

PRESS RELEASE

The company enhances its leading position in the fight against climate change on the eve of COP26

Iberdrola expands investments to €7 billion (+6%) - net profit reduces to €2.4 billion (-10.2%), negatively affected by high energy prices, new taxes, and lower extraordinary items

Ignacio Galán, Chairman of Iberdrola: "We remain committed to our sustainability strategy based on the fight against climate change and the creation of wealth and employment in the communities where we operate, for the benefit of our stakeholders".

Investment commitment and sustainable strategy

- **77% of investments, earmarked for international markets.** With total investment standing at €7.03 billion (+ 6%), 90% has been allocated to the development of new renewables and smart grids projects. Investment in grids rose 27% to €3.18 billion.
- **3,738 MW green capacity installed in the past twelve months with 7,200 MW under construction.** By technology, 1,128 MW installed are wind; 1,519 MW solar photovoltaic; 880 MW hydroelectric and pumped storage; and 112 MW of batteries. 80% of the renewable capacity under construction is in international markets; 2,600 MW of which is in offshore wind.
- **The pipeline totals 81,800 MW, creating a strong growth platform, both in core countries and in new markets.** Of the total, 22,800 MW are offshore wind; 17,700 MW onshore wind; 37,000 MW solar photovoltaic; 3,400 MW hydroelectric and 900 MW batteries.
- **Offshore wind activity is accelerating.** The company operates 1,300 MW and is making progress with the construction of several projects amounting to 2,600 MW in France, the US and Germany. Its strategy will be boosted in the short and medium term by the auction processes in United Kingdom, Denmark, United States, Japan and Taiwan.
- **Sustainability strategy based on electrification:** the fight against climate change and the creation of wealth and employment in the communities where the company operates. Facts: reduction of own emissions to 53 gCO₂/kWh as of September; becoming emissions neutral in Europe by 2030; and **keeping 400,000 jobs after making purchases of more than €22 billion** since the start of the pandemic. **Principal partner for COP26.**

Business model: balance sheet strength and leadership in green and sustainable finance

- **Business model and financial profile protected from inflation and growing commodity prices.** 70% of revenues come from A-rated markets. Electricity production sold in Spain: 100% in 2021 and 96% for 2022; in UK 100% for 2021 and 2022. Procurement for 2021/2022 is covered from of the current commodity price tension.
- **EBITDA reached €8.16 billion (+10.7%), driven by the United States and Brazil.** Networks and renewables accounted for 87%. Negative impact of rising energy prices in Spain and the UK, as well as regulatory measures in Spain.
- **Adjusted net profit, excluding non-recurring items, grew 5.2% to €2.68 billion.** Effects such as taxation adjustments, taxes and levies in Spain and the UK, the impact of RDL 17/2021 (-€114 million), as well as other extraordinary items (COVID), bring reported net profit to €2.4 billion (-10.2%).
- **Financial strength and leadership in green and sustainable financing.** Cash flow grew 7.2% to €6.41 billion. Liquidity exceeds €19bn and covers 19 months of financing needs. Global

PRESS RELEASE

benchmark in green/sustainable financing with €35.8bn. With an average maturity of more than 6 years, fixed-rate debt amounts to approximately 68%, thus protecting the balance sheet against inflationary processes.

Performance in Spain

- **Investments amounting to €1.59 billion, 21% higher than in 2020**, have been directed towards the development of new renewable capacity (€792 million); smart grids (€445 million); and maintenance and other investments (€356 million).
- **Renewable capacity installed over the last 12 months stands at 2,350 MW**. This figure is higher than the total capacity installed by the next three competing developers in Spain. Currently, some 1,500 MW are under development: 375 MW onshore wind and 1,125 MW solar photovoltaic.
- Since the beginning of the pandemic, the company **has awarded €6 billion to some 5,500 suppliers** in Spain employing over 85,000 people.
- **ESG leadership.**
 - During the nine months of 2021, **CO₂ emissions were reduced by 24% to 60 gCO₂/kWh**, thanks to 87% of production being emissions-free.
 - As a result of maintaining prices for fixed rate customers, these consumers have benefited from savings of more than **€2 billion** compared to the cost that the high prices of the Pool would have caused them. This commercial action to protect its customers has meant that the deregulated business in Spain, with revenues of €9.14 billion, has reduced its EBITDA by €711 million and achieved a net profit of €76.3 million, representing less than 1% of its sales.
- **During 2020**, the last full financial year, **Iberdrola's fiscal contribution in Spain** amounted to €3.38 billion, which represents 45% of the group's global total. This percentage compares to 38% of its operating profit generated in Spain in the same year. The corporate tax rate is 21.4%.

Iberdrola recorded a strong performance in the first nine months of 2021. On the eve of COP26, where the company will participate as a principal partner through ScottishPower, Iberdrola reaffirmed its sustainability strategy, based on electrification and supported by a **strong investment effort, which increased by 6% during the period, to €7.03 billion, with 77% being in international markets. Some 90% of investments were allocated to the development of new renewables and smart grid projects.** Investment in networks increased by 27% to €3.18 billion.

Investments in Spain amounted to €1.59 billion, up 21% from the same period of 2020 and have been directed towards the development of new renewable capacity (€792 million); smart grids (€445 million); and maintenance and other investments (€356 million).

The Chairman of Iberdrola, Ignacio Galán, stated that “we remain committed to our sustainability strategy based on the fight against climate change and the creation of wealth and employment in the communities where we operate, for the benefit of our stakeholders.”

Between January and September 2021, **the company posted €8.16 billion (+10.7%) gross operating profit (EBITDA), driven by the United States and Brazil.** Of the total, 87% came from networks and renewables. Of note is the negative impact of higher energy prices in Spain and the UK, as well as regulatory measures in Spain.

Networks EBITDA grew by 11.5% to €3.93 billion, due to the strong operating performance of the business in all the countries where the company operates, thanks to investments made and tariffs. Excluding the impact of COVID-19 and the exchange rate, EBITDA would have increased by 14%.

PRESS RELEASE

Renewables increased its EBITDA in the period by 70.9% to €3.04 billion, as a result of increased production, due to the higher installed capacity delivered by its investment plan and the improvement in load factors. The area also reflects the positive impact of the reversal of the 2013 – 2016 hydroelectric levy in Spain.

Generation and Supply posted €1.08 billion (-44.7%) EBITDA, impacted by high prices in the electricity markets of Spain and UK, the cold spells in Spain, Texas, Mexico and other international markets in the first quarter of the year, and the impact of RDL 17/2021 in Spain.

In Spain, this business area recorded revenues of €9.14 billion (+16.1%), but reduced its EBITDA by 60.3% (€711 million) and posted a net profit of €76.3 million (-87%) - less than 1% of revenues - as a result of high electricity prices due to the effect of gas prices and with sales to customers on fixed prices. As a result of maintaining prices for fixed rate customers, these consumers have benefited from savings of more than €2 billion compared to the cost that the high prices of the pool would have caused them.

Adjusted net profit to September grew 5.2% to €2.68 billion. Effects such as the change in taxation in Spain and UK, the impact of RDL 17/2021 (-EUR 114 million), as well as other extraordinary items (COVID), brought reported net profit to €2.4 billion, 10.2% lower than in the same period of the previous year.

In the period, Iberdrola has continued to consolidate **a business model and finance profile protected from inflation and the increase in commodity prices**. 70% of its revenues come from A-rated markets. In Spain, 100% of production is sold for 2021 and 96% for 2022; in the United Kingdom 100% of production is sold for both years. Also, procurement for 2021 and 2022 is closed and protected from the current tensions in commodity prices.

82% of installed capacity planned by 2025, under construction or secured

Iberdrola's investment plan increased the company's operational renewable capacity to more than 37,300 MW as of September. **In the last 12 months, Iberdrola has commissioned 3,738 MW of green capacity**, of which 1,228 MW onshore wind; 1,519 MW solar photovoltaic; 880 MW hydroelectric (Tâmega complex in Portugal); and 112 MW battery storage.

The company is currently progressing with the construction of 7,200 MW. Of these, 2,600 MW are offshore wind projects. 80% of these projects are being built mainly in international markets outside Spain.

In Spain, renewable capacity installed over the last 12 months stands at 2,350 MW. This figure is larger than the sum of the capacity installed by the next three largest developers in Spain. Currently, some 1,500 MW are under development: 375 MW onshore wind and 1,125 MW solar photovoltaic.

Iberdrola is committed to installing and commissioning a total of 27,600 MW in the 2020-2025 period, with the aim of reaching 60,000 MW of renewable capacity. As of September 2021, 22,686 MW are under construction or at a high level of maturity, which means that **82% of the new capacity planned for the period has been secured**.

The group's project pipeline amounts to 81,800 MW. Of these, 22,800 MW are offshore wind; 17,700 MW onshore wind; 37,000 MW solar photovoltaic; 3,400 MW hydroelectric and 900 MW batteries. To the opportunities in new growth platforms such as Poland, Sweden, Ireland, Japan, Korea, Taiwan and Australia, we have to add those in established European countries - the United Kingdom, Germany, France and Iberia - the United States and Brazil.

To meet its investment commitment, Iberdrola has made **purchases from suppliers totalling more than €22 billion since the start of the pandemic**.

PRESS RELEASE

Platforms for growth: offshore wind, PNM Resources and green hydrogen

One of the group's main growth platforms is offshore wind. The company already operates 1,300 MW of this technology and is progressing construction of 2,600 MW in several projects, namely Saint Briec (France), Vineyard Wind 1, Park City Wind (United States) and Baltic Eagle (Germany), which will double its offshore wind capacity in the coming years. Also, it has just exercised the option to develop Windanker offshore wind farm, forming part of the company's Baltic Hub which will have over 1,000 MW total installed capacity.

Iberdrola's strategy in offshore wind will be driven by the auction processes planned in the short and medium term in the main markets where it operates or is positioned: Europe, the United States and Asia Pacific. **The company currently has 2,900 MW of offshore wind under construction or secured to operate between 2023-2026 in the US and Europe.**

Another of its growth platforms - **the acquisition of PNM Resources** in the United States - is expected to be completed before the end of the year. The deal will consolidate Iberdrola as one of the largest distributors and the third largest renewables operator in the US market.

Progress is also being made in the development of new technologies, such as **green hydrogen**. The company has more than 60 projects in eight countries - Spain, United Kingdom, Italy, Brazil, United States, Mexico and Australia - with a portfolio that will require investments of more than €3 billion by 2030 for the production of 134,000 tonnes per year.

Smart customer solutions also point to growth opportunities with the expansion of smart-smart solutions at home and electric mobility: Smart Mobility bookings have tripled, Smart Solar more than doubled, and Smart Home and Smart Climate growing by 1.2x and 1.5x, respectively.

Financial strength, leadership in green and sustainable finance

Iberdrola has accelerated the pace of its investments, while maintaining the strength of its balance sheet. **The company has increased its operating cash flow by 7% to €6.41 billion.** It also strengthened its financial ratios **after increasing liquidity at the end of September to more than €19 billion**, covering 19 months of financing needs. With an average maturity of more than 6 years, fixed-rate debt amounts to approximately 68%, protecting the balance sheet against inflationary processes.

The group remains the **leader in green and sustainable financing**, with €35.8 billion, and consolidates its position as the world's leading corporate issuer of green bonds.

During the period, Iberdrola continued to make **progress in its sustainability strategy, based on the electrification of the economy** and geared towards the fight against climate change and the creation of wealth and employment in the communities where it operates.

And so, in addition to leading green and sustainable financing, its own CO₂ emissions to September were reduced to 53 g/kWh, in line to becoming an emissions-neutral company in Europe by 2030. Iberdrola is helping its value chain to develop rigorous sustainability policies, with procurement from suppliers contributing to maintain 400,000 jobs worldwide.

In Spain, the company also maintains its environmental leadership. During the nine months of 2021, CO₂ emissions have been reduced by 24% to 60 gCO₂/kWh. This figure represents an emissions-free production ratio of 87% of Iberdrola's total domestic production.

In 2020, **Iberdrola's fiscal contribution in Spain amounted to €3.38 billion** and represented 45% of the group's total worldwide while revenue in Spain over the period represented approximately a third of total revenue. The corporate tax rate is over 21%.



PRESS RELEASE

Since the start of the pandemic, €6 billion of contract awards have been made in Spain to a total of 5,500 suppliers that have over 85,000 employees.

About Iberdrola

[Iberdrola](#) is one of the world's biggest energy companies, a leader in renewables, which is spearheading the energy transition to a low carbon economy. The group supplies energy to almost 100 million people in dozens of countries. It carries out renewables, networks and commercial activities in Europe (Spain, the United Kingdom, Portugal, France, Germany, Italy and Greece), the United States, Brazil, Mexico and Australia, and, as growth platforms, it is present in markets such as Japan, Ireland, Sweden and Poland, among others.

With a workforce of more than 37,000 and assets in excess of €122.5 billion, in 2020, it achieved a turnover of €33 billion and a net profit of over €3.6 billion. The company contributes to sustain 400,000 jobs along its supply chain, with annual procurement of €14 billion. A benchmark in the fight against climate change, it has allocated more than €120 billion over the last two decades to building a sustainable energy model, based on sound environmental, social and governance (ESG) principles.

IMPORTANT INFORMATION

This communication does not constitute an offer to buy, sell or exchange or the solicitation of an offer to buy, sell or exchange securities in the United States of America or in any other jurisdiction. IBERDROLA, S.A. shares may not be offered or sold in the United States of America except pursuant to an effective notice statement under the Securities Act of 1933, or pursuant to a valid exemption from the duty of notice.

This communication includes certain Alternative Performance Measures ("MARs"), as defined in the Guidelines on Alternative Performance Measures published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415en). MARs are measures of financial performance prepared from the financial information of Iberdrola, S.A. and its group companies but which are not defined or detailed in the applicable financial reporting framework. These MARs are used with the objective of contributing to a better understanding of the financial performance of Iberdrola, S.A., but should only be considered as additional information and in no case replace the financial information prepared in accordance with IFRS. Furthermore, the way in which Iberdrola, S.A. defines and calculates these MARs may differ from that of other entities using similar measures and, therefore, they may not be comparable with each other. Finally, it should be noted that some of the RAFs used in this communication have not been audited. For further information on these issues, including their definition or the reconciliation between the corresponding management indicators and the consolidated financial information prepared in accordance with IFRS, see the information available on the corporate website (<https://www.iberdrola.com>).

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking information and statements about IBERDROLA, S.A. and AVANGRID, Inc. Such statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, investments, synergies, products and services, and statements regarding future results. Forward-looking statements are not historical facts and are generally identified by the use of terms such as "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.

In this regard, while IBERDROLA, S.A. believes that the expectations contained in such statements are reasonable, investors and holders of IBERDROLA, S.A. and AVANGRID, Inc. shares are cautioned that forward-looking information and statements are subject to risks and uncertainties, many of which are difficult to predict and are generally beyond the control of IBERDROLA, S.A. and AVANGRID, Inc. risks that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Such risks and uncertainties include those identified in public documents filed by IBERDROLA, S.A. with the Comisión Nacional del Mercado de Valores and by AVANGRID, Inc. with the Securities and Exchange Commission that are available to the public.

Forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of IBERDROLA, S.A. and AVANGRID, Inc. You should not rely on forward-looking statements that speak only as of the date on which they were made. All forward-looking statements or statements herein or issued by IBERDROLA, S.A., AVANGRID, Inc. or any of their directors, officers, employees or agents are expressly qualified by the cautionary statements above. The forward-looking statements included in this document are based on information available as of the date of this communication. Except to the extent required by applicable law, IBERDROLA, S.A. undertakes no obligation to publicly update any forward-looking statements or revise any forward-looking information, even if new information is made public or new events occur.