub> emissions over the period (gCO <sub>2</sub> /kWh): SPW	0	0
CO <sub>2</sub> emissions over the period (gCO <sub>2</sub> /kWh): US	55	52
CO <sub>2</sub> emissions over the period (gCO <sub>2</sub> /kWh): Brazil	48	57
Own CO <sub>2</sub> emissions over the period (gCO <sub>2</sub> /kWh): Mexico	301	323
Own emission-free production: Total (GWh)	28,920	26,662
Emission-free production: Spain (GWh)	16,294	13,783
Ratio emission-free production to total production: Total (%)	82%	79%
Ratio emission-free production to total production: Spain (%)	93%	89%
Own emission-free installed capacity: Total (MW)	38,266	35,514
Emissions-free installed capacity: Spain (MW)	20,747	19,768
Own emission-free installed capacity: Total (%)	79%	77%
Emission-free installed capacity: Spain (%)	77%	74%

Note: Third-party installed capacity and production not included

(\*) Source: Iberdrola Results and National Quarterly Accounting for Spain – INE (Base 2010. Last data published in Q4 2020)

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

## E Environmental

The environmental highlights during this period are:

### Fight against climate change

Ignacio Galán and the top executives of 11 other European companies have joined forces for an **emissions-free future** and a more resilient Europe through the European CEO Alliance: an initiative that supports the objectives of the Paris Agreement for 2050, the EU Green Deal and greater ambition for the Union's climate objectives. Fifteen years before the signing of the Paris Agreement, Iberdrola decided that the fight against climate change should be the basis of its strategy. Thus, the company has already been fully aligned with these commitments for 20 years. A strategy based on the generation of clean energy and the development of networks that carry this energy to the final consumer. Iberdrola has worked to decarbonise energy. It has done so by multiplying renewable capacity by four, reducing the intensity of energy emissions by 70%, obtaining financing through green and sustainable products and participating in forums, alliances and international organisations that advocate the fight against climate change.

In this regard, Iberdrola, as a leading company in the **fight against climate change** and in support of the global climate agenda, has joined the launch of “**Race to Zero Breakthroughs**”, an initiative promoted by the UN's Climate Champions[1], the president of the COP26, Alok Sharma, and the president of the COP25, Carolina Schmidt, along with the executive secretary of the World Economic Forum in Davos, Patricia Espinosa.

**Iberdrola has joined the global Countdown initiative to fight climate change** and has just joined an initiative that will make the group's climate commitment visible in multiple events and actions to inspire and boost the action of more than a trillion people around the world. **Countdown**, a coalition that encourages leaders to act on the challenges of

climate change, aims to accelerate solutions to the climate crisis to halve emissions by 2030, on the road to a carbon-neutral world.

**Iberdrola is now at the forefront of green hydrogen in Europe** after investing EUR 150 million in **the largest green hydrogen plant** for industrial use in Europe will be operational in Puertollano and will comprise a 100 MW photovoltaic plant, a lithium-ion battery system with a storage capacity of 20 MWh and one of the largest hydrogen electrolysis production systems (20 MW). Its development and construction will generate 700 jobs and, once operational, will prevent the emission of 39,000 tCO<sub>2</sub>/year. Iberdrola has submitted this project to gain access to aid from the European Innovation Fund.

### Biodiversity

Regarding the protection and restoration of biodiversity, and **its commitment to ecosystem preservation** as a key element for sustainable growth, Iberdrola has launched the **Trees Programme** to promote the planting of 20 million trees by 2030, which will capture about six million tonnes of CO<sub>2</sub> in 30 years. These practices flow from the Biodiversity Policy approved by its Board of Directors and the commitment to achieve zero net biodiversity loss by 2030.

In this sense, with the objective of further reducing impacts on flora and fauna and being responsive to the greater environmental sensitivity of society as a whole, and of the authorities in particular, the “**Mejora red aérea**” (**Better aerial network**) project for the adaptation of electrical towers was born. Its methodology was designed to prioritise the work to be done on towers, to first make adjustments to those that pose a greater risk to birds.

### Rational use of water

**In the sustainable use of water, Iberdrola has been recognised as one of the utilities with the best water productivity**, according to the Global 100 classification. The company is also a signatory of the United Nations' CEO Water Mandate – an initiative

that encourages sustainable practices in water use – and has participated in CDP Water since it was launched.

## Smart Cities

With the aim of helping the country's main municipalities evolve in their **transition towards a smart city**, Iberdrola Distribución Eléctrica (i-DE) will invest EUR 600 million over the next ten years in four areas: **electric mobility, network infrastructures, efficient energy use and citizen awareness**. The funds set aside for this project are primarily earmarked to develop the electricity distribution network and increase the intelligence of the distribution network, boosting digitalisation.

**Its sustainable mobility plan has been strengthened** by allocating more investments - a total of EUR 150 million - to step up the deployment of 150,000 electric vehicle charging points by 2025. The company has included the electrification of transport within its strategy of transitioning towards a decarbonised economy supported by renewable energies and smart grids. To achieve this, it will mainly focus on ramping up its plan to install charging infrastructure across Spain, while also extending the initiative to other markets such as the United Kingdom, Portugal and Italy.

## S Social

The most significant actions in terms of their contribution to society during this period were:

### Taking stock of a year marked by a pandemic: protecting employees, suppliers and society as a whole

From the very beginning, Iberdrola devoted all its economic, technical and financial resources to the service of society, with the aim of safeguarding an essential service, electricity, always taking the maximum safety measures for its employees.

In addition to the economic crisis that was being generated, the company brought forward orders for

more than EUR 14,000 million from its suppliers so that they could continue to maintain their activity. This effort resulted in a record investment of more than EUR 9,200 million in 2020. To continue to support economic recovery in the countries in which we are present, the company has submitted a plan with an investment of EUR 75,000 million until 2025. In addition, during this period, the following initiatives were noteworthy:

- **Neoenergia donates cold stores to store vaccines against Covid-19** and has become the first company in Brazil's electricity sector to collaborate with the vaccination campaign. It distributed more than 700 cold stores donated by Neoenergia to institutions for the storage of vaccines against Covid-19, reaching 673 municipalities near Pernambuco and carrying out numerous actions to protect the most vulnerable.
- **ScottishPower provides** electrical mobility to vaccination points: Vulnerable people in Glasgow have a free electric shuttle service to attend their Covid-19 vaccination appointments, thanks to buses and electric minibuses funded by ScottishPower Energy Networks through their Green Economy Fund.

**Iberdrola, a leading model of responsibility in tackling the global health crisis**, has donated close to EUR 52 million in healthcare material, and has become the first Ibex 35 company to obtain AENOR's Covid-19 protocol certification in accordance with the requirements established by the authorities and sectoral guidelines. This certificate constitutes an endorsement of the action protocol put in place by the company, ensuring both the continuity and quality of the electricity supply as well as people's health and safety.

### ESG criteria in the supply chain

After reformulating its Governance and Sustainability system in December 2020 around the three ESG pillars, Iberdrola has gone a step further, extending this commitment to its more than 22,000 suppliers worldwide, from which it makes purchases worth more than 20,000 euros per year.

The Group has thus set a goal that **at least 70% of Iberdrola's main suppliers** (estimated at more than 1,000 worldwide) **will be subject to ESG policies and standards by 2022**. To this end, it has created a model - validated by a third party - and a digital platform, developed by the Spanish scale-up GoSupply, in which the company's suppliers can self-assess their performance in this area. Based on 47 factors, this system measures the degree of commitment to the three ESG principles, with **40% weighted towards the environment, 30% towards social issues and 30% towards good corporate governance**. In addition, for those suppliers that do not meet the minimum ESG values, the company will offer them a personalised improvement plan and an individualised action plan to enable them to comply with the internationally established criteria.

## Access to energy

By the year 2030, Iberdrola will supply electricity through modern and environmentally sustainable energy pathways to 16 million vulnerable people in developing or emerging countries who currently have no access to it. This comes after hitting the target of reaching 8 million people. This action is part of the **Electricity for All programme**.

## Training and employment

**Iberdrola launches a new call for Master's degree and research scholarships in Spain, the United Kingdom and Mexico** for the 2021-2022 academic year, with the aim of promoting excellence in the education of new generations and their employability in strategic innovation and technological development, both of which play a central role in the fight against climate change. This year, the group will invest EUR 1 million to award a total of 35 grants to Spanish, British, American, Mexican and Brazilian students. This initiative has provided 1,400 scholarship students with the opportunity to intern in one of the world's leading energy companies.

Iberdrola employs more than **38,000 people** and generates **close to 400,000 indirect and induced jobs**, contributing more than EUR 34,100 million

to gross domestic product (GDP) in 2019. Following the **internationally recognised LBG (London Benchmarking Group) model**, which measures and evaluates business contributions to the community, Iberdrola contributed EUR 83.8 million in 2020, 61% more than in 2019.

Promoting a positive learning culture, encouraging employees' interest in their training and increasing employee awareness of the broad range of training available are the main objectives of the **"We Learn. We Give"** initiative carried out by AVANGRID. Thanks to this initiative, the activity of AVANGRID professionals on this platform increased by 80% in one month. Hours spent in training have resulted in donations to Sesame Street Workshop, Junior Achievement, Girls Who Code, First Robotics and Reading is Fundamental, to support their youth-oriented training programmes.

Iberdrola has been selected among the four best Spanish companies in attracting and retaining talent in 2020. **The Merco Talento study** is conducted through nearly 40,000 surveys of business workers, citizens, university students, human resources managers and other stakeholders.

**Iberdrola becomes the first multinational in the world to receive the Global Healthy Workplace Certificate** granted by AENOR worldwide, according to the model of the World Health Organisation (WHO). This multi-site certification from AENOR has been validated for all the group's companies. The certification accredits the efforts of the group's management to roll out and champion a process of continuous improvements to protect the health and safety of all staff and ensure workplace sustainability.

## Equality and Diversity

**Neoenergia strengthens the presence of women in the electricity sector** by hiring women who completed the training course to carry out activities in the construction of electrical installations and in energy distribution networks. The Iberdrola Group is firmly committed to gender equality and non-discrimination. The company's commitment

to promoting effective equality between men and women has led it to incorporate the latest trends in this area into its organisation, reflected in its new Diversity and Inclusion Policy.

**The Iberdrola Group promotes initiatives for women's empowerment and promotion of STEM vocations**, a company in which the number of women in managerial positions has grown by 31.30% in the last five years, according to the latest Diversity and Inclusion Report, maintaining a strong commitment to women's professional development and equal opportunities. It takes the shape of international partnerships, the promotion of education, training and professional development; the promotion of specific programmes; participation in forums; and the development of internal support networks. Among many other actions are: Impulso Stem for the promotion of engineering studies, the school of electricians in Brazil, the Lineworker programmes, Eureka, the STEM Women's Chair. Iberdrola has also participated in the Women with Energy, Mexican 4.0, POWERful Women, SP Connected Women and Wom energy forums, among others.

## Vulnerable customers

**Electrification of social housing benefits Scottish families:** More than 100 of the families residing in social housing in Dumfries and Galloway have benefited from a reduction in their energy costs by electrifying their heating systems through an innovative battery storage project. This transition has been made possible thanks to the Green Economy Fund of ScottishPower Energy Networks, which has allocated GBP 1.25 million to the initiative carried out with Warmworks Scotland. Residential heat electrification is a key part of advancing the decarbonisation of the economy.

## Action in the community

**The Iberdrola Volunteer Programme** is organised through the International Volunteer Portal. All projects have been adapted to the circumstances of COVID so as to remain responsive to social needs. Highlights in this period:

- **"Protagonists of their future"**, aimed at women victims of gender-based violence and at risk of social exclusion.
- **SUMA**, aimed at the return of women to the labour market following a prolonged break in their professional career to have children and/or take care of family.
- **INVOLVE** (International Volunteering Vacation for Education): the project in which Iberdrola employees from several countries help vulnerable teenagers to improve their employability through computer science and web applications.
- **Lights... and Action!**: a project carried out since 2011 with the Tomillo Foundation aimed at improving the training and employability of young people who study basic vocational training for teenagers with experiences of school failure. They receive classes in digital format, with training in energy efficiency, English, mentoring of women, social skills and so on.
- Workshops on digital tools and IT to meet basic needs, as part of the **"Iberdrola with refugees"** project.
- **"Volunteering to Train": Job Ambassadors Programme**, volunteers have participated in the training of people from the Multiple Sclerosis Foundation (EMF) who are seeking employment.
- **"Environmental Volunteering"**: Forest Restoration on **International Forest Day**, with **1,100 trees planted** through various initiatives in which people with intellectual and school disabilities have also participated. In addition, volunteering related to climate change in schools continues, in addition to the **Garden of the Senses project**, which fuses the environment with inclusion and visibility of diversity.
- Initiatives to encourage scientific vocation and equal opportunities on **International Women's and Girls' Day in Science and on Women's Day**.
- On **World Cancer Day**, initiatives were developed to raise awareness and make people aware of the importance of supporting research and hair donation for vulnerable, underprivileged women. And on the **International Happiness Day** 1,600 meals were distributed to vulnerable families.

- **SDGs at school:** School awareness project on SDGs and Agenda 2030.
- **I Can:** project that prepares people with intellectual disabilities to secure and keep a job and lead an independent life.

## Foundations

The ScottishPower Foundation, Avangrid Foundation, Iberdrola Foundation Mexico, Instituto Neoenergía and Iberdrola Foundation Spain embody Iberdrola's commitment to the development of the countries where it operates, as well as to solidarity with those people who are most vulnerable.

The most significant initiatives in the first quarter of 2021 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 fewer resources.

#### Avangrid Foundation in the United States:

- **Binghamton University Foundation – Senior Capstone Projects (New York):** Supporting capstone design at the Watson School of Engineering, designing energy and environmental projects.
- **Henry Ford Museum – Invention Convention Worldwide (National):** ICW is a coalition of global affiliates that teach students real-world problem-solving and creative thinking skills.
- **Blue Hub Capital – Working Communities Challenge:** Collaboration between the public, private and not-for-profit sectors to tackle the complex challenges faced by post-industrial cities and make a large-scale impact centred on sustainable development.

#### Iberdrola Foundation in Spain:

- 2 **Fulbright grants**.
- 3 **national and 1 international grants for restoration and conservation at the Prado Museum.**

- 2 **grants for restoration and conservation at the Bilbao Fine Arts Museum.**
- 11 **paralympic grants**.
- A two-year chair of the Iberdrola Foundation Spain has been created with the collaboration of EMT and the Pontifical University of Comillas for the promotion of women in STEM vocations.

#### Iberdrola Foundation in Mexico:

- **STEM Impulse:** In this programme, 100 scholarships will be awarded for young underprivileged Oaxacan people to have the opportunity to study at the Technological University of the Central Valleys of Oaxaca (2020-2024).
- **Iberdrola Mexico Scholarships:** objective of contributing to the academic preparation of high-performing young people who require financial support to pursue their studies.
- **Young People Building the Future:** Programme led by the Secretariat of Labour and Social Welfare that seeks to provide on-the-job training opportunities to young people between the ages of 18 and 29.
- **Support for the Development of Mexican Youth:** academic event directed by and for undergraduate and postgraduate students in areas related to renewable energies.

#### Neoenergía Institute in Brazil:

- The “**Balcão de Ideias e Práticas Educativas**” (Educational Ideas and Solutions Platform) to select the teachers who will participate in this year's activities and in designing the methodology that will be used to create the programme.

#### ScottishPower Foundation in the United Kingdom:

- **Figurenotes: Everyone can play!:** aims to incorporate a fully inclusive system into the curriculum that facilitates children's access to music.
- **ScottishPower Foundation Planetarium Community Pass:** Intensifying deployment of the Dynamic Earth Planetarium project in its second year, offering free visits and learning support for disadvantaged people.

- **Affinity Coaching and Counselling:** Affinity will offer a counselling and guidance service for autistic people and their families throughout Scotland.
- **Tools for Transition:** This will provide support, counselling, and advocacy to children aged 0 to 18 with spina bifida/hydrocephalus facing the shift from day care to primary and secondary school.

### - B. Biodiversity and climate change

In this work stream, we are collaborating with public institutions and bodies devoted to the protection of the environment.

#### Iberdrola Foundation in Spain:

- The **MIGRA project**, in collaboration with Sociedad Española de Ornitología (Spanish Ornithological Society – **SEO/BirdLife**), aimed at studying the migratory patterns of birds.
- The **LIFE project Wetlands for Future**, in partnership with **SEO Birdlife**, aims to restore three wetlands in the regions of Valencia, Cantabria and Castilla-León. The project will run for four years.
- **Reforestation work is complete at the Albacete shooting range**, Chinchilla.
- **“Expansion of Abies Pinsapo in the Grazalema Biosphere Reserve”** organized in March 2021 the first reforestation day in the Biosphere Reserve (Cadiz and Malaga).

#### ScottishPower Foundation in the United Kingdom:

- **Sustainable Futures:** project to engage and inspire children and young people to develop their awareness of climate change issues.
- **A River for all:** Creating a path to facilitate public access to previously inaccessible forests and rivers.
- **Action for Nature in Ayrshire:** Supporting volunteers and community groups in activities that promote biodiversity.
- **Connecting the UK on Climate Change: Sharing the MockCOP model Nationally:** Young people to initiate their own change projects in their schools and communities.

#### Avangrid Foundation in the United States:

- **National Fish & Wildlife Federation (NFWF) (Washington, D.C. /National):** series of programmes for the protection of important wild animals threatened with extinction.
- **Gulf of Maine Research Institute (GMRI) - Advancing Ocean-Climate Research: Strengthening community capacity for science-based decision making:** will support progress towards the objectives of interdisciplinary research in the ocean sciences.
- **Rochester Museum and Science Center (New York):** provide support for STEM (science, technology, engineering and mathematics).
- **Riverkeeper (New York):** The goal of this project is to protect the environment and commercial and recreational assets of the Hudson River and its tributaries.
- **Connecticut Public Broadcasting – New England news collaborative environmental coverage:** A consortium of public media outlets that report stories that report about climate change issues and clean energy; being disseminated mainly in New England and New York.

#### Iberdrola Foundation in Mexico:

- **Fernández Canyon Conservation:** State Park Conservation Programme to protect its thousand-year-old Sabino forest ecosystem.
- **Mangrove Conservation:** to ensure the survival and encourage 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 Brazil project,** study that maps important characteristics of the local community, the network of community activities and companies operating in the region.

- **Project Coralizar** (Coralise Project): in collaboration with WWF-Brazil, to protect the oceans, pursuing 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.

#### In the United States, the Avangrid Foundation:

- **NXTHHN (Connecticut) – Unrestricted Operational Support:** The one-year NXTHHN scholarships provide dedicated workspace, financial support (\$25,000 per year), free accommodation and professional tutoring for nine new artists and curators.

#### Iberdrola Foundation in Spain:

- Working on the **lighting systems** of the Cathedral of Santiago, the façade of the CESEDEN and the Plaza Mayor square and Cathedral of Sigüenza.
- In the **Exhibitions Programme**, “**El Prado en las calles**” made an exhibition in Castilla La Mancha across 2020-2021. In addition, the Restoration Programme of the Museum of Fine Arts was presented in March.

#### Instituto Neoenergía in Brazil:

- The **Iluminação Cultural Cine Theatro Guarany de Triunfo** programme located in the municipality of Triunfo, Pernambuco.
- The **Caravana Energia Que Transforma** project trains socio-cultural managers by expanding fund-raising opportunities.
- In 2021, the Neoenergia Institute will also conduct the call for applications for **Transforming Energy in Culture** in Coelba, giving priority to projects that work for the inclusion of children and young people at social risk and contribute to the reduction of inequalities through art.

#### ScottishPower Foundation in the United Kingdom:

- **Heritage Horizons:** will offer the most economically disadvantaged 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 the Discovery Point Museum.

### - D. Social action

Within this work stream, the company collaborates with non-profit bodies, foundations and development agencies to promote social and humanitarian projects geared towards those who are most vulnerable.

#### ScottishPower Foundation in the United Kingdom:

- **M.E. Advocacy Service:** will train young people and adults to make decisions about health, well-being and self-esteem.
- **Edward’s Trust Reaching Out:** Remote support for children and young people between the ages of 5 and 16 who have lost one of their parents, siblings or grandparents.
- **Finding your Feet:** aims to improve amputee welfare in Scotland through activities that reduce social isolation, increase fitness, reduce stigma around mental health and improve self-reliance.
- **Disabled Entrepreneurs Business Start-up Service (DEBSS):** the project will teach valuable employment skills to 75 disabled adults living in Bournemouth, Christchurch and Poole.
- **Single Homeless Project:** Seek funding for the sustainable human development of people who are homeless or at risk of homelessness.
- **Street League:** The project will work with low-performing secondary schools in six regions of Scotland, involving more than 700 young people.

### Avangrid Foundation in the United States:

- **National Disaster Response Partnership (Year 4):** enables the “Cruz Roja” to train volunteers and secure and maintain the shelters, vehicles and supplies needed for rapid emergency response at all scales in case of natural disaster.
- **Operation Fuel Low Income Energy Assistance (Evergreen):** Emergency aid to provide fuel to low-income people in Connecticut.
- **Mobile Mammography Van (Year 1):** Support for the programming and operation of the mobile mammography van at Yale-New Haven Hospital.
- **UIL Holdings Legacy Employee Match Campaign (final payment):** An employee benefit programme for which the AVG Foundation pays 50% of employee donations.
- **Habitat for Humanity National Partnership (Year 3):** Supports the acquisition of affordable housing in more than a dozen communities in which AVANGRID operates.
- **Texas Storm Emergency Response (February 2021):** Supplemental emergency grant to provide support to deal with the impact of February 2021 storms in Texas that had devastating effects.
- **AVANGRID Foundation Employee Giving & Match:** pays 50% of employees donations for qualifying organisations, according to policy and organisational documents.

### Iberdrola Foundation in Mexico:

- **Luces de esperanza (Lights of Hope):** Electrification project in rural communities without access to electricity using solar panels.
- **Construir para educar (Build to Educate):** Programme to rebuild schools hit by the 2017 earthquakes in Oaxaca.
- **Urology Brigades in the south, southeast:** To enhance the well-being of Oaxacan women suffering from complex urological problems.
- **Educación con energía (Education with Energy):** Educational workshops for children, teachers and

parents of the most vulnerable families to improve quality of learning.

- **Educational infrastructure:** Construction and fitting out of spaces suitable for learning.
- **Dulces Nombres community baseball and football field:** Support for public institutions and civil associations that have a positive impact on the locations where the company operates.
- **Altamira Health Centres:** Support in the refurbishment of health centres which will allow medical coverage to families living in conditions of vulnerability.

### Neoenergia Institute in Brazil:

- The **Impactô** project support for the campaign of 16 NGOs and businesses with social impact in Rio and São Paulo.
- **PLIS (Social Impact Leaders Programme):** to provide training on the social ecosystem and areas relevant to the development of ideas or impactful projects.
- The **Saudáveis Territories** project: ensures the food security of people at risk of social exclusion for three months in Salgueiro (Rio de Janeiro).

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## G Governance

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### Governance and sustainability system

Iberdrola keeps its governance and sustainability system constantly up to date. Generally recognised good governance recommendations in international markets have been taken into account when drafting 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.

In this regard, on 23 February 2021, the Board of Directors of IBERDROLA agreed to reform its governance and sustainability system in order to:

(i) adapt the *Regulations of the Board of Directors*—the amendment of which was brought to the attention of the Spanish stock market commission (CNMV) within the scope of other relevant information—so that each committee of this corporate body can submit for its approval the comprehensive report of 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.

All documents that comprise the Corporate Governance and Sustainability System are published (in their full or summarised version) in both Spanish and English on the corporate website ([www.iberdrola.com](http://www.iberdrola.com)), which also offers the option of downloading them for consultation onto an e-book reader or any other mobile device.

The highlights during the first quarter of 2021 were as follows:

- On 2 February 2021, IBERDROLA announced to the CNMV the closure of the second round of the Iberdrola Retribución Flexible optional dividend scheme for 2020, through the execution of the paid-up capital increase approved by the General Shareholders' Meeting held on 2 April 2020 and the distribution of the final dividend for the 2020 financial year. The share capital resulting from this paid-up capital increase totalled EUR 4,813,617,000.00 corresponding to 6,418,156,000 common shares each of a nominal value of EUR 0.75.
- As is common practice, the relevant information document (21 October 2020) and its addendum (8 January 2021) had previously been issued and the verification of compliance with the requirements of Article 277 of the Spanish Capital Companies Act for the distribution of an interim dividend had been reported (15 December 2020).
- On 5 February 2021, the Company submitted its energy production figures for 2020.
- On 24 February 2021, the Company submitted its results for the financial year ended 31 December 2020 to the CNMV.
- On 26 February 2021, IBERDROLA published the *Annual Corporate Governance Report*, the *Annual*

*Compensation Report of Directors* and the *Non-Financial Information Statement – Sustainability Report*, for the 2020 financial year. Also on that same date, the Company published the *Integrated Report February 2021*.

- On 3 March 2021, the Company reported that Bahia Geração de Energia S.A., a company wholly owned by Neoenergia, S.A. had completed the acquisition of 100% of the share capital of the Brazilian company CEB Distribuição S.A. On 4 December 2020, IBERDROLA had notified the CNMV that Bahia Geração de Energia S.A., which had been awarded at public auction, had reported that the estimate of the aggregate price for the entire share capital of the said Brazilian company would amount to BRL 2,515 million (equivalent to EUR 399 million).

## Information transparency

One of the core principles underlying Iberdrola's corporate governance practices is to ensure maximum transparency in financial and non-financial information provided to shareholders, investors and markets. The Company is making considerable efforts in the 2021 financial year to ensure that institutional investors and financial analysts are kept fully informed of its business and activities.

In this regard, a high level of information activity has been maintained during financial year 2021 for institutional investors and financial analysts. Thus, in the 2020 Sustainability Report, published in the first quarter of 2021, Iberdrola reported on the progress made in the four thematic areas into which the recommendations of the *Task Force and Climate related financial Disclosure (TCFD)* are structured. Specifically, the potential financial impact of two scenarios for the 2030 horizon has been analysed.

## Information on the existence of cases 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 resolutions in this area during the reporting period. No reports were received in the mailboxes set for this purpose recording incidents causing 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 Cenynt with the aim of determining any liability or responsibility that is due 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. Therefore, the impact of such events, if any, would be limited to the sphere of reputation.

More information on the actions taken by Iberdrola and Iberdrola Renovables 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/en\\_US/corporativos/docs/cenynt\\_note\\_board\\_directors.pdf](https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/cenynt_note_board_directors.pdf)

#### Notifications sent to the Spanish stock market commission (CNMV) from January to March 2021

Date	Event	Registration no.
08/01/2021	The Company submits an addendum to the prospectus regarding the terms and conditions of the second round of the Iberdrola Retribución Flexible optional dividend scheme for 2020.	6514
02/02/2021	Implementation of the second round of the Iberdrola Retribución Flexible optional dividend scheme for 2020.	6917
02/02/2021	Issue of subordinated perpetual debentures by Iberdrola International, B.V., guaranteed on a subordinated basis by Iberdrola, S.A. for an amount of EUR 2,000 million.	6931
05/02/2021	The Company reports total voting rights and capital following the second increase in paid-up capital approved by the General Shareholders' Meeting of 2 April 2020.	7013
05/02/2021	The Company reports its 4Q 2020 Energy Production figures.	7019
10/02/2021	The Company notifies the announcement for Presentation of Results for the 12-month period of 2020.	7046
24/02/2021	The Company reports its Presentation of Results for the 12 months.	7280
24/02/2021	The Company reports the Results for the 12 months of 2020.	7281
26/02/2021	The Company submits financial information for the second half of 2020.	7607
26/02/2021	The Company publishes the Annual Corporate Governance Report for 2020.	7610
26/02/2021	The Company submits the Annual Report on Director Remuneration for 2020.	7611
26/02/2021	The Company submits the Non-Financial Information Statement. 2020 Sustainability Report.	7612
02/03/2021	The Company submits the Regulations of the Board of Directors.	7724
03/03/2021	Completion of the acquisition of 100% of the capital of Brazilian company CEB Distribuição S.A.	7729

## Iberdrola's place in sustainability indices and rankings. Reputation and Corporate Governance

Sustainability	
	Rating/Ranking
Dow Jones Sustainability World Index 2020	Chosen in the utilities sector. Selected in all editions
Sustainability Yearbook 2021 S&P Global	Rated "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 for past 11 years
Bloomberg Gender Equality Index 2021	Selected in all editions
V.E-Euronext Vigeo indexes: World 120, Eurozone 120 and Europe 120	Iberdrola selected
EcoVadis	Gold 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 various sustainability indices
EcoAct	Iberdrola the top utility in the index
Influence Map	Iberdrola among the top 10 rated companies
MERCO 2020	MercoEmpresas: Spain's leading utility company: energy, gas and water
Standard Ethics	Iberdrola included in the SE European Utilities Index
Energy Intelligence	Iberdrola among the top four utilities in the EI New Energy Green Utilities Report 2020
Forbes	Iberdrola selected in Forbes 2020 GLOBAL 2000: World's largest Public Companies
WBA Electric Utilities Benchmark	Iberdrola among the 5 most influential utilities in the world
Brand Finance	Iberdrola among the 500 most valuable brands globally
WDI	Iberdrola information in 2020 above average
OpenODS Index	Iberdrola ranked number 1 in the 2020 ranking
Fortune Global 500	Iberdrola selected

## Recognition of Good ESG Performance

- **Galán, among the best business managers in Spain**

Ignacio Galán has been ranked among the best business managers and Iberdrola is once again among the best, according to the latest ranking carried out by the consultancy Advice Strategic, corresponding to the companies that have shown the greatest social commitment and have helped Spanish society the most during the pandemic, in 2020 and 2021. Social commitment, corporate responsibility and effective crisis management have become essential factors in the perception as a good manager.

- **Ignacio Galán, among the 10 most influential leaders in the fight against climate change**

According to the list drawn up by the international agency Bloomberg, Galán is highlighted as “one of Spain’s most influential executives and one of the most open to climate issues”. Bloomberg highlights the transformation our company has undergone on the path to becoming “the world’s largest wind power generator”, with a presence in 30 countries. It states that “Galán is proof that large companies can cut emissions and remain profitable”.

- **Iberdrola, the company with the most outstanding business leadership in defence of climate policies.** The leading international coalition in defence of climate action from a corporate perspective, **We Mean Business**, has presented a study on success stories of private sector support for climate policies (“Climate Leadership Now”). The study concluded that Iberdrola demonstrates the **best business leadership combined with its commitment to the climate policies it supports**, along with its intense efforts to support an ambitious approach, according to the diagram on **responsible behaviour in climate policies developed by Influence Map** (an organisation dedicated to the

systematic research and monitoring of companies’ positions regarding climate action).

- **Iberdrola is the number 1 integrated electricity company, among the top 20 companies in the world by sustainability criteria, according to the Global 100 Most Sustainable Corporations in the World index**, which is produced annually by the Corporate Knights publication. It also appears as the leading Spain-based sustainable company.
- **Europe’s first private power company for investment in R&D+i, according to the European Commission:** Iberdrola consolidates its leadership in R&D+i investment within the energy sector, as a key tool to drive the transition to a green economy that stimulates recovery. According to the “**The 2020 Industrial R&D Investment Scorecard**” European Commission’s report, Iberdrola is again the leading private utility in I+D+i investment, after having invested EUR 293 million in this area in 2020.
- **Iberdrola: the only Spanish electricity company ranked in the 2021 Bloomberg Gender-Equality Index**

For the fourth consecutive year, Iberdrola has been included in the Bloomberg Gender-Equality Index (GEI), created by Bloomberg in its 2021 edition, and which recognises companies that have undertaken a firm and solid commitment to gender equality. It has improved on its assessment from the previous year, in recognition of its practices in areas such as leadership and channelling of women’s talent, equal pay and inclusive culture.

- **Iberdrola acknowledged once again as one of the World’s Most Ethical Companies**

Iberdrola has been selected in the 2021 World’s Most Ethical Company ranking produced by the Ethisphere Institute, a leading entity in defining standards of good business practices. It is the only Spanish company included in the ranking, within the Energy and Utilities category, which only includes five other multinationals. Avangrid has also been recognised in this ranking for the third consecutive 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

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Available on the  
**App Store**  
(iPad)



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