# Indra Sistemas, S.A. and Subsidiaries

## Consolidated Financial Statements for the year ended 31 December 2022 and Consolidated Directors Report, together with Independent Auditor's Report

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (Notes 2 and 45). In the event of a discrepancy, the Spanish language version prevails.

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*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.*

# INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Indra Sistemas, S.A.,

## Report on the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Indra Sistemas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 December 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

### Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Recognition of revenue by reference to stage of completion

### Description

The Group recognises revenue by applying the percentage of completion method to certain contracts.

This revenue recognition method affects a highly significant amount of total consolidated revenue and requires Group management to make significant estimates relating mainly to the expected outcome of the contract, the amount of costs to be incurred at the end of the construction work, the measurement of work completed in the period and the accounting for modifications to the initial contract, all of which impact the revenue recognised in the year.

These judgements and estimates are made by the persons in charge of performing the contracts, are subsequently reviewed at the various levels of the organisation, and are submitted to controls designed to ensure the consistency and reasonableness of the criteria applied.

Accordingly, the situation described was considered to be a key matter in our audit.

### Procedures applied in the audit

Our audit procedures included a combination of tests to verify the operating effectiveness of the controls that mitigate the risks identified in the process for recognising contract revenue by reference to the stage of completion, together with substantive procedures, such as a detailed, case-by-case analysis of the main contracts in order to evaluate the reasonableness of the estimates made by the Group in relation to total project costs and total project revenue, the remaining costs to complete the contracts, contract risks and other parameters including, among others, the accounting treatment of the contract modifications approved by the customer.

In this connection, for a representative sample of contracts, we checked that the revenue recognised by the Group was consistent with the terms and conditions of those contracts, verifying the price agreed on under those contracts, the reasonableness of the cost budgets considered, and whether the future milestones would be achieved on the basis of comparable historical information and inquiries made of the Group's technical personnel. In addition, we analysed the reasonableness of the percentage of completion reached at year-end, performing a review after the reporting period to verify the absence of any unexpected variances in costs or in the stage of completion of the contract, and of any modifications to the price initially agreed upon. We also reviewed the consistency of the estimates made by the Group in 2021 with the actual data for the contracts in 2022.

Lastly, we checked that the disclosures included in Notes 4-v and 27 to the accompanying consolidated financial statements in connection with the recognition of revenue were in conformity with those required by the applicable accounting regulations.

## Recovery of goodwill and other intangible assets

### Description

The Group has recognised goodwill amounting to EUR 946 million and intangible assets amounting to EUR 253 million, as presented in the consolidated statement of financial position as at 31 December 2022 and as indicated in Notes 8 and 9 to the accompanying consolidated financial statements.

The measurement of goodwill and other intangible assets requires management to make significant judgements, including the projection of cash flows from operating activities and the determination of appropriate discount rates and long-term growth rates, and, therefore, this matter was considered to be a key matter in our audit.

### Procedures applied in the audit

Our audit procedures to address this matter included, among others, tests to verify the operating effectiveness of the controls that mitigate the risks identified in the impairment analysis process. Also, we were assisted by internal valuation specialists in evaluating the reasonableness of the models and of the key assumptions used.

We evaluated the reasonableness of the cash flow projections and the discount rates by comparing the assumptions with data obtained from internal and external sources, and performed a critical evaluation of the key inputs of the models used.

Specifically, we compared the revenue growth rates with the latest approved strategic plans and budgets and checked that they were consistent with market information. We also evaluated the historical accuracy of management in its budgeting process and questioned the discount rates by measuring the cost of capital of the Group and comparable organisations, as well as the perpetuity growth rates, among other information.

In addition, we checked that the Group's disclosures in relation to the impairment test met the requirements of EU-IFRSs, and that the disclosures relating to the sensitivity of the impairment test to changes in the key assumptions adequately reflected the risks inherent to the assumptions, all of which is described in Note 8 to the accompanying consolidated financial statements.

## Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2022, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Directors' Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2022 and its content and presentation were in conformity with the applicable regulations.

## Responsibilities of the Directors and Audit and Compliance Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Parent's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in Appendix 1 to this auditor's report. This description, which is on pages 7 and 8, forms part of our auditor's report.

### Report on Other Legal and Regulatory Requirements

## European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Indra Sistemas, S.A. and subsidiaries for 2022, which comprise the XHTML file including the consolidated financial statements for 2021 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Indra Sistemas, S.A. are responsible for presenting the annual financial report for 2022 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined correspond in full to the audited consolidated financial statements, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

## Additional Report to the Parent's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and compliance committee dated 29 March 2023.

## Engagement Period

The Annual General Meeting held on 23 June 2022 appointed us as auditors of the Group for a period of three years from the year ended 31 December 2021.

Previously, we were designated pursuant to a resolution of the General Meeting for a period of three years and have been auditing the financial statements uninterruptedly since the year ended 31 December 2015.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Ana

Ana Sánchez Palacios
Registered in ROAC under no. 22221

29 March 2023

## Appendix 1 to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

- Conclude on the appropriateness of the use by the Parent's directors of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent's audit and compliance committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

# Indra Sistemas, S.A. and Subsidiaries

## Consolidated Statement of Financial Position as at 31 December 2022

*(Thousand euro)*

| Assets | Note | 2022 | 2021 |
|---|---|---|---|
| Property, plant and equipment | 6 | 88,913 | 78,103 |
| Investment property | 13 | 11,537 | 1,120 |
| Right-of-use assets | 7 | 86,277 | 98,808 |
| Goodwill | 8 | 946,067 | 921,392 |
| Intangible assets other than goodwill | 9 | 252,687 | 273,987 |
| Investments accounted for using the equity method | 11 | 20,123 | 23,651 |
| Non-current asset derivatives | 10, 37 | 1,620 | 1,771 |
| Non-current trade and other receivables | 10, 12 | 28,396 | 21,853 |
| Other non-current financial assets | 10, 12 | 158,471 | 127,241 |
| Non-current contract assets | 14 | 50,349 | 48,239 |
| Deferred tax assets | 35 | 160,810 | 182,466 |
| **Non-current assets** | | **1,805,250** | **1,778,631** |
| Assets held for sale | 13 | 108 | 9,762 |
| Inventories and current contract assets | 14 | 465,498 | 366,795 |
| Current trade and other receivables | 10, 16 | 1,193,532 | 1,023,091 |
| Current tax assets | 35 | 37,633 | 37,570 |
| Current asset derivatives | 10, 37 | 3,526 | 4,248 |
| Other current financial assets | 10, 12 | 41,065 | 27,597 |
| Other current non-financial assets | 15 | 55,766 | 52,417 |
| Cash and cash equivalents | 10, 17 | 933,039 | 1,235,025 |
| **Current assets** | | **2,730,167** | **2,756,505** |
| **Total assets** | | **4,535,417** | **4,535,136** |

Notes 1 to 45 and Appendices I to V are an integral part of the Consolidated Annual Accounts.

| **Equity and Liabilities** | **Note** | **2022** | **2021** |
|---|---|---|---|
| Issued capital | 18 | 35,330 | 35,330 |
| Share premium | 18 | 523,754 | 523,754 |
| Retained earnings | 18 | 541,035 | 395,131 |
| Treasury shares | 18 | (5,342) | (4,862) |
| Other own equity instruments | 18 | 13,794 | 7,929 |
| Cash flow hedge | 18 | (6,781) | (6,617) |
| Currency translation differences | 18 | (114,775) | (130,496) |
| **Total equity attributable to the owners of the Parent Company** | | **987,015** | **820,169** |
| Non-controlling interests | 19 | 17,566 | 20,973 |
| **Equity** | | **1,004,581** | **841,142** |
| Non-current employee remuneration provisions | 24 | 19,915 | 20,024 |
| Other non-current provisions | 24 | 54,087 | 47,848 |
| **Total non-current provisions** | | **74,002** | **67,872** |
| Non-current bank borrowings and debentures | 10, 21 | 700,431 | 1,436,019 |
| Non-current liability derivatives | 10, 37 | 2,255 | 2,169 |
| Other non-current financial liabilities | 10, 22 | 536,184 | 384,258 |
| Grants | 10, 23 | 25,662 | 27,431 |
| Other non-current non-financial liabilities | | 1,622 | 421 |
| Deferred tax liabilities | 35 | 3,174 | 2,188 |
| **Non-current liabilities** | | **1,343,330** | **1,920,358** |
| Liabilities held for sale | 13 | 2 | 2 |
| Current employee remuneration provisions | 24 | 17,945 | 19,689 |
| Other current provisions | 24 | 64,126 | 41,883 |
| **Total current provisions** | | **82,071** | **61,572** |
| Current bank borrowings and debentures | 10, 21 | 275,206 | 39,431 |
| Current liability derivatives | 10, 37 | 12,673 | 11,210 |
| Other current financial liabilities | 10, 22 | 104,670 | 54,583 |
| Current trade and other payables | 10, 26 | 1,517,260 | 1,417,790 |
| Current tax liabilities | 35 | 27,103 | 25,016 |
| Other current non-financial liabilities | 25 | 168,521 | 164,032 |
| **Current liabilities** | | **2,187,506** | **1,773,636** |
| **Liabilities** | | **3,530,836** | **3,693,994** |
| **Total equity and liabilities** | | **4,535,417** | **4,535,136** |

Notes 1 to 45 and Appendices I to V are an integral part of the Consolidated Annual Accounts.

# Indra Sistemas, S.A. and Subsidiaries
# Consolidated Income Statement as at 31 December 2022

*(Thousand euro)*

| | Note | 2022 | 2021 |
|---|---|---|---|
| Revenue | 27 | 3,851,390 | 3,390,425 |
| Other operating income | 28 | 23,272 | 21,376 |
| Change in inventories | 14 | 84,831 | (74,895) |
| Own work capitalised | 9 | 29,336 | 34,214 |
| Raw materials and consumables | 29 | (881,969) | (762,450) |
| Staff costs | 30 | (2,147,354) | (1,872,481) |
| Other operating expenses | 31 | (515,312) | (406,026) |
| Changes in trade provisions | 31 | (42,714) | 6,131 |
| Fixed asset amortisation | 6, 7, 9 | (99,852) | (93,535) |
| Other gains/(losses) on fixed assets | 32 | (1,177) | 12,770 |
| **Profit/(loss) from operating activities** | | **300,451** | **255,529** |
| Financial income | 10 | 14,528 | 5,218 |
| Financial expenses | 10 | (63,292) | (45,834) |
| Fair value changes to financial instruments | 10 | 6,356 | (4,020) |
| **Net financial income/(expense)** | | **(42,408)** | **(44,636)** |
| Share of profit/(loss) of equity-accounted associates and joint ventures | 11 | (2,282) | 548 |
| **Profit/(loss) before tax** | | **255,761** | **211,441** |
| **Tax income (expense)** | 35 | **(80,172)** | **(65,408)** |
| Profit/(loss) from continuing operations | | 175,589 | 146,033 |
| Profit/(loss) from discontinued operations | | - | |
| **Profit/(loss) for the year** | | **175,589** | **146,033** |
| Profit/(loss) attributable to the owners of the Parent Company | 18 | 171,895 | 143,369 |
| Profit/(loss) attributable to non-controlling interests | 19 | 3,694 | 2,664 |
| **Basic earnings per share** | | | |
| Basic earnings/(losses) per share from continuing operations | 20 | 0.9749 | 0.8140 |
| Basic earnings/(losses) per share from discontinued operations | | - | - |
| **Total basic earnings/(losses) per share** | | **0.9749** | **0.8140** |
| **Diluted earnings per share** | | | |
| Diluted earnings/(losses) per share from continuing operations | 20 | 0.9016 | 0.7543 |
| Diluted earnings/(losses) per share from discontinued operations | | - | - |
| **Total diluted earnings/(losses) per share** | | **0.9016** | **0.7543** |

Notes 1 to 45 and Appendices I to V are an integral part of the Consolidated Annual Accounts.

## Indra Sistemas, S.A. and Subsidiaries

## Consolidated Statement of Comprehensive Income as at 31 December 2022

*(Thousand euro)*

| | Note | 2022 | 2021 |
|---|---|---|---|
| Profit/(loss) for the year | | 175,589 | 146,033 |
| ***Other comprehensive income*** | | | |
| **Components of other comprehensive income that will be reclassified to the income statement, before tax** | | | |
| ***Currency translation differences*** | | | |
| Gains/(losses) on currency translation differences taken directly to equity | 18 | 15,376 | 14,057 |
| **Other comprehensive income, before tax, currency translation differences** | | 15,376 | 14,057 |
| ***Cash flow hedges*** | | | |
| Cash flow hedge taken directly to equity | 18 | (2,569) | (7,764) |
| Cash flow hedge transferred to the income statement | 18 | 2,350 | (822) |
| **Other comprehensive income, before tax, cash flow hedges** | | (219) | (8,586) |
| **Total other comprehensive income that will be reclassified to the income statement, before tax** | | **15,157** | **5,471** |
| **Total other comprehensive income, before tax** | | **15,157** | **5,471** |
| **Income tax on components of other comprehensive income that will be reclassified to the income statement** | | | |
| Tax effect of cash flow hedge taken directly to equity | | 642 | 1,941 |
| Tax effect of cash flow hedge transferred to the income statement | | (587) | 205 |
| **Income tax on cash flow hedges included in other comprehensive income** | | **55** | **2,146** |
| **Income tax on components of other comprehensive income that will be reclassified to the income statement** | | **55** | **2,146** |
| **Total other comprehensive income** | | **15,212** | **7,617** |
| **Total comprehensive income** | | **190,801** | **153,650** |
| ***Comprehensive income attributable to*** | | | |
| Comprehensive income attributable to the owners of the Parent Company | | 187,452 | 150,640 |
| Comprehensive income attributable to non-controlling interests | | 3,349 | 3,010 |

Notes 1 to 45 and Appendices I to V are an integral part of the Consolidated Annual Accounts.

# Indra Sistemas, S.A. and Subsidiaries
# Consolidated Statement of Changes in Equity for the years ended 31 December 2022 and 2021

*(Thousand euro)*

| | Equity attributed to the owners of the Parent Company | | | | | | | | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Other comprehensive | | | | |
| | Issued capital | Share premium | Treasury shares | Share-based payments | Retained earnings | Currency translation differences | Cash flow hedge | Subtotal | | |
| **Balance at 01.01.21** | **35,330** | **523,754** | **(3,768)** | **8,000** | **245,850** | **(144,207)** | **(177)** | **664,782** | **19,098** | **683,880** |
| **Changes in equity** | | | | | | | | | | |
| Profit/(loss) for the year | - | - | - | - | 143,369 | - | - | 143,369 | 2,664 | 146,033 |
| Other comprehensive income | - | - | - | - | - | 13,711 | (6,440) | 7,271 | 346 | 7,617 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **143,369** | **13,711** | **(6,440)** | **150,640** | **3,010** | **153,650** |
| Dividends recognised as distributions to the owners | - | - | - | - | - | - | - | - | (1,170) | (1,170) |
| Increase/(decrease) due to other changes in equity | - | - | - | - | 4,321 | - | - | 4,321 | 35 | 4,356 |
| Increase/(decrease) due to dealings in treasury shares, equity (Note 18) | - | - | (1,094) | (71) | 1,591 | - | - | 426 | - | 426 |
| **Total increase/(decrease) in equity** | **-** | **-** | **(1,094)** | **(71)** | **149,281** | **13,711** | **(6,440)** | **155,387** | **1,875** | **157,262** |
| **Balance at 31.12.21** | **35,330** | **523,754** | **(4,862)** | **7,929** | **395,131** | **(130,496)** | **(6,617)** | **820,169** | **20,973** | **841,142** |
| | | | | | | | | | | |
| **Balance at 01.01.22** | **35,330** | **523,754** | **(4,862)** | **7,929** | **395,131** | **(130,496)** | **(6,617)** | **820,169** | **20,973** | **841,142** |
| **Changes in equity** | | | | | | | | | | |
| Profit/(loss) for the year | - | - | - | - | 171,895 | - | - | 171,895 | 3,694 | 175,589 |
| Other comprehensive income | - | - | - | - | - | 15,721 | (164) | 15,557 | (345) | 15,212 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **171,895** | **15,721** | **(164)** | **187,452** | **3,349** | **190,801** |
| Dividends recognised as distributions to the owners | - | - | - | - | (26,463) | - | - | (26,463) | (6,760) | (33,223) |
| Increase/(decrease) due to other changes in equity | - | - | - | - | 441 | - | - | 441 | 4 | 445 |
| Increase/(decrease) due to dealings in treasury shares, equity (Note 18) | - | - | (480) | 5,865 | 31 | - | - | 5,416 | - | 5,416 |
| **Total increase/(decrease) in equity** | **-** | **-** | **(480)** | **5,865** | **145,904** | **15,721** | **(164)** | **166,846** | **(3,407)** | **163,439** |
| **Balance at 31.12.22** | **35,330** | **523,754** | **(5,342)** | **13,794** | **541,035** | **(114,775)** | **(6,781)** | **987,015** | **17,566** | **1,004,581** |

Notes 1 to 45 and Appendices I to V are an integral part of the Consolidated Annual Accounts.

# Indra Sistemas, S.A. and Subsidiaries
# Consolidated Cash Flow Statement as at 31 December 2022

*(Thousand euro)*

| | Note | 2022 | 2021 |
|---|---|---|---|
| **Cash flows generated from/(absorbed by) operating activities** | | | |
| Profit/(loss) for the year | | 175,589 | 146,033 |
| Income tax expense | 35 | 80,172 | 65,408 |
| **Profit/(loss) before tax** | | **255,761** | **211,441** |
| Grants | 23, 28 | (14,622) | (10,961) |
| Provisions | 16, 24 | 42,714 | 8,102 |
| Other gains/(losses) on fixed assets | 32 | 1,177 | (12,770) |
| Depreciation and amortisation expenses | 6, 7, 9 | 99,852 | 93,535 |
| Profit/(loss) in associates | 11 | 2,282 | (548) |
| Net financial income/(expense) | 10 | 42,408 | 44,636 |
| Dividends received | 11, 12a | 2,348 | 1,874 |
| **Operating profit before changes in working capital** | | **431,920** | **335,309** |
| Decrease/(increase) in inventories and contract assets | | (102,056) | 78,894 |
| Decrease/(increase) in trade receivables | | (8,760) | 15,362 |
| Decrease/(increase) in other receivables from operating activities | | 3,703 | 4,153 |
| Increase/(decrease) in trade payables | | 65,417 | (36,793) |
| Increase/(decrease) in other payables from operating activities | | 16,303 | (6,285) |
| Change in working capital | | (25,393) | 55,331 |
| **Cash flows from operating activities** | | **406,527** | **390,640** |
| Corporate income tax paid | | (56,266) | (46,004) |
| **Net cash flows generated from/(absorbed by) operating activities** | | **350,261** | **344,636** |
| **Cash flows generated from/(absorbed by) investing activities** | | | |
| Other cash collections from sales of equity instruments of other entities | | 1,058 | 911 |
| Other cash payments to acquire equity instruments of other entities | 5 | (28,205) | (42,348) |
| Collections from sales of property, plant and equipment | 32 | - | 40,000 |
| Payments for acquisition of property, plant and equipment | 6 | (24,286) | (14,142) |
| Payments for acquisition of intangible assets | 9 | (29,833) | (35,014) |
| Government grants received | 9, 23 | 14,693 | 20,611 |
| Interest collected | | 11,302 | 3,211 |
| **Net cash flows generated from/(absorbed by) investing activities** | | **(55,271)** | **(26,771)** |

| | | | |
|---|---|---|---|
| **Cash flows generated from/(absorbed by) financing activities** | | | |
| Acquisition of treasury shares | 18 | (122,636) | (109,941) |
| Disposal of treasury shares | 18 | 120,121 | 105,100 |
| Issuance of debentures and other marketable securities | 21 | - | - |
| Issuance of bank borrowings | 21 | 37,269 | 71,921 |
| Repayment and redemption of debentures and other marketable securities | 21 | (150,000) | (4,100) |
| Repayment and redemption of bank borrowings and other financial liabilities | 21 | (387,858) | (260,667) |
| Dividends paid to non-controlling interests | 19 | (6,760) | (1,170) |
| Interest paid | 10 | (37,075) | (36,680) |
| Parent company dividends paid | | (26,463) | - |
| Other flows from financing activities | 7, 22 | (32,214) | (33,668) |
| **Net cash flows generated from/(absorbed by) financing activities** | | **(605,616)** | **(269,205)** |
| Net increase/(decrease) in cash and cash equivalents before the effect of foreign exchange fluctuations | | (310,626) | 48,660 |
| Effect of foreign exchange fluctuations on cash and cash equivalents | | 8,640 | 1,512 |
| **Net increase/(decrease) in cash and cash equivalents** | | **(301,986)** | **50,172** |
| **Cash and cash equivalents at beginning of year** | 17 | **1,235,025** | **1,184,853** |
| **Cash and cash equivalents at year end** | 17 | **933,039** | **1,235,025** |

Notes 1 to 45 and Appendices I to V are an integral part of the Consolidated Annual Accounts.

## 1) The Group's nature, composition and activities

The Group's Parent Company, Indra Sistemas, S.A. (the Parent Company) took its current name in the Extraordinary General Shareholders' Meeting held on 9 June 1993. Its registered office for mercantile and tax purposes is located at Avenida Bruselas 35, 28108 Alcobendas (Madrid), Spain.

The Parent Company's shares are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges (Note 18) and are currently included in the selective IBEX 35 index.

The Parent Company's objects are the design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products that make use of information technologies, as well as any part or component thereof and any kind of services related thereto, including the civil works necessary for the installation thereof, in any field or industry; the provision of business consultancy and management, technology consultancy and training services in any field or industry, and the provision of business and process outsourcing services in any field or industry.

Appendix I, which forms an integral part of the Group's Consolidated Annual Accounts for the financial year ended 31 December 2022, indicates the companies forming part of the scope of consolidation, their address and activity, and the ownership interest held.

During the year ended 31 December 2022, the Group set up the following subsidiaries:

- On 17 March 2022, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. set up the company Indra Gestión de Usuarios, S.L.U., subscribing and paying up 100% of share capital in the amount of €3 thousand.
- On 29 September 2022, the Group company Indra USA, Inc. set up the company Indra Air Traffic, Inc., subscribing and paying up 100% of share capital in the amount of €10 thousand.
- On 7 October 2022, the Group company Minsait Payment Systems, S.L. set up the company Minsait Payment Systems Portugal, Unipessoal, Lda. in Portugal, subscribing and paying up 100% of share capital in the amount of €10 thousand.

During the financial year ended 31 December 2022, the Group derecognised a number of companies, as summarised below:

- The subsidiary Indra Slovakia, A.S. was sold for €1 thousand, with a negative effect of €527 thousand on the Group's income statement, €406 thousand of which reflects the write-off of goodwill (Note 8).
- On 31 October, the two Mexican companies Indra Sistemas México S.A. de C.V. and Indra Software Labs México, S.A. de C.V. were merged, all the latter's assets, liabilities, rights and obligations being transferred to the former.

During the year ended 31 December 2022, the Group acquired the following subsidiaries (Note 5):

- On 28 April 2022, the Group company Sistemas Informáticos Abiertos, S.L. acquired 100% of the shares in the Spanish company Mobbeel Solutions, S.L. for an initial amount of €2,999 thousand, leaving the sum of €1,200 thousand pending payment.
- On 30 June 2022, the Parent Company acquired 100% of the Spanish company Aplicaciones de Simulación Simtec, S.L for €2,482 thousand.
- On 30 September 2022, the Group company Minsait Payment Systems Chile, S.A. acquired 100% of the shares in the company Operadora de Tarjetas de Crédito Nexus, S.A., a purchase agreement having already been signed in the previous year. An initial amount of €11,052 thousand (CLP 10,371,282 thousand) was paid, leaving the sum of €24,143 thousand (CLP 22, 656,553) pending payment.
- On 5 November 2022, a binding agreement was signed to acquire Selex Inc.'s navigation aids business in the United States. Completion of the acquisition is conditional on prior approval by third parties, as is customary in transactions of this kind. At the issuance date of these Consolidated Annual Accounts, the conditions stipulated in the sale and purchase agreement have not yet been met, so the business acquisition has not yet been completed.

During the year ended 31 December 2021, the Group set up the following subsidiaries:

- On 29 March 2021, the Group companies Morpheus Aiolos, S.L.U. and Indra Sistemas México, Sociedad Anonima de Capital Variable incorporated Arcopay Sociedad de Responsabilidad Limitada de Capital Variable, subscribing and paying up 100% of share capital in the amount of €9 thousand (MXN 200 thousand).

During the year ended 31 December 2021, the Group deregistered the following subsidiaries:

- On 27 July, the two German companies Indra Avitech GmbH and AC-B Air Traffic Control & Business Systems merged, all the latter company's assets and liabilities, rights and obligations having been transferred to Indra Avitech GmbH with effect on 1 January 2021 for accounting purposes.
- During the year, the subsidiaries Soluciona Guatemala and Indra France, SAS, which were in liquidation, were liquidated.

During the year ended 31 December 2021, the Group acquired the following subsidiaries:

- On 18 May 2021, the Group company Sistemas Informáticos Abiertos, S.L. acquired 100% of the German company MSS Managed Security Services GmbH for €2,041 thousand.

- On 7 June 2021, the Group company Indra Holding Tecnologías de la Información, S.L.U. acquired 100% of the Spanish company Flat 101, S.L. for €11,404 thousand, leaving the sum of €1,400 thousand pending payment. An additional liability of €11,000 thousand was recognised, reflecting the probable value that Indra estimates will be payable as an earn-out in the event that the company reaches the targets agreed in the sale and purchase agreement.

- On 17 June 2021, the Group company Paradigma Digital, S.L. acquired 75% of the shares in the company The Overview Effect, S.L. by subscribing for a capital increase in the amount of €1,400 thousand that was fully paid up at the subscription date.

- On 3 August 2021, the Group company Sistemas Informáticos Abiertos, S.A.U. acquired 100% of the shares in the Italian company Net Studio, S.P.A. for €7,295 thousand, leaving the sum of €1,295 thousand pending payment.

- On 30 September 2021, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. acquired 100% of the shares in the Colombian company Consultoría Organizacional, S.A.S. for €8,779 thousand, leaving the sum of €1,027 thousand pending payment.

- On 29 November 2021, an agreement was entered into to acquire Operadora de Tarjetas de Crédito Nexus, S.A., completion being subject to prior approval by the competent authorities in Chile. Approval has not been obtained at the date these Consolidated Annual Accounts are authorised for issue and therefore Operadora de Tarjetas de Crédito Nexus, S.A. is not carried as a subsidiary.

- On 22 December 2021, the Group company Minsait Payment Systems, S.L. acquired 100% of the Ecuadorian company Credimatic, S.A. for €6,600 thousand.

There were no other significant scope changes affecting these consolidated financial statements at the date of authorisation for issue.

## 2) <u>Basis of presentation and comparability</u>

The Consolidated Annual Accounts have been prepared by the Parent Company's Directors on the basis of the accounting records of Indra Sistemas, S.A. and the other Group companies. The Consolidated Annual Accounts for 2022 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) which are in force at 31 December 2022 and other provisions of the applicable financial reporting regulatory framework in order to present fairly the consolidated equity and consolidated financial position of Indra Systems, S.A. and subsidiaries at 31 December 2022 and the Group's consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended.

The Group first-time adopted IFRS-EU on 1 January 2004.

The Parent Company's Directors consider that the 2022 Consolidated Annual Accounts, which were authorised for issue on 27 March 2023, will be approved by the General Shareholders' Meeting without changes.

The 2021 Consolidated Annual Accounts were approved by the General Shareholders' Meeting on 23 June 2022.

## Presentation approach and formats

These Consolidated Annual Accounts are presented in thousand euro and rounded to the nearest thousand (€ thousand), the euro being the Parent Company's functional and presentation currency. Transactions completed abroad are recognised in accordance with the policies described in Note 4.w.

## Critical measurement issues and estimates of uncertainty

The preparation of Consolidated Annual Accounts in accordance with IFRS-EU requires significant accounting estimates, judgements and assumptions when applying the Group's accounting policies. The estimates and assumptions employed are based on experience, good faith, best estimates and other historical factors which assure that the results are reasonable in the circumstances. Nonetheless, the results could differ should other estimates be used or events unforeseen by the Group occur, or due to other factors. There follows a summary of aspects that have entailed a greater degree of judgement or complexity, or in which the assumptions and estimates are significant to the preparation of the Consolidated Annual Accounts:

- The Group's core business is based on executing projects contracted with customers. The Group recognises revenue in accordance with IFRS 15. For certain contracts, Indra applies the so-called percentage-of-completion method to account for sales so as to assure the fairest presentation. The contract mark-up is recognised on a straight-line basis over the contract term and in accordance with the matching convention. Group Management continuously reviews all project estimates and adjusts them accordingly.
- Costs incurred in development projects are capitalised in the account "Development expenses" when they are likely to generate economic benefits in the future that will offset the cost of the asset recognised. Intangible assets are amortised based on the best estimates of their useful lives. The estimation of these useful lives requires a certain degree of subjectivity, so they are determined on the basis of analyses performed by the relevant technical departments so that the estimates are duly supported (Note 9).
- The Group performs annual goodwill impairment tests. Management uses estimates in order to determine the recoverable amount of a cash-generating unit (CGU) to which goodwill is assigned. The recoverable amount is the higher of fair value less costs to sell or otherwise dispose of an asset and value in use. The Group generally employs cash flow discounting methods to determine such values. Discounted cash flow calculations are based on five-year projections taking into account past experience and represent Management's best estimate of future business trends. Cash flows beyond year five are extrapolated applying individual growth rates. The key assumptions when determining these values include sales growth rates, weighted average cost of capital, the EBIT margin and working capital levels (Note 8).
- The Group estimates the useful life of property, plant and equipment and intangible assets so as to calculate the depreciation or amortisation charged on fixed assets. Useful life is determined using estimates of expected technological developments, entailing a significant degree of judgement. The need to assess potential impairment means taking into consideration factors such as technological obsolescence, cancellation of certain projects and other changes to circumstances estimated (Notes 6 and 9).
- The Group records provisions for liabilities and charges. The final cost of litigation and contingencies may vary depending on the interpretations of legislation, opinions and final evaluations. Any change to these circumstances could have a material effect on the amounts recognised under the heading Provisions for liabilities and charges (Note 24).

- Deferred tax assets are reflected for all deductible temporary differences, tax-loss carryforwards and tax credits pending application for which the Group is likely to record sufficient future taxable income. The Group must make estimates to determine the amount of deferred tax assets that may be recognised, taking into account the amounts and dates on which the future taxable income will be obtained and the reversal period of taxable temporary differences (Note 35).

- The Group is involved in regulatory and legal proceedings and government inspections in a number of jurisdictions. A provision is recognised if it is likely that there will be an obligation at the year end which will give rise to an outflow of resources, provided that the amount can be reliably measured. Legal processes usually involve complex legal matters and are subject to considerably uncertainty. As a result, Management uses significant judgement when determining whether it is likely that the process will result in an outflow of resources and when estimating the amount (Notes 24 and 35).

- Measurement adjustments for bad debts require a high degree of judgement on the part of Management and the review of individual balances based on the credit quality of customers, current market trends and historical analysis of bad debts at the aggregate level (Note 16). A provision is recorded for the expected loss, in accordance with IFRS 9, based on a number of parameters:

    - Segmentation of trade receivables by maturity.

    - Large customers and other customers.

    - Project debt by country based on credit ratings.

  Past debt performance is also analysed on the basis of:

    - Impairment rates for billings.

    - Debt ageing rates.

    - Impairment rates for past-due balances receivable.

- The calculation of provisions for onerous contracts is subject to a high degree of uncertainty. The Group records provisions for onerous contracts when estimated total costs exceed expected contract revenue. These estimates are subject to changes based on new percentage-of-completion information (Note 24).

Although these estimates are based on the best information available at the date these Consolidated Annual Accounts are authorised for issue, future events could give rise to adjustments in the coming years, which would be made prospectively, recognising the effects of the change of estimate in the relevant future Consolidated Annual Accounts.

## Global and geopolitical impacts and uncertainties

### Uncertainty associated with the Covid-19 pandemic

The global health situation gradually returned to normal in 2022. The effectiveness and increasing penetration of vaccination, combined with the progressive lifting of restrictions, favoured a swift economic recovery and growing dynamism worldwide. Even China, which had until then applied a strict "zero Covid" policy, started afresh by fully reopening its economy at the end of 2022.

After the impact in 2020, Indra managed to quickly recover activity levels and even exceed pre-pandemic results in 2021 (and again in 2022). However, some uncertainty associated with the possible appearance of new variants and the health situation in certain regions cannot yet be ruled out. Indra implemented a home working model in March 2022 in line with the new regulations and is closely monitoring the pandemic to ensure that the approach to work reflects the health context at all times.

### War in Ukraine

Russia's invasion of Ukraine is having a strong impact globally and particularly in Europe. There is currently great uncertainty about the potential outcome, duration and possible international escalation of the conflict. However, the humanitarian, economic and geopolitical repercussions have been felt from the outset.

As a consequence of the war, Europe is facing a serious energy crisis following the accelerated disconnection of Russian gas supplies triggering a sharp increase in prices and heightening the risk of shortages. Some European industries even shut down production temporarily in 2022 due to high energy costs. European industry as a whole, and in particular the most energy-intensive sectors, could face competitiveness issues if the energy crisis is not resolved.

The conflict has also stimulated awareness of the importance of defence in European society.

As regards the direct impact on Indra, the Group discontinued operations in Russia and Ukraine when the war broke out. However, the Group did not do significant business in either country, and business volumes forecast for 2022 were immaterial (a portfolio of below €4 million at end-2021). The direct effect is therefore negligible and all related assets are provisioned.

The Company has continuously monitored developments in the war since the outset so as to take the necessary steps to adapt operations to a changing environment. Indra aims to anticipate any risks that could jeopardise the Company's professionals and customers.

Deterioration of relations between Algeria and Spain

On 8 June 2022, Algeria announced the unilateral suspension of the Friendship Treaty entered into with Spain in 2002, which had an adverse effect on the business in Algeria for Spanish companies.

Specifically, Indra's sales fell from €3.8 million in 2022 compared to €5.3 million in 2021 in Algeria. In any event, the impact on the volume of business is immaterial and all the assets related to activities in Algeria are provisioned.

Global supply chain disruptions

The restrictions imposed on industrial and logistics activities during the pandemic and the subsequent Covid-19 outbreaks in the main export markets (e.g. China) caused huge disruptions in international supply chains. These issues initially affected certain goods (particularly semiconductors) but were aggravated by the rapid recovery of economic activity following the pandemic and progressively spread to new product families until becoming a systemic vulnerability in global supply chains. More recently, these issues have intensified due to the war in Ukraine.

The impact on business is primarily apparent due to delays in the receipt of orders and rising costs. Nonetheless, an improvement in supply chain performance has been observed in recent months. The worldwide economic slowdown, together with the return to business as usual in China, are among the factors contributing to this improvement.

In Indra's case, the impact has essentially been felt in the T&D business, which has the most significant industrial component and is thus more dependent on certain components and intermediate products (particularly semiconductors and, to a lesser extent, metal parts). In 2021, plans were implemented to mitigate the global shortage of semiconductors and supply chains have been continuously monitored since then to assess new measures.

Sharp rise in inflation

Since 2021, various factors have contributed to the strong rebound in global inflation: the economic reopening after the pandemic, supply chain bottlenecks, the conflict in Ukraine and the energy crisis, among others. This situation has forced central banks to tighten monetary policy so as to contain the high inflation in the mature economies (particularly the European Union and United States).

Indra has been affected by the high inflation in two main areas:

- Staff costs: Indra is a talent-intensive company, particularly in the TI business (Minsait). For reference purposes, staff costs account for around 56% of Indra's sales. The Company is therefore very sensitive to wage cost rises and strives continuously to deploy efficiency and productivity initiatives that will mitigate the increase.
- Cost of debt: Increasing interest rates directly affect the cost of the Company's debt. However, the Group has a healthy financial position (net debt leverage ratio of 0.1x EBITDA at year-end 2022) and a diversified debt structure, so the impact was immaterial in 2022. The context of high interest rates must be taken into account, however, with a view to possible transactions that may push up the level of debt.

Growing sustainability requirements

Sustainability has become unavoidable. Beyond strict compliance with growing regulations, sustainability is now one more aspect of decision-making for customers and investors. Companies must increasingly demonstrate a good level of ESG (Environmental, Social and Corporate Governance) to assure customer trust and access capital market funding, as well as to attract and retain talent.

In particular, various regulatory initiatives are being launched in Europe (EU environmental taxonomy, Corporate Sustainability Reporting Directive) that will facilitate the benchmarking of ESG performance.

Indra has a Sustainability Master Plan 2020-2023 through which initiatives are being rolled out with satisfactory results in response to growing demands and regulatory changes in ESG.

**Standards and interpretations approved by the European Union, in force and applicable to the Consolidated Annual Accounts for the financial year ended 31 December 2022**

The following standards have been first-time adopted in the Consolidated Annual Accounts for the year ended 31 December 2022:

- **Amendment to IFRS 3: "Reference to conceptual framework"**. IFRS 3 is updated to align the definitions of assets and liabilities in a business combination with those contained in the conceptual framework.
- **Amendments to IAS 16**: **"Proceeds before intended use"**. The amendment prohibits the deduction from the cost of property, plant and equipment of any proceeds from the sale of articles produced while the entity is preparing the asset for its intended use.
- **Amendment to IAS 37: "Onerous contracts - Cost of fulfilling a contract"**. The amendment explains that the direct cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.
- **Improvements to IFRS Cycle 2018-2020.** Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

There have been no material impacts on the Group due to the adoption of the above-mentioned amendments.

**Standards and interpretations issued, approved by the European Union and to be adopted by the Group as from 1 January 2023 (not early adopted):**

- **IFRS 17: "Insurance contracts".** This replaces IFRS 4 and provides the recognition, measurement, presentation and disclosure methods for insurance contracts in order for the entity to furnish relevant and reliable information that allows financial information users to determine the effect of the insurance contracts on their financial statements
- **Amendment to IFRS 17: "Insurance contracts - First-time adoption of IFRS 17 and IFRS 9" Comparative application:** Amendment to IFRS 17 transition requirements for insurers adopting IFRS 17 and IFRS 9 at the same time.
- **Amendment to IAS 1: "Disclosure of accounting policies".** Amendments that enable entities to correctly identify the material accounting policy information that must be disclosed in the financial statements.
- **Amendment to IAS 8: "Definition of accounting estimates".** Amendments and clarifications as to what must be understood as a change in an accounting estimate.
- **Amendment to IAS 12: "Deferred tax related to assets and liabilities arising from a single transaction".** Clarifications on how entities must account for deferred tax generated by transactions such as leases and decommissioning obligations.

The Group does not expect any significant impacts due to the adoption of these standards and amendments.

**Standards and interpretations issued by the International Accounting Standards Board (IASB), pending approval by the European Union:**

| **Amendments** | **Proposed effective date** |
|---|---|
| Amendment to IAS 1 "Classification of liabilities as current or non-current and classification of non-current liabilities with covenants" | 1.1.24 |
| Amendment to IFRS 16 "Lease liability in a sale and leaseback" | 1.1.24 |

The application of the amendments and the revised standards included in the table above will not have any material impact on the Group's Consolidated Annual Accounts. However, they will result in the disclosure of broader information in the Consolidated Annual Accounts.

### Comparability of information

As required under IFRS-EU, these 2022 Consolidated Annual Accounts include, for comparative purposes, the corresponding figures for the previous year.

### Changes to accounting policies

Except for the adaptation of the Group's accounting policies due to the adoption of the new accounting standards referred to previously, the Group's accounting approach has not changed with respect to the previous year.

## 3) Application / distribution of results

The Board of Directors of the Parent Company Indra Sistemas, S.A. will propose to the General Shareholders' Meeting the following distribution of the profit of €44,399,609.91:

| | |
|---|---:|
| Dividend payable | 44,163,600.50 |
| Offset of prior-year losses | 236,009.41 |
| | 44,399,609.91 |

The proposals for the distribution of the Group companies' 2022 results have been drawn up by their respective Directors and are pending approval by the corresponding General Shareholders' Meetings. The proposed dividend is subject to approval by the Annual General Meeting and has not been recognised as a liability in these Consolidated Financial Statements at 31 December 2022. The proposed dividend is payable to all the shareholders in the register of members at the date on which the General Shareholders' Meeting adopts the dividend payment resolution. The total dividend to be paid is estimated at €0.25 per share (€0.15 per share in 2021). The dividend payment will not have tax implications for the Group.

## 4) Accounting principles

The Consolidated Annual Accounts have been prepared in accordance with the International Financial Reporting Standards and interpretations adopted by the European Union (IFRS-EU).

The accounting policies described below have been applied consistently during the financial years presented in these Consolidated Annual Accounts.

The most relevant are as follows:

### a) Subsidiaries and business combinations

Subsidiaries, including structured entities, are entities over which the Parent Company exercises control directly or indirectly. The Parent Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to influence those returns through its power over the subsidiary. The Parent Company has power over a subsidiary when there are substantive rights in force that give it the ability to direct the relevant activities. The Parent Company is exposed, or has the right, to variable returns from its involvement with the subsidiary when the returns obtained have the potential to vary as a result of the subsidiary's business performance.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate only to administrative tasks and the relevant activities are directed by means of contractual arrangements.

Subsidiaries are consolidated as from the acquisition date and deconsolidated as from the date control is lost.

Subsidiaries are consolidated using the full consolidation method. All their assets, liabilities, income, expenses and cash flows are included in the Consolidated Annual Accounts following the relevant adjustments and eliminations to allow for intra-group transactions.

The Group applies the acquisition method for business combinations.

The acquisition date is the date on which the Group obtains control of the business acquired.

The consideration in a business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred or assumed, equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any payment that does not form part of the exchange for the acquiree. Acquisition costs are recognised as an expense when incurred.

Contingent liabilities are recognised until they are settled, cancelled or expire in the higher of the amount initially recorded, less any amounts that must be taken to the consolidated income statement in accordance with the revenue recognition standard, and the amount calculated applying the provisioning standard.

At the acquisition date, the Group recognises the assets acquired, the liabilities assumed and any non-controlling interest at fair value. Non-controlling interests in the acquiree are recognised in the proportionate part of the fair value of the net assets acquired. These criteria are only applicable for non-controlling interests which carry a current share of economic benefits and entitlement to the proportionate part of the net assets of the acquiree in the event of liquidation. Otherwise, non-controlling interests are measured at fair value or at a value based on market conditions. The liabilities assumed include contingent liabilities to the extent that they represent present obligations arising from past events and fair value may be reliably measured. The Group also recognises indemnification assets provided by the seller at the same time and following the same measurement approach as for the related indemnified item of the acquiree, considering any risk of insolvency and any contractual limit on the amount indemnified.

The assets and liabilities assumed are classified and designated for subsequent measurement on the basis of the contractual agreements, financial conditions, accounting and operating policies and other conditions applicable at the acquisition date, except for leases and insurance contracts.

The excess of the consideration paid, plus the value attributed to non-controlling interests, over the net amount of assets acquired and liabilities assumed, is recognised as goodwill. If applicable, any shortfall is taken to the income statement after assessing the consideration paid and the value attributed to non-controlling interests, and identifying and measuring the net assets acquired.

### (i) Non-controlling interests

Non-controlling interests are reflected in consolidated equity separately from the equity attributed to the Parent Company's shareholders. Non-controlling interests in consolidated results for the year (and in total consolidated comprehensive income for the year) are also presented separately in the consolidated income statement and the consolidated statement of comprehensive income.

The Group's interest and non-controlling interests in the subsidiaries' consolidated results for the year (total consolidated comprehensive income for the year) and changes in equity, after consolidation adjustments and eliminations, are determined based on the ownership interests at the year end, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on cumulative preference shares that have been classified in equity accounts. However, the Group's interest and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the ownership interests held, that is the entitlement to a share in future dividends and changes in the value of the subsidiaries.

The results and each component of other comprehensive income are allocated to equity attributable to the Parent Company's shareholders and to non-controlling interests in proportion to their ownership interest, even if this results in a debtor balance in non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The increase and reduction in non-controlling interests in a subsidiary while control is maintained is recognised as a transaction involving equity instruments. Therefore, no new acquisition cost arises from the increases and no results are recognised as a result of the reductions, the difference between the consideration paid or received and the carrying amount of the non-controlling interests being recognised in the reserves of the investing entity, notwithstanding the reclassification of consolidation reserves and the re-allocation of other comprehensive income among the Group and the non-controlling interests. When the Group's interest in a subsidiary decreases, the share of non-controlling interests in consolidated net assets, including goodwill, is recognised.

The Group recognises options to sell interests in subsidiaries granted to non-controlling shareholdings on the acquisition date of a business combination as a pre-acquisition of the shares, recording a financial liability for the present value of the best estimate of the amount payable, which forms part of the consideration paid.

In subsequent years, the change in the financial liability, including the financing component, is taken to the income statement. Any discretionary dividends paid to the non-controlling interests to the option exercise date are recognised as a distribution of results. If the options are not finally exercised, the transaction is recognised as a sale of shares to the minority shareholders.

Instruments containing options to sell and embodying settlement obligations which qualify to be classified as equity instruments in the subsidiaries' separate financial statements are carried as financial liabilities in the Consolidated Annual Accounts and not as non-controlling interests.

#### (ii) Other aspects related to the consolidation of subsidiaries

Intragroup balances and transactions and any unrealised gains or losses are eliminated on consolidation. However, unrealised losses are seen as an indication of the impairment of the transferred assets.

The subsidiaries' accounting policies have been adapted to the Group's policies for transactions and other events that are similar and have taken place in similar circumstances.

The annual accounts or financial statements of the subsidiaries used in the consolidation process relate to the same presentation date and same period as those of the Parent Company.

### b) Jointly-controlled operations and assets

Joint arrangements are considered to be those in which there is a bylaw or contractual agreement to share control of an economic activity, such that strategic business decisions on both financial and operating matters require the unanimous consent of the Company and the other investors.

For jointly-controlled operations and assets, the Group recognises in the annual accounts the assets under its control, the liabilities it has incurred and the proportionate part, based on its equity interest, of the jointly-controlled assets and jointly-incurred liabilities, as well as the portion of the revenue obtained from the sale of goods or provision of services, and the expenses incurred by the joint arrangement. The statement of changes in equity and the cash flow statement also reflect the proportionate part pertaining to the Group under the arrangements made.

Reciprocal transactions, balances, income, expenses and cash flows are eliminated in proportion to the Group's share of the joint arrangements.

Unrealised gains or losses on the Group's non-monetary contributions or downstream transactions with the joint arrangements are recognised based on the substance of the transactions. In the event that the assets transferred remain in the joint arrangements and the Group has transferred the significant risks and rewards inherent in the ownership of the assets, only the proportionate part of the gains or losses pertaining to the other investors is recognised. Unrealised losses are not eliminated provided they are evidence of the impairment of the asset transferred.

Gains or losses on transactions between the joint arrangements and the Group are only recognised in the proportionate part corresponding to the other investors, applying the same recognition approach described in the previous paragraph in the case of losses.

The Group has made the value and timing adjustments necessary to include the joint arrangements in the annual accounts.

The information on jointly-controlled business activities in the form of temporary consortia (UTEs) is presented in Appendix II.

#### (i) Joint operations

For joint operations, the Group recognises the assets in the Consolidated Annual Accounts, including its share of the jointly-controlled assets; the liabilities, including its share of the liabilities incurred jointly with the other operators; the revenue obtained from the sale of its share of the products of the joint venture; and the expenses, including its share of joint expenditure.

For sales or contributions by the Group to the joint operations, only the results relating to the shares of the other operators are recognised, unless losses reflect the decline in value or impairment of the assets transferred, in which case the entire amount is recognised.

In the case of purchases made by the Group from the joint operations, the results are only recognised when the assets acquired are sold to third parties, unless losses reflect the decline in value or impairment of the assets acquired, in which case the Group recognises the full amount of its share of the losses.

The Group's acquisition of the initial and subsequent interests in a joint operation is recognised using the same approach as for business combinations, based on its ownership interest in the individual assets and liabilities. Nonetheless, when an additional interest in a joint operation is subsequently acquired, the prior interest in the individual assets and liabilities is not restated.

### c) Investments accounted for using the equity method

Associates are entities over which the Group directly or indirectly exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Potential voting rights that may be exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or another entity, are considered when assessing whether there is significant influence.

Investments in associates are carried under the equity method from the date significant influence is exercised to the date on which the Group can no longer prove this influence exists.

The Group's share of the profits or losses of an associate obtained as from the date of acquisition is recognised as an increase or decrease in the value of the investment, credited or debited to the consolidated income statement heading "Results of equity-consolidated companies".

### d) Intangible assets

(i) Goodwill

Goodwill (Note 8) on business combinations is initially recognised at an amount equivalent to the difference between the cost of the business combination and the Group's share in the net fair value of the assets acquired and the liabilities and contingent liabilities assumed with respect to the subsidiary or joint venture acquired.

Goodwill is not amortised. However, goodwill is analysed to identify any impairment annually or as soon as there are signs of a potential loss of value. To this end, goodwill arising on a business combination is allocated to each cash-generating unit (CGU) that is expected to benefit from the combination synergies, applying the approach described in letter g) of this note. Following initial recognition, goodwill is stated at cost less accumulated impairment losses.

Each segment is formed by a CGU that has all the necessary capabilities to develop the various products offered in that segment.

In this regard, in accordance with IAS 36.68, each individual product or vertical market may not be considered a CGU since they are not separate cash-flow-generating assets due to being strongly interdependent and requiring the use of common elements and resources.

Each CGU identified benefits from the economic and operating synergies of the goodwill allocated as a result of the business combinations.

The optimisation of common resources in each business segment and the generation of synergies between them is achieved by:

- Centralising the development of each business, which improves thanks to integrated management.
- Fostering the continuous improvement of service levels provided.
- Streamlining and simplifying the organisational structure of each business separately and of the Indra Group as a whole.
- Enhancing the consistency and effectiveness of processes and systems in each business.
- Implementing more agile commercial management in each segment.
- Gaining strategic flexibility and simplifying the management structure and decision-making and implementation processes by adapting them to the individual needs of each business line.
- Facilitating strategic alliances, joint ventures and integration processes with other companies engaged in the IT business.

Goodwill impairment losses recognised are not reversed in subsequent years.

In the event that a business is sold, the associated goodwill is derecognised as follows: (i) identify the business in the CGU; (ii) derecognise the goodwill based on the percentage of the fair value of the business sold in relation to the total fair value of the relevant CGU (IT or T&D).

(ii) Other intangible assets

Intangible assets are recognised at acquisition or production cost. They are adjusted annually to reflect any decline in value, as described in letter g) of this note. The assets included under this heading are as follows:

- Development expenses: They include direct costs incurred in specific individual developments by project.

  Expenses related to research, development and innovation (R&D&i) projects are recognised directly in the consolidated income statement for the relevant period, except in the case of costs incurred in development projects, which are capitalised in the intangible asset account "Development expenses", provided the following conditions are met:

  - The outlay attributable to the project may be reliably measured.
  - Project costs are clearly assigned, allocated and time-apportioned.
  - There are sound reasons for the project's technical success, both in the case of direct operations and for the sale of the project's results to a third party on completion, where there is a market.
  - The project's economic and commercial profitability is reasonably assured.
  - The funding to complete the project and availability of adequate technical or other resources to complete it and to use or sell the intangible are reasonably assured.
  - Management intends to complete the intangible asset for use or sale.

  Development expenses are only capitalised where there is certainty that future income will be obtained to offset the capitalised project costs.

  The Group analyses development projects to identify impairment and make any value adjustments. Development expenses are recognised directly under this heading as the asset definition is fulfilled. Once completed, they are transferred to computer software and amortisation begins.

  Amortisation of development expenses transferred to computer software begins when the asset is available for use following the development process, tests and quality controls applicable in each case.

- Computer software: Amounts paid to acquire ownership or the right of use of computer programs, as well as costs of programs developed by the Group, are capitalised when the software contributes to the generation of income for the Group.

  The amounts capitalised do not in any case include costs incurred to modify or upgrade programs in use in the Group, nor those relating to review work, consultancy or staff training provided by other companies in order to implement the software.

  Computer software arising from business combinations is carried at the fair value of the identifiable asset acquired on the date of exchange.

  The cost of completed development projects that are transferred to computer software is taken to the income statement through the amortisation account, applying an amortisation rate based on the estimated useful life.

- Industrial property: It is presented at acquisition cost and amortised over the period in which the rights inherent in ownership of the industrial property are exercised.

  Industrial property arising from business combinations is carried at the fair value of the identifiable asset acquired on the date of exchange.

  Industrial property having an indefinite useful life is not amortised. Instead, it is tested annually for impairment, or earlier if there are indications of a potential decline in value.

- Contractual relationships: They include the portfolio of customer relationships derived from business combinations. The amortisation of contractual relationships is charged to the consolidated income statement over a useful life of between nine and 17 years. Impairment testing is carried out to adjust the carrying amount to reflect the fulfilment of commitments made.

Intangible assets acquired in a business combination and carried separately from goodwill are initially recognised at fair value at the acquisition date. Following initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and cumulative impairment losses, on the same terms as intangible assets that are acquired separately.

Useful life and amortisation: The Group assesses whether the useful life of each intangible asset is finite or indefinite. For such purposes, an intangible asset is understood to have an indefinite useful life when there is no foreseeable limit to the period during which it will generate net cash inflows.

Intangible assets with finite useful lives are amortised by distributing the amortisable amount on a straight-line basis over the following estimated average useful lives:

| | Years of estimated useful life |
|---|---|
| Industrial property | 10 to 20 years |
| Computer software | 1 to 10 years |
| Contractual relationships | 9 to 17 years |

Acquisition cost less any residual value is deemed to be the amortisable amount. The Group records no asset with a residual value.

The Group reviews the useful life and amortisation method of intangible assets at each year end. Changes to the approach initially adopted are recognised as changes in estimates and are therefore accounted for prospectively.

## e) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and cumulative impairment losses. Extension, upgrade or improvement costs that represent an increase in productivity, capacity or efficiency or an extension of the useful life of assets are capitalised as an increase in the cost of the pertinent assets. Repair and maintenance costs are taken to the consolidated income statement when incurred.

Depreciation is calculated on the basis of cost values or values allocated by independent, third-party experts using the straight-line method over the following average estimated useful lives:

| | Years of estimated useful life |
|---|---|
| Buildings | 50 |
| Plant, machinery and other installations | 10 |
| Furniture | 10 |
| Data-processing equipment | 4 |
| Vehicles | 7 |
| Other PPE | 10 |

The Group reviews the useful life and depreciation method of property, plant and equipment at each year end. Changes to the approach initially adopted are recognised as changes in estimates and are therefore accounted for prospectively.

## f) Investment property

Investment properties reflect the values of land, buildings and other structures held for rent or to obtain a capital gain on their sale as a result of future increases in market prices.

These assets are carried applying the same approach indicated in letter e) on property, plant and equipment.

## g) Impairment of non-financial assets subject to amortisation or depreciation

The Group looks for signs of the possible impairment of non-financial assets subject to amortisation or depreciation so as to check whether their carrying amount exceeds their recoverable amount.

Similarly, and irrespective of the existence of any indication of impairment, the Group tests, at least annually, for potential impairment that may affect goodwill, intangible assets with an indefinite useful life and intangible assets that are not yet ready for use.

The recoverable amount is the higher of fair value less costs to sell or otherwise dispose of an asset and value in use.

The asset's value in use is calculated on the basis of future cash flows expected to arise from the use of the asset, expectations about possible variations in the amount or timing of cash flows, the time value of money, the cost to be paid for bearing the uncertainty linked to the asset and other factors that market participants take into consideration when assessing future cash flows relating to the asset.

Negative differences identified by comparing the carrying amounts of the assets with their recoverable amounts are taken to the consolidated income statement.

Recoverable amounts must be calculated for each individual asset, unless the asset does not generate cash inflows that are largely independent from those of other assets or asset groups. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) of which the asset forms part.

Impairment losses on CGUs initially reduce the goodwill allocated to the CGU, if applicable, and then the CGU's other assets, pro rata with each asset's carrying amount, up to the limit in each case of the higher of fair value less costs to sell or otherwise dispose of the assets, value in use and zero.

At each year end, the Group looks for signs that the impairment loss recognised in previous years no longer exists or may have decreased. Impairment losses on goodwill are not reversible. Impairment losses on other assets are only reversed if there is a change in the estimates used to determine the asset's recoverable amount.

Reversals of impairment losses are credited to the income statement. Nonetheless, the reversal of the loss cannot increase the asset's carrying amount over the amount at which it would have been carried, net of amortisation or depreciation, had the impairment loss not been recognised.

A reversal of an impairment loss for a CGU is allocated to the non-current assets of each unit, except goodwill, pro rata with the carrying amounts of those assets. The carrying amount of an asset may not be increased above the lower of its recoverable amount and the carrying amount that would have been disclosed, net of amortisation or depreciation, had no impairment loss been recognised.

### h) Leases

The Group recognises whether a contract is or contains a lease at inception. The Group recognises a right-of-use asset and the corresponding financial liability in relation to all leases in which the Group is the lessee, except for short-term leases (expiring in 12 months or less) and leases in which the underlying asset has a low value (below USD 5,000 or the equivalent amount in euros). For these leases, the Group recognises payments as an operating expense on a straight-line basis over the lease term.

The financial liability is initially measured at the present value of the payments to be made during the remaining life of the lease, discounted at the implicit interest rate. In cases in which it cannot be determined, the standard allows the application of the incremental borrowing rate, which has been used by the Company, taking into account the lease term and country.

Lease payments included in the measurement of financial liabilities include the following:

- fixed payments to be made less any lease incentives;
- variable payments depending on an index or rate, initially measured in accordance with the index or rate at inception;
- residual value guarantees expected to be incurred;
- exercise price of a purchase option if it is expected to be exercised;
- lease termination penalty payments, if the lease term reflects that the lessee will exercise an option to terminate the lease.

The financial liability arising from the lease will subsequently increase in the amount of interest accruing and reduce as a result of the payments made. The liability will be reassessed if changes are made to the amounts payable and lease terms.

The cost of right-of-use assets includes the initial amount of the lease liability, any initial direct cost, lease payments made before or on the inception date, and any cost of decommissioning. Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and any associated impairment losses, and is adjusted to reflect any subsequent amendment of the lease.

From a theoretical viewpoint, since right-of-use assets do not usually generate cash flows separately from other assets, it is not possible to estimate the recoverable amount of the asset individually and therefore they are included in the carrying amounts of the CGUs of which they form part when analysing recoverability. The right-of-use asset is therefore deemed to increase the carrying amount and the corresponding liability is deemed to decrease the carrying amount and the recoverable amount. It must be noted that the methodology described above should be roughly equivalent (in terms of the calculation of possible impairment) to the method applied prior to IFRS 16.

Right-of-use assets are depreciated over the shorter of the lease term and the underlying asset's useful life. If ownership of the underlying asset is transferred or the cost of the right-of-use asset indicates that the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Depreciation begins on the lease inception date.

The Group's main leases relate to buildings/offices and warehouses. These leases primarily include commitments to restore the premises to their original state. In some cases, they include early termination or renewal options and rent-free or rent-rebate periods, although this is not the general rule. The Group has no leases in which payment depends on variables beyond the parties' control. The Group has no leases containing financial covenants or whose underlying asset carries a residual value guarantee, or leases signed and not in force at year-end 2022 and 2021. The Group has no leases that could be deemed sale and leaseback arrangements, that is agreements to sell fixed assets in order for the Group to lease the associated underlying asset.

The Group's leases that have been recognised as short-term arrangements (<12 months) relate primarily to various equipment, temporary accommodation, vehicles, etc., irrespective of the value of the underlying asset. The Group also applies the exception for the recognition of right-of-use assets in cases in which the value of the underlying asset is low (below USD 5,000 or the equivalent amount in euros). This group of assets mainly comprises leased IT equipment.

### i) Financial instruments

I. Financial assets

Classification

The classification depends on the measurement category determined on the basis of the business model and the features of the contractual cash flows. Financial assets are only reclassified when the business model used to manage the assets changes.

The Group classifies its financial assets in the following categories:

a) at fair value through equity;

b) at fair value through profit or loss; and

c) at amortised cost.

Measurement

Interest income on financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive it is established.

As stated in Note 10, the Group company has divided its financial assets into the following categories:

a) Equity instruments

Equity instruments are initially recognised at fair value plus transaction costs directly attributable to the purchase.

Following initial recognition, financial assets carried in this category are measured at fair value, any loss or gain being taken to other comprehensive income. The amounts recognised in other comprehensive income are taken to reserves when the financial assets are written off or impaired, if applicable.

Equity investments the fair value of which cannot be reliably estimated and related derivatives that must be settled by delivering the unlisted equity instruments are carried at cost. However, if the Group is able to obtain at any time a reliable measurement of the financial asset, it is then recognised at fair value and subsequent gains or losses are taken to equity.

b) Debt instruments

The subsequent measurement of debt instruments depends on the Group's business model for managing the asset and on the features of the asset's cash flows. The Group classifies debt instruments in three measurement categories:

- Amortised cost: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those carried in other financial asset categories. These assets are initially recognised at fair value, including transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method, provided they mature after more than one year.
- Fair value through other comprehensive income: assets that are held to collect contractual cash flows and to sell the financial assets, where cash flows from the assets consist only of principal and interest payments, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except impairment gains or losses, interest income and exchange gains or losses, which are taken to the income statement. When the financial asset is derecognised, the gain or loss previously accumulated in other comprehensive income is reclassified from equity to profit or loss under the heading "Other financial income/(expense)". The Group has no debt instruments in this category.
- Fair value through profit or loss: assets that do not qualify to be carried at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on debt instruments that are subsequently measured at fair value through profit or loss is presented net in the income statement under the heading "Other financial income/(expense)" in the period it arises. The Group includes non-hedging derivatives in this category.

Impairment

Financial assets carried at amortised cost, finance lease receivables, trade receivables pending collection and financial guarantee contracts will be subject to the impairment provisions of IFRS 9.

The Group applies the simplified approach to recognise the expected credit loss over the life of trade receivables, finance lease receivables and contract assets under the scope of IFRS 15.

The expected credit impairment loss (IFRS 9) was calculated as follows:

- Segmentation of trade receivables by maturity and of "Accounts Receivable for Billable Production", distinguishing between:
    1. Large customers.
    2. Project debt in countries with investment-grade credit ratings as compared with other countries.
- Analysis of past debt performance: Based on:
    1. Impairment rates for billings.
    2. Debt ageing rates.
    3. Impairment rates for past-due balances receivable.

Application to the previous two points of an "Expected credit loss provision rate".

Disposals

The Group applies financial asset derecognition criteria to a part of a financial asset or a part of a group of similar financial assets, or to a financial asset or to a group of similar financial assets.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Where the Group retains the contractual rights to receive cash flows, financial assets are only derecognised when contractual obligations have been assumed which determine the payment of such flows to one or more recipients and the following requirements are met:

- Payment of the cash flows is conditional upon prior collection;
- The Group cannot sell or pledge the financial asset; and
- The cash flows collected on behalf of eventual recipients are remitted without material delay and the Group is not entitled to reinvest the cash flows. Investments in cash or cash equivalents made by the Group during the settlement period from the collection date to the date of required remittance to the eventual recipients are excluded from this approach, provided that interest earned on such investments is passed to the eventual recipients.

For transactions in which a financial asset is fully written off, the financial assets obtained or financial liabilities, including the liabilities relating to the administration services incurred, are recognised at fair value.

In transactions in which a financial asset is partially derecognised, the carrying amount of the entire financial asset is allocated to the part sold and to the part retained, including assets pertaining to administrative services, in proportion to the fair value of each part.

The full derecognition of a financial asset entails the recognition of results in the amount of the difference between its carrying amount and the sum of the consideration received, net of transaction costs, including assets obtained or liabilities assumed and any loss or gain deferred through other comprehensive income.

The derecognition of financial assets in operations in which the Group neither assigns nor retains substantially all the risks and rewards of ownership is based on an analysis of the degree of control retained. Accordingly:

- If the Group does not retain control, the financial asset is derecognised and any rights or obligations created or retained due to the assignment are recognised separately as assets or liabilities.
- If control is retained, the Group continues to recognise the financial asset due to its ongoing commitment and reflects an associated liability. The ongoing commitment in relation to the financial asset is determined based on exposure to changes in its value. The associated asset and liability are measured on the basis of the rights and obligations recognised by the Group. The associated liability is recognised such that the carrying amount of the asset and the associated liability is equal to the amortised cost of the rights and obligations retained by the Group, where the asset is carried at amortised cost, or at the fair value of the rights and obligations held by the Group, if the asset is carried at fair value. The Group continues to recognise income from the asset on the basis of its ongoing commitment and the expenses arising from the associated liability. Changes in the fair value of the asset and associated liability are recognised consistently in profit or loss or in equity, following the general recognition criteria described above, and they may not be netted.

Transactions in which the Group retains substantially all the risks and rewards inherent in the ownership of a financial asset are reflected by recognising the consideration received in liability accounts.

II. Financial liabilities

Classification

The Group classifies its financial liabilities in the following categories:

a) at amortised cost;

b) at fair value through profit or loss.

Measurement

As described in Note 10, the Group divides financial liabilities into the following categories:

a) Financial liabilities at amortised cost

Loans and payables are non-derivative financial liabilities other than those carried in other financial liability categories. These liabilities are initially recognised at fair value, including transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method, provided they mature after more than one year.

Borrowings are initially recognised at fair value, net of any transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the repayment value is recognised in the income statement over the life of the borrowings using the effective interest method.

When issuing convertible bonds, the Parent Company analyses whether it is an issue of compound financial instruments or a liability issue.

When compound financial instruments including liability and equity components are issued, the Parent Company determines the equity component as the residual amount obtained, after deducting the amount of the liability component, including any derivative financial instrument, from the fair value of the instrument as a whole. The liability component is measured at the fair value of a similar instrument that does not have an associated equity component. Transaction costs related to the issuance of compound financial instruments are distributed on the basis of the carrying amount of each component at the time of classification. When a convertible bond issue contract includes a clause providing an option for the bondholder to redeem the bond in advance, in full and in cash, the Parent Company treats the entire instrument as a financial liability for accounting purposes.

In order to facilitate payments to suppliers, the company arranges reverse factoring with various financial institutions. Trade liabilities are recognised under the heading “Trade and other payables” in the balance sheet until they are settled, cancelled or expire, irrespective of whether the supplier has advanced payment.

Income received from the financial institutions in return for the assignment of business through the acquisition of customer invoices or payment documents is recognised at the date of accrual in the income statement. Costs associated with the financing are recognised in the income statement as they accrue.

Amounts payable to the financial institutions as a result of the assignment of trade payables are recognised as trade payables prepaid by credit institutions under the consolidated balance sheet heading “Trade and other payables”.

b) Financial liabilities at fair value through profit or loss

These liabilities are acquired in order to be sold in the short term. Derivatives are included in this category unless they are designated as hedging instruments. These financial liabilities are carried at fair value, both on initial recognition and on subsequent measurement, and any changes in that value are reflected in the consolidated income statement for the year.

Disposals

The Group writes off a financial liability or a part of it when the obligation contained in the liability has been fulfilled or it is legally exonerated from the primary responsibility contained in the liability, whether by a court proceeding or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial changes to the liabilities initially recognised are accounted for by writing off the original financial liability and recording a new financial liability, provided the instruments have substantially different terms.

The Group considers that the terms are substantially different if the present value of the cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate for the discount, differs by at least 10% from the discounted present value of the cash flows still remaining from the original financial liability.

The Group recognises the difference between the carrying amount of the financial liability, or the part of it, settled or assigned to a third party and the consideration paid, including any non-cash asset assigned or liability assumed, in the income statement.

III. Netting principles

A financial asset and a financial liability may be netted only when the Group has the legally enforceable right to offset the amounts recognised and has the intention to settle the net amount or to realise the asset and cancel the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the ordinary course of business and in the event of the default, insolvency or bankruptcy of the company or counterparty.

### IV. Hedges

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issuance of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit or loss, as they do not form part of the effective change in the hedge. Those that do not meet the above-mentioned hedging criteria are classified and measured as financial assets or liabilities at fair value through profit or loss.

The Group recognises hedges of foreign currency risk under firm commitments as cash flow hedges.

At hedge inception, the Group formally designates and documents hedging relationships, purposes and strategies. Hedge accounting is only applicable when the hedge is expected to be highly effective at inception and in subsequent years in offsetting changes in the fair value or cash flows attributable to the hedged risk, throughout the designated hedging period (prospective analysis).

For cash flow hedges of forecast transactions, the Group assesses whether the transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss for the year.

The Group has arranged currency forward call/put contracts. These insurance contracts are treated as derivative financial instruments that qualify for hedge accounting.

The portion of any changes in the fair value of effective derivatives is recognised directly in equity, net of taxes, under the heading “Cash flow hedges” until the committed or expected transaction is completed, when they are reclassified to the consolidated income statement. The ineffective portion is taken directly to the consolidated income statement under the heading “Financial income/(expense)”.

The fair value of foreign exchange insurance is calculated based on the currency price at the end of each accounting period (hierarchy level 2).

As the hedge accounting requirements are consistent with the Group’s risk management policies, the Group’s current hedging relationships have been assessed and meet conditions to continue to be classed as hedging relationships under IFRS 9.

### V. Fair value hierarchy for financial assets and liabilities and non-financial assets and liabilities

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Measurement is based on the premise that the transaction occurs in the principal market, that is the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, the transaction is assumed to occur in the most advantageous market, which is the market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability.

The fair value of the asset or liability is determined by applying the assumptions that the market participants would use when pricing the asset or liability, on the premise that the market participants act in their own best economic interests. The market participants are mutually independent, informed, able to enter into a transaction with the asset or liability and interested in completing the transaction, but are not obligated or by any other means forced to do so.

The assets and liabilities measured at fair value can be classified at the following levels:

- Level 1: fair value is calculated taking into consideration quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value is calculated taking into account inputs other than quoted market prices included within Level 1 that are observable in the market for the asset or liability, either directly or indirectly. The methods and assumptions used to determine fair values at this level by type of assets or liabilities take into consideration estimated future cash flows discounted to present value applying the zero-coupon interest rate curves for each currency on the last business day of each period, and converting the amount calculated to euro using the exchange rate on the last business day of each period. All the measurements described are made using the Group’s internal tools.

- Level 3: fair value is calculated taking into consideration unobservable inputs for the asset or liability. When measuring assets and liabilities at fair value, the Indra Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of derivative financial instruments is calculated as follows:

- The fair value of derivatives quoted on an organised market is their year-end market price.
- In the case of derivatives not quoted on organised markets, the Indra Group calculates fair value taking into consideration observable market inputs, estimating future cash flows discounted to present value applying the zero-coupon interest rate curves for each currency on the last business day of each period, and converting the amount calculated to euro using the exchange rate on the last business day of each period. These measurements are made by means of internal tools. Once the gross market value is obtained, a debt valuation adjustment (DVA) or a credit valuation adjustment (CVA) is made. The credit valuation adjustment (CVA) or debt valuation adjustment (DVA) is measured based on the instrument's potential future exposure (credit or debtor position) and the risk profile of the counterparties and the Indra Group itself. During 2022 and 2021, the value of the credit valuation adjustments (CVA) and debt valuation adjustments (DVA) made was immaterial.

The fair value of non-financial assets and liabilities is determined, in the case of properties, in accordance with appraisals prepared by independent experts and, for other assets and liabilities, based on available market prices or by discounting future cash flows if a market cannot be identified.

Financial instruments are classified at the time of initial recognition as a financial asset, a financial liability or an equity instrument, in accordance with the economic substance of the contractual agreement and the definitions of financial asset, financial liability or equity instrument contained in IAS 32 "Financial instruments: Presentation".

### j) Parent Company's treasury shares

The Group's acquisition of the Parent Company's equity instruments is recognised separately at cost of acquisition in the consolidated statement of financial position as a reduction in equity, irrespective of the reason for the purchase. No gains or losses are recognised in respect of transactions with own equity instruments.

Share sales are carried at weighted average cost.

The subsequent redemption of the Parent Company's instruments entails a capital reduction equivalent to the par value of the shares and the positive or negative difference between the acquisition price and the par value is debited or credited to reserves.

Transaction costs related to own equity instruments, including issuance costs related to a business combination, are accounted for as a reduction in equity, net of any tax effect.

### k) Non-current assets and disposal groups held for sale

The Group carries a non-current asset or disposal group as held for sale when the decision has been taken to sell and the sale is highly probable and expected to take place within the coming 12 months.

For the sale to be highly probable, the appropriate level of Management must be committed to a plan to sell the asset (or group of assets) and an active programme to locate a buyer and complete the plan must have been initiated.

There may be events and circumstances that could delay the sale beyond one year. This extension does not prevent the held-for-sale classification if the delay is caused by events or circumstances outside the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or group of assets). Such circumstances are as follows:

- On the date on which the entity commits to a plan to sell the asset, there is a reasonable expectation that third parties (other than the purchaser) will impose conditions on the transfer of the assets that will extend the period necessary to complete the sale and that actions in response to such conditions cannot be initiated until the firm purchase commitment has been obtained, it being highly probable that the commitment will be obtained within a year.
- The entity obtains a firm purchase commitment that will extend the period required to complete the sale, provided the necessary actions have been taken on a timely basis to respond to the conditions imposed and the factors giving rise to the delay are expected to be resolved favourably.

- During the initial one-year period, circumstances arise that were previously deemed improbable and, as a result, the non-current asset previously classified as held for sale has not been sold by the end of that period, provided that:
    - During the initial one-year period, the entity took the necessary steps to respond to the change of circumstances;
    - The non-current assets are being actively sold at a reasonable price due to the change of circumstances; and
    - The above-mentioned criteria relating to the likelihood of the sale and Management's commitment are fulfilled.

These assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets held for sale are not depreciated but the necessary measurement adjustments are made at each balance sheet date to ensure that the carrying amount does not exceed fair value less costs to sell.

Income and expenses generated on non-current assets and disposal groups held for sale that do not meet requirements to be classed as discontinued operations are recognised in the relevant consolidated income statement item by nature.

### l) Inventories and Contract assets

Inventories are initially carried at acquisition or production cost. The cost of inventories is based on the FIFO method. Work in progress includes direct labour, materials and other services acquired for projects. The direct acquisition of the materials or services necessary for the project is recognised at acquisition cost, while labour is reflected at standard cost, which does not different significantly from actual cost.

The cost of inventories is adjusted where cost exceeds net realisable value. For such purposes, net realisable value is:

- Replacement price, in the case of raw materials. The Parent Company does not recognise the measurement adjustment where the finished products that include the raw materials and other supplies are expected to be sold at a value equal to or above production cost.
- Estimated selling price less necessary selling expenses in the case of goods purchased for resale.
- Estimated selling price less estimated costs necessary to complete production and sell the products, in the case of work in progress.

The measurement adjustment previously recognised is reversed against results if the circumstances that caused the impairment no longer exist or when there is clear evidence of an increase in net realisable value as a result of a change in economic circumstances. The reversal of the measurement adjustment is limited to the lower of cost and the new net realisable value of inventories.

Measurement adjustments and reversals of inventory impairment losses are recognised under "Change in inventories".

In addition, the Indra Group recognises "contract assets", that is costs of work in progress for which the performance obligations are pending fulfilment under the new revenue recognition standard IFRS 15 (Note 4v).

Once the Group obtains acceptance of the work carried out (milestone certification), the revenue is recognised as the sum of the capitalised cost and the associated mark-up. The cost recognised as a contract asset is then taken to the income statement under "Change in inventories".

The relationship between the timing of fulfilment of obligations and the usual timing of payment is explained below:

1) When a contract provides for an advance payment at the effective date, it is reflected on the liabilities side of the balance sheet under "Advance payments from customers" when the invoice is issued.

2) Subsequently, as the contract's performance obligations are met, the associated revenue is progressively recognised and balances not yet invoiced are carried as "Accounts receivable for billable production".

3) At the invoice date, the balance of "Accounts receivable for billable production" is transferred to "Trade receivables for sales and services" until the debt is settled by paying the amount owed. Any effect on the time value of money will be immaterial.

4) As the contract is executed, the customer will offset the amounts paid in advance in the various invoices and the balance will be settled when the contract is fully performed.

### m) Cash and cash equivalents

Cash and cash equivalents include cash and demand bank deposits with credit institutions. This heading also includes other highly-liquid short-term investments provided that they are easily convertible to specific cash amounts and the risk of changes in value is immaterial. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

### n) Government grants

Non-repayable grants received by the Group to fund research and development are recognised by reducing the value of the grant-related assets and are released to the consolidated income statement under "Amortisation" at the same rate as the projects capitalised as other intangible assets are amortised. Where the amount of the grant exceeds the carrying amount of the related asset because it is in the development stage, the maximum amount to be offset will be the amount capitalised, the difference being recorded in liabilities as deferred income.

Financial liabilities that include implicit aid in the form of below-market interest rates are initially recognised at fair value. The difference between that value, adjusted for financial liability issuance costs and the amount received, if appropriate, is reflected as a government grant based on the nature of the grant awarded.

Grants received that are not associated with assets are released to the income statement in proportion to the expenses incurred. Most of these grants relate to development expenditure not capitalised by the Group and to other operating expenses, mainly training.

### o) Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, there is likely to be an outflow of funds including future economic benefits to settle the obligation and the amount of the obligation may be reliably estimated.

Obligations at the year end arising from past events that could be detrimental to the Group's assets, the amount and settlement date of which are uncertain, are recognised in liabilities in the consolidated statement of financial position as provisions for liabilities and charges, at the present value of the most probable amount that the Group is estimated to be required to disburse to settle the obligation.

The amount of these provisions is quantified at each accounting close based on the best information available on the consequences of the event that gave rise to them.

The amounts recognised in the consolidated statement of financial position reflect the best estimate at the year end of the payments necessary to settle the present obligation, after taking into account risks and uncertainties affecting the provision and, where material, the financial effect of the discount, provided the payments to be made in each period may be reasonably determined. The discount rate is a pre-tax rate and takes into account the time value of money and specific risks not considered in the cash flows related to the provision at each closing date.

Separate obligations are measured based on the most likely individual outcome. If the obligation implies a significant population of consistent items, it is measured by weighing up the probability of each possible outcome. If there is a continuous range of possible outcomes and each point in the range shows the same probability as the rest, the obligation is measured at the average amount.

The financial effect of provisions is recognised as a financial expense in the income statement.

The tax effect and gains on the expected disposal of assets are not taken into account in measuring a provision.

Provisions are reversed against the income statement when an outflow of funds to settle the obligation is unlikely. They are reversed against the income statement item in which the corresponding expense was recorded. Any overprovision reversed is recognised in the same item as expense.

i. Provisions for restructuring

Restructuring-related provisions are recognised when the Group has a constructive obligation under a detailed formal plan and there is a valid expectation on the part of those affected that the plan will be carried out, either because the Group has already started to implement the plan or its main features have been announced. Restructuring provisions only include outlays directly related to the process and not associated with the Group's continuing operations.

ii. Provisions for onerous contracts

The amount of provisions for onerous contracts is based on the present value of unavoidable costs, determined as the lower of the contract costs, net of any income that could be generated, and the cost of compensation or penalties payable for breach of contract.

iii. Trade provisions

They reflect the amount of expense estimated to carry out repair or review work during the guarantee period of completed projects.

iv. Provision for litigation and Contingent liabilities

Contingent liabilities are possible obligations arising from past events, the materialisation of which is conditional on the occurrence of future events that are not entirely under the Group's control, and present obligations resulting from past events in respect of which there is not likely to be an outflow of funds to settle the obligations or which cannot be reliably measured. These liabilities are not recorded in the accounts but are described in the notes.

The Group's Legal Department monitors all litigation, arbitration and proceedings to which any Group company is a party, following the established internal procedure. The Legal Department makes its own estimates and, where necessary, relies on the external legal advisor in charge of the matter to verify the assessments made or request an independent evaluation.

The Group provisions all liabilities the probability of occurrence of which is estimated to be probable (above-50% possibility of an outflow of resources).

v. Provision for remuneration

The Group's Management and Board of Directors agreed to establish a Medium-Term Incentive (MTI) for 2021, 2022 and 2023 so as to align the management decisions of a group of key executives with the Company's medium-term objectives.

The general vesting and payment terms and targets are set out in the relevant Medium-Term Remuneration Plan (the Plan), which is given to all those invited to take part in the MTI. It comprises a series of overall objectives at the Company level, which account for 90% of the total amounts targeted, plus individual objectives measuring the Executive's personal contribution to the achievement of the 21-23 Strategic Plan, accounting for 10% of the total targeted.

The Plan has a 36-month vesting period from 01/01/2021 to 31/12/2023.

The incentive is paid in the form of Company shares on the terms and conditions set out in the Plan. The number of shares targeted reflects 100% fulfilment of the established objectives and may increase to 150%.

In addition, as part of the remuneration policy, the Indra Group's Management and Executive team has the possibility of receiving individual, non-vesting annual variable remuneration (AVR) the amount and accrual of which is determined based on the fulfilment of the objectives and conditions set each year by the Company in the Variable Remuneration Plan.

The achievement of the Company's objectives will determine the total amount payable to the Variable Remuneration Plan beneficiaries.

This variable remuneration is provisioned annually on the basis of the estimated % fulfilment of the objectives set. This percentage may vary depending on developments in the current financial year and is determined by the Management Control team.

For the members of the Management Committee, % fulfilment is determined by Indra's Board of Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, once the year is closed. The following guidelines are observed:

- 70% of the AVR is paid in cash.
- The remaining 30% is deferred over three years each year and will be received entirely in the form of Company shares in equal thirds on each of the following three anniversaries following the date of approval by the AVR Committee.

vi. Decommissioning provision

The Group is party to leases containing decommissioning and rehabilitation commitments (Note 7).

On signing the lease, the Group estimates the present value of future decommissioning, close-out and other obligations associated with the lease, such as site restoration costs. The present value is capitalised as an increase in right-of-use assets and a provision is recognised (Note 7).

### p) Termination benefits

Unless there is a justified cause, current legislation requires companies to pay indemnities to employees whose employment relationship is terminated under certain conditions. The Group accounts for the indemnities payable when the decision to terminate the employment relationship is approved and the affected parties have been notified.

### q) R&D loans

R&D loans are granted to assist with the Group's R&D activities, are generally repayable over more than five years and accrue explicit interest at a rate equal to zero.

They are initially recognised in liabilities in the consolidated statement of financial position at the present value of future cash flows, discounted at the market interest rate, the difference with respect to face value reducing the expense accrued. They are treated as an operating grant if the expense has been incurred or as a capital grant if the expense has not been incurred or has been capitalised.

In subsequent years, the loan is remeasured in financial expense or income.

### r) Classification of assets and liabilities

Assets and liabilities are presented in the consolidated statement of financial position based on the following classification reflecting the term of the balances:

> Non-current: payables falling due after more than 12 months as from the date of the consolidated statement of financial position and assets that are not expected to be realised, sold or consumed within 12 months, this being the Group's normal operating cycle. Current: assets that are expected to be realised, sold or consumed within the Group's normal operating cycle and payables falling due within 12 months as from the date of the consolidated statement of financial position or payables that may fall due at any time without a right of deferral by the Group.

### s) Income tax

Income tax expense or income includes both current and deferred tax.

Current tax is the amount of income tax payable or recoverable in relation to consolidated taxable profit or loss for the year. Current tax assets or liabilities are measured in the amounts expected to be paid to or recovered from the tax authorities, using tax rates and laws that have been enacted or substantively enacted by the year end.

Current or deferred income tax is recognised in the income statement, unless it arises from a transaction or economic event that has been recognised in the same period or in a different period against equity, or from a business combination.

Deferred tax liabilities are amounts of income taxes payable in future periods in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. A temporary difference is the difference between the carrying amount of an asset or liability and its tax value.

The Group recognises tax credits for investment applying the recognition and measurement policies for current or deferred tax assets, unless they have the nature of a grant. If the tax credits have the nature of a grant, they are recognised, presented and measured applying the corresponding accounting policy. To this end, the Group considers that tax credits have the nature of a grant when they may be used whether or not gross tax payable is recognised and are substantively operational beyond the investment that is made or held.

(i) Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases, except where they:

- Arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, on the transaction date, does not affect either the reported result or the tax base.
- Represent differences relating to investments in subsidiaries, associates and joint ventures in which the Group has the ability to control the timing of reversal and reversal is not likely in the foreseeable future.

(ii) Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- There are likely to be sufficient future taxable profits to offset them or when tax legislation provides for the possibility of converting the deferred tax assets into a balance receivable from the tax authorities in the future. Nonetheless, assets that rise from the initial recognition of assets or liabilities in a transaction that is not a business combination and, on the transaction date, does not affect either the reported result or the tax base are not recognised.
- They represent temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and future taxable profits are expected to be obtained against which to offset the differences.

The Group recognises the conversion of a deferred tax asset into a balance receivable from the tax authorities where applicable under prevailing tax legislation. To this end, the deferred tax asset is written off against deferred income tax expense and the receivable is credited to current income tax. The Group also recognises the exchange of a deferred tax asset for government securities at the acquisition date.

The Group recognises the corresponding payment obligation as an operating expense credited to the balance payable to the authorities.

It is considered probable that the Group will generate sufficient taxable profits to recover the deferred tax assets where there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward. If the only future taxable profit is derived from taxable temporary differences, the recognition of deferred tax assets arising from tax losses carried forward is limited to 70% of the deferred tax liabilities recognised.

In order to determine future taxable profits, the Group takes into account tax planning opportunities, provided it intends or is likely to adopt them.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are valued at the tax rates to be applied in the years in which assets are expected to be realised or the liabilities settled, using tax rates and laws that have been enacted or substantively enacted and taking into account the tax consequences that will derive from the manner in which the Group expects to recover the assets or settle the liabilities. The Group has treated the deduction for the reversal of temporary measures introduced by Transitional Provision 37 of Law 27/2014 of 27 November on Corporate Income Tax as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of depreciation charged in 2013 and 2014.

The Group reviews the carrying amount of deferred tax assets at the reporting date and reduces this amount to the extent that it is not probable that sufficient taxable profit will be available against which to recover them.

Deferred tax assets that do not meet the above-mentioned conditions are not recognised in the consolidated statement of financial position. The Group reassesses at the year end whether the conditions to recognise the deferred tax assets that were not been previously recognised are met. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the taxes are levied by the same tax authority. The Group intends to settle its current tax assets and liabilities on a net basis.

(iv) Classification

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected realisation or settlement date.

### t) Earnings per share

The Group calculates basic earnings per share using the weighted average number of shares outstanding during the year. Shares outstanding refers to the difference between issued shares and treasury shares held. The calculation of diluted earnings per share also includes the dilutive effect of instruments convertible into shares or having a capital component.

### u) Segment reporting

"Operating segments" arise from the grouping together of the vertical markets in which the Group operates. The Group's operating segments are as follows:

- Transport and Defence ("T&D"). The vertical markets grouped together in this segment are the "Defence and Security" market, the "Transport" market and the "Air Traffic" market.
- Information Technologies ("IT"). The vertical markets grouped together in this segment are the "Energy and Industry" market, the "Financial Services" market, the "Telecommunications and Media" market and the "Public Administrations and Healthcare" market.

The Group's chief operating decision-makers analyse information on the basis of the two types of services offered by the Group: T&D and IT.

Although the Group has certain information in connection with its vertical markets that is made public, this information is not the basis for decision-making and there is no differentiated, separate financial information for these markets as required by IFRS 8. The Group's operations in each of its two segments are managed in a multidimensional way in line with the customer's business sector (vertical markets, whose sales figures are published), products offered, geographies where the activity is carried out (grouped by continental area also reported in the financial statements) and cross-operational areas (plants, software factories, etc.) in which both human and material resources are shared.

The Group publishes revenue information by vertical market (and geographical area) as a way of illustrating the distribution of business revenue, in this case based on the customer's business sector, although this classification does not reflect an independent management area, as indicated above, in view of the need for interaction with the other areas analysed in order to carry out the activities. For this reason, it is not possible to allocate goodwill by vertical market, just as it would not be possible to allocate it by geography, product or horizontal area.

For consolidation purposes, the assets and liabilities (non-current assets, goodwill, net working capital, payables to and receivables from public authorities, etc.) have been distributed based on the business area in which they were generated. Additionally, debt and associated finance costs, as well as other assets not directly attributable to the business segments, such as cash and cash equivalents, are allocated to other non-segment activities disclosed in the Corporate (non-attributable) column.

The following geographical segments have been identified based on the geographical areas in which the Group does business: Spain, Brazil, Rest of America, Italy, Rest of Europe and Asia, Middle East & Africa. These notes provide details by geographical segment only at the level of external sales, investments and assets employed.

The accounting policies applied to the segments are the same as those applied to the Group.

### v) Revenue recognition

(i) Contract type

In general, the Group's ordinary activities are grouped into three main contract types:

- Execution of largely turnkey, long-term projects.
- Provision of various kinds of services, such as technical assistance, consultancy, process outsourcing, maintenance, etc.

- Manufacturing and installation to order of equipment and hardware systems (which may include software and firmware) based on proprietary technologies.

Additionally, in turnkey and manufacturing projects the customer controls the asset, which often has no alternative use to that which can be given by the customer due to the specifications set out in the contract, which means that the Group has a contractually enforceable right to payment for the work executed to date.

In 2022, over 8,000 new projects were contracted (4,600 in 2021) and the number of ongoing projects generating revenues exceeded 15,800 (13,500 in 2021). The weighted average duration of new projects contracted in 2022 and the range of duration are as follows:

| **Type** | **Average duration** | **Range** |
|---|---|---|
| Projects | 5 years and 9 months | Between 17 years and 8 months |
| Services | 4 years and 4 months | Between 8 years 5 months and 5 |
| Manufacturing | 7 years and 3 months | Between 10 years 3 months and 7 months |

Contracts usually detail the goods or services to be transferred to the customer, so the execution milestones are identified by analysing each contract. Most contracts identify a performance obligation for each of the different goods or services included in the contract, except for turnkey project contracts, where several goods or services can be identified as a single performance obligation under IFRS 15.

The Group considers that performance obligations are satisfied over time because, irrespective of the different nature and structure of contracts with customers, one or more of the criteria provided by paragraph 35 of IFRS 15 are met. For service contracts, the customer primarily receives and simultaneously consumes the benefits provided by the performance of the service as it is carried out.

The complexity and specificity of the Group's contracts with customers means that in most cases the Group works to order in accordance with the customer's requirements, so that manufacturing or development under a given contract has no alternative uses. For this reason, there are practically no situations in which the customer is contractually entitled to return the products and services delivered by the Group or to reimbursement of any amount received under the contract. In addition, certain projects usually have a warranty period in which the customer is entitled to restore the functionality committed to in the contract.

### (ii) Invoicing conditions

As a general rule, the customer's acceptance of the various contractual milestones gives rise to a right to invoice, which in turn leads to payment falling due on the agreed invoice settlement date.

In addition, given the profile of its contracts, the Group very frequently accounts for all committed goods and services as a single performance obligation, provided that one of the factors described in the International Financial Reporting Standard "Revenue from contracts with customers" (IFRS 15) is fulfilled.

In general, contractual milestones for the provision of services recur more often than those of project execution and in-house manufacturing contracts, so that under normal circumstances the services provided in each interim period stipulated in the contract are reviewed by the customer and invoiced in the immediately following interim period.

In the case of projects or equipment manufacturing, milestone certification deadlines can at times be extended due to the complexity of the technical verification tasks to be carried out by the customer and on occasions due to the customer's or the country's own practices.

Similarly, invoicing deadlines for milestones certified by the customer may vary depending on the type of contract:

- For the provision of services, certified work is generally invoiced in the immediately following interim period, which is usually the following month.

- For projects and equipment manufacturing, invoicing deadlines are stipulated in the contract and are tied to milestone certification or to the progress and document review process performed by the customer.

Contracts entered into with the Group's customers may explicitly or implicitly contain billing milestones that have a financial component, which is particularly common in Transport and Defence Division contracts that require the stockpiling of materials for manufacturing. Any effect on the time value of money will be immaterial.

### (iii) Transaction price

The transaction price is determined once the bid is awarded and the contract is signed.

The approach to contract recognition includes in the initial transaction price all components of fixed consideration and the best estimate at the contract signing date of the components of variable consideration for which it is considered that there is insufficient uncertainty to conclude that it is not highly probable that the revenue recognised for the variable consideration, essentially the amount associated with goods and services committed in the short term, will be materially reversed. Each year, a review is conducted to ensure that the variable consideration is considered to be highly probable and that the revenue recognised will not be materially reversed. Any departures from the initially estimated figure arising in the previous year, which are in no event material, are adjusted where appropriate.

As regards the time value of money, the Group recognises contractual liabilities of a financial nature relating to cash flows received before the work is executed. They are accounted for under "Advance payments from customers" and include both the amounts specifically invoiced by the customer and the implicit financial components arising from the contract's billing schedule when a certain amount invoiced has no associated execution costs. Any effect on the time value of money is immaterial.

In general, the prices of the Group's contracts with customers are firm and fixed, although certain types such as technical assistance, service level agreements or pay-per-use services may include variable consideration, in which case the Group includes in the contract price, for IFRS 15 purposes, the amount of revenue recognised that is highly likely not to be materially reversed.

### (iv) Revenue recognition method

For the most part, the Group recognises project revenue from contracts with customers as the performance obligation(s) stipulated in the contracts are progressively satisfied over time in accordance with IFRS 15. Under this standard, the most appropriate measurement method to reasonably measure progress in the performance of the contract is determined, preferably based on a "certified milestone" output method, which is most suited to the nature of the contracts. Failing this, where it is not feasible to identify intermediate contractual milestones to measure progress, progress is estimated using the "percentage of completion" resource method.

For "certified milestone" contracts, the Group recognises revenue based on the customer's acceptance of completed work. Contractual milestones are normally stipulated in the contract with sufficient detail and traceability to be taken as an objective reference when measuring the progress of the contract. This revenue recognition method requires a plan indicating the milestones that must be certifiable by the customer. These certifiable milestones will include the amount of the revenue or sale to be recognised once the milestone is reached and certified. The evidence supporting these contractual milestones may take different forms, the most common being the periodic certification of work or the performance of tests or checks by the customer on the progress or quality of the work.

For "percentage-of-completion" contracts, the Group recognises revenue based on the estimated proportion of the total contract completed at the closing date. Using this method, the expected total profit is apportioned in the accounts over the years in which the contract is executed, based on percentage of completion at each closing date. The percentage of completion of a transaction used to recognise the Company's revenue is determined in proportion to the contract costs incurred in the work already carried out to date, excluding cost overruns, in relation to the estimated total contract costs.

### (v) Contract modifications

For percentage-of-completion contracts, modifications to the original contract usually relate to changes in scope or price that are agreed following the initial contract date and are arranged through addenda to the contract. The Group analyses whether the contract modification in itself implies a different performance obligation than the original contract or whether it should be combined with the other goods or services under the contract.

Nearly all contract modifications for which revenue is recognised on a percentage-of-completion basis were found not to be a performance obligation separate from the main obligation.

Due to being the same performance obligation, the accounting treatment entails making a new estimate of the total costs of performing the obligation and the estimated margin, so as to determine the new percentage of completion on the total new price stipulated in the modified contract.

Revenue recognised on a percentage-of-completion basis due to contract modifications totalled €14 million and €22 million in 2022 and 2021, respectively.

(vi) Contract assets and liabilities

The sequence from the time a contract's performance obligations are satisfied to the usual time of payment and the effect these factors have on the balances of assets and liabilities is as follows:

- When a contract provides for an advance payment at the effective date, it is reflected on the liabilities side of the balance sheet under "Advance payments from customers" when the invoice is issued.

- During execution, the Group capitalises the costs incurred to the date of milestone certification by the customer, provided they are recoverable, under the headings "Inventories", "Short-term contract assets" and "Long-term contract assets" in the consolidated statement of financial position.

- Once the Group obtains acceptance of the work carried out (milestone certification), the revenue is recognised as the sum of the capitalised cost and the associated mark-up.

- Should the billings have an implicit financial component such that they exceed the revenue obtained with respect to the percentage of completion of costs or customer acceptance of work, the excess is recognised as "Advance payments from customers".

- Conversely, the amount of revenue not billed (in contracts in which billings are below the revenue obtained with respect to percentage of completion or the certification of an unbilled milestone) is recognised as "Accounts receivable for billable production" under "Trade and other receivables" in the consolidated statement of financial position.

- At the invoice date, the balance of "Accounts receivable for billable production" is transferred to "Trade receivables for sales and services" until the debt is settled by paying the amount owed. Any effect on the time value of money will be immaterial.

- As the contract is executed, the customer will offset the amounts paid in advance in the various invoices and the balance will be settled when the contract is fully performed.

### w) Transactions and balances denominated in foreign currencies

Foreign currency transactions are translated to the functional currency by applying spot exchange rates between the functional and foreign currency on the dates on which the transactions are completed.

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency by applying the year-end exchange rate, while non-monetary assets and liabilities carried at historical cost are translated by applying the exchange rates on the date the transaction took place. Lastly, non-monetary assets carried at fair value are translated to the functional currency by applying the exchange rate on the date on which they were quantified.

When presenting the consolidated cash flow statement, flows from foreign currency transactions are translated to euro by applying the exchange rates on the date they arose. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated cash flow statement as "Effect of foreign exchange fluctuations on cash and cash equivalents".

Exchange gains or losses related to monetary financial assets or liabilities denominated in foreign currency are taken to the income statement.

Monetary financial assets denominated in foreign currency held for sale are deemed to be recognised at amortised cost in the foreign currency and therefore the exchange differences associated with changes in the amortised cost are recognised in profit or loss and the remainder of the fair value change is recognised as explained in letter i).

(i) Translation of foreign operations

Foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated to euro as follows:

- Assets and liabilities, including goodwill and adjustments to net assets deriving from the acquisition of the businesses, as well as comparative balances, are translated at the year-end exchange rate at each closing date;
- equity items are translated at the historical exchange rate;
- income and expenses, including comparative balances, are translated at the average exchange rate for the year; and
- The resulting exchange differences are recognised as currency translation differences in other comprehensive income.

This same approach is applicable to the translation of the financial statements of equity-consolidated companies, currency translation differences on the equity interest being recognised in other comprehensive income.

Currency translation differences carried in other comprehensive income are taken to the income statement as an adjustment to the gain or loss on the sale, applying the approach described for subsidiaries and associates.

(ii) Entities located in high-inflation countries

Since 1 July 2018, in accordance with IAS 29 "Financial reporting in hyperinflationary economies", the Argentinian economy has been regarded as hyperinflationary with retrospective effect to 1 January 2018.

The inflation rate used was the consumer price index (CPI) as from 1 January 2017.

The main impacts at 31 December 2022 are described below:

- An increase in equity of €3,627 thousand (€1,106 thousand in 2021) as a result of applying the inflation rate to the historical cost of the non-monetary assets and liabilities as from the date of acquisition or recognition in the consolidated balance sheet.
- A restatement of the income and expense items to apply the inflation rate as from the date of inclusion in the income statement and a negative effect on financial income/(expense) due to the net monetary position.
- The adjusted financial statements of the Argentinian subsidiaries were translated to euros applying the year-end Argentine peso/euro exchange rate.

The main profit and loss impacts of the hyperinflation adjustments in Argentina on the consolidated financial statements at 31 December 2022 are as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Revenue | (2,221) | 2,336 |
| Operating profit/(loss) | (254) | 378 |
| Net financial income/(expense) | (3,423) | (1,225) |
| Profit/(loss) for the year | (2,907) | (628) |

Since 30 June 2022, in accordance with IAS 29 "Financial reporting in hyperinflationary economies", the Turkish economy has been regarded as hyperinflationary with retrospective effect to 1 January 2022.

The inflation rate used was the consumer price index (CPI) as from 1 January 2011.

The main impacts at 31 December 2022 are described below:

- An decrease in equity of €1,422 thousand as a result of applying the inflation rate to the historical cost of the non-monetary assets and liabilities as from the date of acquisition or recognition in the consolidated balance sheet.
- Financial income of €1,422 thousand.

## 5) Business combinations

The Group completed the following business combinations during the year ended 31 December 2022:

### Mobbeel Solutions, S.L. and Mobbeel Innovation Labs, S.L.

On 28 April 2022, the Group company Sistemas Informáticos Abiertos, S.L. acquired 100% of the Spanish companies Mobbeel Solutions, S.L. and Mobbeel Innovation Labs, S.L. for €2,999 thousand. These companies held cash of €237 thousand at the acquisition date, so the net cash outflow was €2,762 thousand. A liability of €1,000 thousand is also recognised, reflecting the deferred payment that Indra must make in the future, and the amount of €200 thousand relating to the post-completion adjustment that is customary in transactions of this kind. Provisional goodwill on this transaction amounts to €3,674 thousand. The Group has a period of 12 months to allocate the final value.

Mobbeel Solutions, S.L. is a Spanish company incorporated in 2009 and specialising in digital biometrics, signature and onboarding. It has 23 employees. The acquisition will allow Indra to boost its digital identity leadership thanks to Mobbeel's biometric validation product.

Net assets acquired and provisional goodwill resulting from the acquisition are as follows:

| | Thousand euro |
|---|---:|
| Other intangible assets | 431 |
| Property, plant and equipment | 28 |
| Non-current financial assets | 56 |
| **Total non-current assets** | **515** |
| Current tax assets | 10 |
| Trade and other receivables | 392 |
| Cash and cash equivalents | 237 |
| **Total current assets** | **640** |
| **Total assets** | **1,154** |
| Bank borrowings | 207 |
| Grants | 269 |
| **Total non-current liabilities** | **476** |
| Bank borrowings | 4 |
| Trade and other payables | 149 |
| **Total current liabilities** | **153** |
| **Total liabilities** | **629** |
| Net assets | 525 |
| % acquisition | 100% |
| Initial consideration | 2,999 |
| Deferred payment | 1,200 |
| **Goodwill on consolidation** | **3,674** |

The fair value of trade and other receivables at the acquisition date matches the gross contractual amount.

Mobbeel Solutions, S.L. contributed revenue of €1,400 thousand from the date it was included in the consolidation scope to 31 December 2022. This contribution would have amounted to €2,276 thousand had the company been consolidated throughout 2022.

**Aplicaciones de Simulación Simtec, S.L.**

On 30 June 2022, the Parent Company Indra Sistemas, S.A. acquired 100% of the Spanish company Aplicaciones de Simulación Simtec, S.L for €2,482 thousand. These companies held cash of €66 thousand at the acquisition date, so the net cash outflow was €2,416 thousand. Provisional goodwill on this transaction amounts to €917 thousand. The Group has a period of 12 months to allocate the final value.

Aplicaciones de Simulación Simtec, S.L. is a Spanish company specialised in selling simulators for military and civil uses. The acquisition of Aplicaciones de Simulación Simtec, S.L. has increased Indra's range of high-performance simulators.

Net assets acquired and provisional goodwill resulting from the acquisition are as follows:

| | Thousand |
|---|---|
| Other intangible assets | 345 |
| Property, plant and equipment | 14 |
| Deferred tax assets | 2,005 |
| Non-current financial assets | 22 |
| **Total non-current assets** | **2,386** |
| Inventories | 2,317 |
| Trade and other receivables | 1,239 |
| Cash and cash equivalents | 66 |
| **Total current assets** | **3,623** |
| **Total assets** | **6,009** |
| Bank borrowings | 185 |
| Grants | 165 |
| Non-current provisions | 620 |
| **Total non-current liabilities** | **970** |
| Bank borrowings | 19 |
| Trade and other payables | 3,455 |
| **Total current liabilities** | **3,473** |
| **Total liabilities** | **4,443** |
| Net assets | 1,565 |
| % acquisition | 100% |
| Initial consideration | 2,482 |
| **Goodwill on consolidation** | **917** |

The fair value of trade and other receivables at the acquisition date matches the gross contractual amount.

Aplicaciones de Simulación Simtec, S.L. contributed revenue of €5,460 thousand from the date it was included in the consolidation scope to 31 December 2022. This contribution would have amounted to €7,240 thousand had the company been consolidated throughout 2022.

**Operadora de Tarjetas de Crédito Nexus, S.A.**

On 30 September 2022, the Group company Minsait Payment Systems Chile, S.A. acquired 100% of the Chilean company Operadora de Tarjetas de Crédito Nexus, S.A. for €11,052 thousand (CLP 10,371,282 thousand). These companies held cash of €5,314 thousand at the acquisition date, so the net cash outflow was €5,738 thousand. A liability of €24,143 thousand (CLP 22,656,553 thousand) was also recognised, reflecting the payment that Indra must make in the future. Provisional goodwill on this transaction amounts to €21,110 thousand. The Group has a period of 12 months to allocate the final value.

Operadora de Tarjetas de Crédito Nexus, S.A. is a Chilean company engaged in credit card processing for Chile's leading financial institutions. It has approximately 480 employees. This acquisition has bolstered Indra's competitive positioning in the Latin American means of payment industry while consolidating the operating approach in the region, based on providing these services from its means of payment hub in Chile.

Net assets acquired and provisional goodwill resulting from the acquisition are as follows:

| | Thousand euro |
|---|---|
| Other intangible assets | 5,507 |
| Property, plant and equipment | 3,509 |
| Deferred tax assets | 2,139 |
| **Total non-current assets** | **11,155** |
| Trade and other receivables | 6,579 |
| Current tax assets | 182 |
| Cash and cash equivalents | 5,314 |
| Other current assets | 3,230 |
| **Total current assets** | **15,304** |
| **Total assets** | **26,459** |
| Other non-current liabilities | 610 |
| Deferred tax liabilities | 1,692 |
| **Total non-current liabilities** | **2,302** |
| Trade and other payables | 7,015 |
| Other current liabilities | 2,401 |
| **Total current liabilities** | **9,416** |
| **Total liabilities** | **11,718** |
| Net assets | 14,741 |
| % acquisition | 100% |
| Initial consideration | 11,052 |
| Future payment | 24,143 |
| Currency translation difference | 656 |
| **Goodwill on consolidation** | **21,110** |

The fair value of trade and other receivables at the acquisition date matches the gross contractual amount.

Operadora de Tarjetas de Crédito Nexus, S.A. contributed revenue of €16,805 thousand from the date it was included in the consolidation scope to 31 December 2022. This contribution would have amounted to €61,574 thousand had the company been consolidated throughout 2022.

None of the goodwill referred to above is expected to be deductible.

The Group has a period of 12 months to allocate a final value to the assets and liabilities of the businesses acquired, in compliance with IFRS 3 (on business combinations). The Group estimates that the acquisitions made in 2022 will mainly generate goodwill, although it is true that, in the context of the PPA exercises in progress, some assets could emerge reflecting the value of customer relationships, technology or brands.

## Selex Inc.'s navigation aids business

On 5 November 2022, a binding agreement was signed to acquire Selex Inc.'s navigation aids business in the United States. Completion of the acquisition is conditional on prior approval by third parties, as is customary in transactions of this kind. At the issuance date of these Consolidated Annual Accounts, the conditions stipulated in the sale and purchase agreement have not yet been met, so the business acquisition has not yet been completed.

During the year ended 31 December 2022, the Group made the following adjustments to 2021 business combinations:

**Flat 101, S.L.**

During 2022, an adjustment was made to the fair value of the assets and liabilities of the company Flat 101, S.L., reducing the goodwill calculated in 2021 by €448 thousand. The following assets and liabilities were restated in the purchase price allocation process:

- The amount of €1,962 thousand relating to the brand.
- The amount of €1,365 thousand relating to provisions for tax and labour contingencies.

This business combination is definitive now that the 12-month period as from the acquisition date stipulated in IFRS 3 "Business combinations" has ended. The changes are set out below:

| | **2021** | **Additions** | **2022** |
|---|---|---|---|
| | **Fair value prior to the PPA** | **Assets and liabilities identified** | **Fair value** |
| | Thousand euro | | |
| Intangible assets | 1 | 1,962 | 1,963 |
| Property, plant and equipment | 138 | - | 138 |
| Deferred tax assets | - | 341 | 341 |
| Non-current financial assets | 7 | - | 7 |
| **Total non-current assets** | **146** | **2,303** | **2,449** |
| **Total current assets** | **4,079** | - | **4,079** |
| **Total assets** | **4,225** | **2,303** | **6,528** |
| Non-current provisions | - | 1,365 | 1,365 |
| Deferred tax liabilities | - | 490 | 490 |
| **Total non-current liabilities** | **-** | **1,855** | **1,855** |
| **Total current liabilities** | **904** | **-** | **904** |
| **Total liabilities** | **904** | **1,855** | **2,759** |
| **Net assets** | **3,321** | **448** | **3,769** |
| % acquisition | 100% | | |
| Initial consideration | 11,404 | - | 11,404 |
| Earn-out agreement | 11,000 | - | 11,000 |
| **Goodwill on consolidation** | **19,083** | **(448)** | **18,635** |

**Net Studio, S.P.A.**

During 2022, an adjustment was made to the fair value of the assets and liabilities of the company Net Studio, S.P.A., reducing the goodwill calculated in 2021 by €1,868 thousand. The following assets and liabilities were restated in the purchase price allocation process:

- The amount of €1,713 thousand relating to customer relationships.
- The amount of €25 thousand relating to provisions for tax contingencies.

This business combination is definitive now that the 12-month period as from the acquisition date stipulated in IFRS 3 "Business combinations" has ended. The changes are set out below:

| | **2021** | **Additions** | **2022** |
|---|---|---|---|
| | **Fair value** | **Assets and liabilities identified** | **Fair value** |
| Headings | Thousand euro | Thousand euro | Thousand euro |
| Intangible assets | 3 | 1,713 | 1,716 |
| Property, plant and equipment | 158 | - | 158 |
| Deferred tax assets | - | 7 | 7 |
| Non-current financial assets | 3 | - | 3 |
| **Total non-current assets** | **164** | **1,720** | **1,884** |
| **Total current assets** | **3,631** | - | **3,631** |
| **Total assets** | **3,795** | **1,720** | **5,515** |
| Non-current provisions | - | 25 | 25 |
| Deferred tax liabilities | - | 479 | 479 |
| **Total non-current liabilities** | **-** | **504** | **504** |
| **Total current liabilities** | **1,562** | **-** | **1,562** |
| **Total liabilities** | **1,562** | **504** | **2,067** |
| **Net assets** | **2,232** | **1,216** | **3,448** |
| % acquisition | 100% | | |
| Consideration | 7,295 | (652) | 6,643 |
| Deferred payment | 2,000 | | 2,000 |
| **Goodwill on consolidation** | **7,064** | **(1,868)** | **5,195** |

**Consultoría Organizacional, S.A.S.**

During 2022, an adjustment was made to the fair value of the assets and liabilities of the company Consultoría Organizacional, S.A.S., reducing the goodwill calculated in 2021 by €1,344 thousand. The following assets and liabilities were restated in the purchase price allocation process:

- The amount of €2,229 thousand relating to customer relationships.
- The amount of €1,053 thousand relating to provisions for tax and labour contingencies.

This business combination is definitive now that the 12-month period as from the acquisition date stipulated in IFRS 3 "Business combinations" has ended. The changes are set out below:

| | **2021** | **Additions** | **2022** |
|---|---|---|---|
| | **Fair value** | **Assets and liabilities identified** | **Fair value** |
| Headings | Thousand euro | Thousand euro | Thousand euro |
| Intangible assets | 109 | 2,229 | 2,338 |
| Property, plant and equipment | 324 | - | 324 |
| Deferred tax assets | 21 | 337 | 358 |
| Non-current financial assets | | - | - |
| **Total non-current assets** | **454** | **2,566** | **3,020** |
| **Total current assets** | **3,698** | - | **3,698** |
| **Total assets** | **4,152** | **2,566** | **6,718** |
| Non-current provisions | 142 | 1,053 | 1,195 |
| Deferred tax liabilities | - | 713 | 713 |
| **Total non-current liabilities** | **142** | **1,766** | **1,908** |
| **Total current liabilities** | **2,080** | **-** | **2,080** |
| **Total liabilities** | **2,222** | **1,766** | **3,988** |
| **Net assets** | **1,930** | **800** | **2,730** |
| % acquisition | 100% | | |
| Consideration | 8,779 | (26) | 8,753 |
| Currency translation differences | (339) | (518) | (857) |
| **Goodwill on consolidation** | **6,510** | **(1,344)** | **5,165** |

**Credimatic, S.A.**

During 2022, an adjustment was made to the fair value of the assets and liabilities of the company Credimatic, S.A., reducing the goodwill calculated in 2021 by €841 thousand. The following assets and liabilities were restated in the purchase price allocation process:

- The amount of €4,311 thousand relating to customer relationships.

The following balance sheet adjustments were also made:

- Derecognition of intangible assets totalling €2,324 thousand that were migrated to the Group's systems and thus no longer had any value.
- Provisions for tax, legal and labour contingencies amounting to €265 thousand.

This business combination is definitive now that the 12-month period as from the acquisition date stipulated in IFRS 3 "Business combinations" has ended. The changes are set out below:

| | **2021** | **Additions** | **Additions** | **2022** |
|---|---|---|---|---|
| | **Fair value** | **Balance sheet** | **Assets identified** | **Fair value** |
| Headings | Thousand euro | Thousand euro | Thousand euro | Thousand euro |
| Intangible assets | 3,064 | (2,324) | 4,311 | 5,052 |
| Property, plant and equipment | 895 | - | - | 895 |
| Deferred tax assets | 45 | 647 | - | 692 |
| Non-current financial assets | 49 | - | - | 49 |
| **Total non-current assets** | **4,053** | **(1,676)** | **4,311** | **6,688** |
| **Total current assets** | **1,134** | | - | **1,134** |
| **Total assets** | **5,187** | **(1,676)** | **4,311** | **7,821** |
| Non-current provisions | 382 | 265 | - | 647 |
| Deferred tax liabilities | - | | 1,078 | 1,078 |
| **Total non-current liabilities** | **382** | **265** | **1,078** | **1,725** |
| **Total current liabilities** | **448** | | **-** | **448** |
| **Total liabilities** | **830** | **265** | **1,078** | **2,172** |
| **Net assets** | **4,357** | **(1,941)** | **3,233** | **5,649** |
| % acquisition | 100% | | | |
| Consideration | 6,600 | - | 451 | 7,051 |
| Currency translation differences | 21 | | | 21 |
| **Goodwill on consolidation** | **2,264** | **1,941** | **(2,782)** | **1,423** |

All these effects refer to the transaction date. Nonetheless, the Group decided not to restate the comparative figures because the above-mentioned effects are immaterial to the consolidated statement of financial position, consolidated income statement, consolidated cash flow statement and basic and diluted earnings per share.

## 6) Property, plant and equipment

Property, plant and equipment are analysed below at 31 December 2022 and 2021:

| | Thousand euro | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.21** | **Scope change** | **Currency translation differences** | **Additions** | **Disposals** | **Transfers** | **Balance at 31.12.22** |
| **Investments:** | | | | | | | |
| Land | 6,954 | - | - | - | | - | 6,954 |
| Buildings | 36,902 | - | (35) | - | | - | 36,867 |
| Plant, machinery & other installations | 212,700 | 51 | 596 | 18,035 | (11,980) | 32 | 219,434 |
| Furniture | 44,009 | 191 | 424 | 1,073 | (4,343) | (34) | 41,320 |
| Vehicles | 1,454 | 7 | (1) | 7 | (181) | - | 1,286 |
| Data-processing equipment | 110,775 | 16,347 | 442 | 5,372 | (6,073) | 2,244 | 129,107 |
| Other PPE | 7,672 | 602 | 79 | 191 | (510) | (1,749) | 6,285 |
| | **420,466** | **17,198** | **1,505** | **24,678** | **(23,087)** | **493** | **441,253** |
| **Depreciation:** | | | | | | | |
| Buildings | (19,394) | - | 44 | (758) | - | - | (20,108) |
| Plant, machinery & other installations | (173,900) | (42) | (320) | (9,342) | 10,548 | (176) | (173,232) |
| Furniture | (36,670) | (175) | (304) | (1,009) | 3,566 | (84) | (34,676) |
| Vehicles | (1,329) | (7) | (21) | (27) | 181 | (31) | (1,234) |
| Data-processing equipment | (102,024) | (12,986) | (497) | (5,563) | 5,430 | (293) | (115,933) |
| Other PPE | (5,797) | (458) | (197) | (288) | 388 | 91 | (6,261) |
| | **(339,114)** | **(13,668)** | **(1,295)** | **(16,987)** | **20,113** | **(493)** | **(351,444)** |
| **Impairment provisions:** | | | | | | | |
| Plant, machinery & other installations | (3,249) | - | 60 | - | 2,293 | - | (896) |
| | **(3,249)** | **-** | **60** | **-** | **2,293** | **-** | **(896)** |
| **Net value:** | | | | | | | |
| Land | 6,954 | - | - | - | - | - | 6,954 |
| Buildings | 17,508 | - | 9 | (758) | - | - | 16,759 |
| Plant, machinery & other installations | 35,551 | 9 | 336 | 8,693 | 861 | (144) | 45,306 |
| Furniture | 7,339 | 16 | 120 | 64 | (777) | (118) | 6,644 |
| Vehicles | 125 | - | (22) | (20) | - | (31) | 52 |
| Data-processing equipment | 8,751 | 3,361 | (55) | (191) | (643) | 1,951 | 13,174 |
| Other PPE | 1,875 | 144 | (118) | (97) | (122) | (1,658) | 24 |
| **Total** | **78,103** | **3,530** | **270** | **7,691** | **(681)** | **-** | **88,913** |

Thousand euro

| | Balance at 31.12.20 | Scope change | Currency translation differences | Additions | Disposals | Transfers | Balance at 31.12.21 |
|---|---|---|---|---|---|---|---|
| **Investments:** | | | | | | | |
| Land | 10,028 | - | - | - | (3,074) | - | 6,954 |
| Buildings | 55,019 | - | 61 | 5 | (18,183) | - | 36,902 |
| Plant, machinery & other installations | 233,431 | 159 | 691 | 8,251 | (29,839) | 7 | 212,700 |
| Furniture | 49,893 | 266 | 128 | 1,434 | (4,773) | (2,939) | 44,009 |
| Vehicles | 2,282 | 48 | (29) | 12 | (904) | 45 | 1,454 |
| Data-processing equipment | 99,220 | 6,193 | 630 | 5,947 | (4,593) | 3,378 | 110,775 |
| Other PPE | 7,147 | 31 | 489 | 1,223 | (1,177) | (41) | 7,672 |
| | **457,020** | **6,697** | **1,970** | **16,872** | **(62,543)** | **450** | **420,466** |
| **Depreciation:** | | | | | | | |
| Buildings | (26,990) | - | (45) | (940) | 8,581 | - | (19,394) |
| Plant, machinery & other installations | (190,688) | (76) | (593) | (9,183) | 26,618 | 22 | (173,900) |
| Furniture | (40,790) | (152) | (154) | (1,512) | 3,484 | 2,454 | (36,670) |
| Vehicles | (2,065) | (23) | 64 | (83) | 820 | (42) | (1,329) |
| Data-processing equipment | (93,464) | (4,760) | (432) | (4,877) | 4,480 | (2,971) | (102,024) |
| Other PPE | (6,054) | (10) | (492) | (431) | 1,100 | 90 | (5,797) |
| | **(360,051)** | **(5,021)** | **(1,652)** | **(17,026)** | **45,083** | **(447)** | **(339,114)** |
| **Impairment provisions:** | | | | | | | |
| Plant, machinery & other installations | (735) | - | - | (3,249) | 735 | - | (3,249) |
| | **(735)** | **-** | **-** | **(3,249)** | **735** | **-** | **(3,249)** |
| **Net value:** | | | | | | | |
| Land | 10,028 | - | - | - | (3,074) | - | 6,954 |
| Buildings | 28,029 | - | 16 | (935) | (9,602) | - | 17,508 |
| Plant, machinery & other installations | 42,008 | 83 | 98 | (4,181) | (2,486) | 29 | 35,551 |
| Furniture | 9,103 | 114 | (26) | (78) | (1,289) | (485) | 7,339 |
| Vehicles | 217 | 25 | 35 | (71) | (84) | 3 | 125 |
| Data-processing equipment | 5,756 | 1,433 | 198 | 1,070 | (113) | 407 | 8,751 |
| Other PPE | 1,094 | 21 | (4) | 792 | (77) | 49 | 1,875 |
| **Total** | **96,235** | **1,676** | **317** | **(3,403)** | **(16,725)** | **3** | **78,103** |

Scope changes relate to the acquisitions of the companies Mobbeel Solutions, S.L., Mobbeel Innovation Labs, S.L., Aplicaciones de Simulación Simtec, S.L. and Operadora de Tarjetas de Crédito Nexus, S.A. (Note 5).

Additions to data-processing equipment relate to the technological renewal of equipment, mainly in the Parent Company.

Additions to plant relate to the refurbishment and optimisation of buildings, primarily by the Parent Company.

Disposals of plant and in furniture are mainly attributable to the derecognition of various buildings when the leases were cancelled (Note 7).

The Group made payments to acquire property, plant and equipment totalling €24,286 thousand in 2022 (€14,142 thousand in 2021).

At 31 December 2022, fully-depreciated property, plant and equipment amount to €309,900 thousand (€276,794 thousand at 31 December 2021).

The Group has taken out insurance policies to cover the risks to which its property, plant and equipment are exposed. The coverage provided by these policies is considered to be sufficient.

The Group has no property, plant and equipment pledged as collateral and there are no ownership restrictions. There are also no commitments to acquire property, plant and equipment at 31 December 2022 or 2021.

## 7) Right-of-use assets

Right-of-use assets are analysed below at 31 December 2022 and 2021:

| | Thousand euro | | | |
|---|---|---|---|---|
| **RIGHT-OF-USE ASSETS** | **Land and Buildings** | **Vehicles** | **Data-processing equipment** | **Total** |
| **Carrying amount at 1 January 2021** | **118,634** | **15** | **825** | **119,473** |
| **Cost** | | | | |
| Opening balance | 173,984 | 22 | 2,183 | 176,189 |
| Additions | 20,160 | 160 | - | 20,320 |
| Disposals | (14,360) | - | - | (14,360) |
| Transfers | - | (5) | (498) | (503) |
| Currency translation differences | (145) | (3) | 40 | (108) |
| **Total cost** | **179,639** | **175** | **1,725** | **181,538** |
| **Depreciation** | | | | |
| Opening balance | (55,350) | (7) | (1,358) | (56,715) |
| Depreciation | (29,607) | (143) | (633) | (30,383) |
| Disposals | 3,554 | - | - | 3,554 |
| Transfers | - | 2 | 498 | 500 |
| Currency translation differences | 341 | - | (27) | 314 |
| **Total depreciation** | **(81,062)** | **(148)** | **(1,520)** | **(82,730)** |
| **Carrying amount at 1 January 2022** | **98,577** | **27** | **205** | **98,808** |
| **Cost** | | | | |
| Opening balance | 179,639 | 175 | 1,725 | 181,538 |
| Additions | 22,888 | 398 | - | 23,286 |
| Disposals | (20,679) | (15) | - | (20,694) |
| Scope change | 1,558 | - | - | 1,558 |
| Currency translation differences | 1,792 | (1) | (45) | 1,746 |
| **Total cost** | **185,197** | **557** | **1,679** | **187,433** |
| **Depreciation** | | | | |
| Opening balance | (81,062) | (148) | (1,520) | (82,730) |
| Depreciation | (28,460) | (115) | (206) | (28,781) |
| Disposals | 10,552 | 8 | - | 10,560 |
| Scope change | (814) | - | - | (814) |
| Currency translation differences | 556 | 5 | 47 | 608 |
| **Total depreciation** | **(99,227)** | **(250)** | **(1,679)** | **(101,156** |
| **Carrying amount at 31** | **85,970** | **307** | **-** | **86,277** |

The average lease term for land and buildings is 2.02 years. This heading relates primarily to leased offices and other leased workplaces. Net property, plant and equipment associated with leases amounted to €51,949 thousand in 2022 (€40,089 thousand in 2021).

The additions of €18,632 thousand to "Land and buildings" in 2022 (€20,160 thousand in 2021) relate to changes in existing lease terms, mainly comprising office lease extensions and the consequent adjustments to cumulative rent. Additions in 2022 also included a decommissioning provision of €4,256 thousand.

The amount recognised in the Group's income statement in relation to these right-of-use assets is analysed below:

| | Thousand euro | |
|---|---|---|
| **Effect of IFRS 16** | **2022** | **2021** |
| Depreciation expenses | 28,432 | 30,316 |
| Financial expenses | 4,752 | 5,331 |
| **Total effect on the income** | **33,184** | **35,647** |

The Group assessed its leases as a result of the pandemic and the new teleworking approach and a number of leases containing an early termination option that was not initially expected to be exercised were cancelled in 2021. The Group also recorded an impairment provision of €3,249 thousand in 2021 (Note 6), recognising the expense under the heading Other gains/(losses) on fixed assets in the consolidated income statement (Note 32), for leases containing penalty clauses for termination (generally 12 months' prior notice) the cancellation of which was notified in 2021. The Group has not modified leases as a result of Covid-19, so no specific accounting treatment has been necessary.

Cash outflows recognised under the cash flow statement heading "Net cash flows absorbed by financing activities" totalled €32,214 thousand (€33,668 thousand in 2021).

## 8) Goodwill

Goodwill is analysed below at 31 December 2022 and 2021:

| | Thousand euro | | | | | |
|---|---|---|---|---|---|---|
| | **31.12.21** | **Additions** | **Currency translation differences** | **Transfers** | **Disposals** | **31.12.22** |
| Transport and Defence (T&D) | 115,549 | 1,014 | (1,215) | - | - | 115,348 |
| Information Technologies (IT) | 805,843 | 25,012 | 4,682 | (4,300) | (518) | 830,719 |
| **Total** | **921,392** | **26,026** | **3,467** | **(4,300)** | **(518)** | **946,067** |

| | Thousand euro | | | | |
|---|---|---|---|---|---|
| | **31.12.20** | **Additions** | **Currency translation differences** | **Transfers** | **31.12.21** |
| Transport and Defence (T&D) | 114,584 | - | 965 | - | 115,549 |
| Information Technologies (IT) | 774,905 | 36,385 | 1,722 | (7,169) | 805,843 |
| **Total** | **889,489** | **36,385** | **2,687** | **(7,169)** | **921,392** |

Additions and transfers relate to the business combinations described in Note 5.

### Key assumptions employed in projections

Despite not having identified indications of impairment, the Group periodically assesses the recoverability of the goodwill reflected in the table above. The business plans of the different cash-generating units (CGUs) to which the goodwill is assigned are used for this purpose, discounting forecast future cash flows.

The assumptions on which these cash flow projections are based are supported by past experience and reasonable forecasts included in each CGU's business plan. These forecasts are compared with expected market growth according to different specialised sources, taking into account the company's position in that market and strategic aspects that could affect this position (innovation, entry into other markets, etc.).

Flow projections are based on the 2023 Budget approved by the Board and on the Strategic Plan for 2023 and the following years. Flows are estimated assuming that growth converges to the residual growth rate and that indirect and structural costs remain consistent with the business context. These projections directly reflect the best estimates for each geography and activity carried on by Group.

The main measurement input are determined as follows:

- Residual growth rate: forecast medium/long-term inflation published by the International Monetary Fund. The forecast for Spain is used for goodwill, this being the main, most representative geography for revenue in relative terms. The other geographies are analysed in case the need to make an adjustment is identified.
- Discount rate ("WACC"): calculated using the commonly accepted method, i.e. the Capital Asset Pricing Model, which weights the required returns on both debt and equity invested in proportion to an expected capital structure. The calculation reflects the business risk for a market participant that would be considered by any other company in the industry. The main risks considered under this method are:
    - Risk-free rate, which represents the expected return on long-term government debt issues, calculated as the yield on the 10-year US bond.
    - Country risk premium, which represents the additional risk of investing in a foreign country as compared to investing in the United States. This risk includes: economic risk, foreign exchange risk, political risk, sovereign risk and transfer risk. This premium is obtained from public sources. In the specific case of goodwill, Spain's country risk is employed, as the main, most representative geography for revenue in relative terms.
    - Market risk premium, reflecting the incremental risk of investing in business as compared to government debt, based on market studies.
    - The risk inherent to the market or industry in which the entity operates ("beta"), obtained from a benchmark study of our competitors' performance compared to the relevant market indices.
    - Cost of debt, which is simply the return that a debt investor should demand on the financial debt it would grant to the business being valued.
    - Market capital structure, which is the average capital structure of competitors.

The Group obtains this information from public sources, such as Bloomberg and the International Monetary Fund, as well as from research published by world-renowned business valuation specialists.

A breakdown of the assumptions used to calculate the recoverable value of each CGU, which has been calculated as value in use, is set out below:

| | **Year-on-year growth rate** | | **Discount rate after tax** | | **Residual growth rate** | | **Residual EBIT margin** | | **Days working capital** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Revenue (5 years)** | | | | | | | | | |
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| T&D | 5.8% | 5.9% | 9.4% | 6.8% | 1.9% | 1.7% | 14.7% | 12.9% | (32) | (35) |
| IT | 3.3% | 3.4% | 10.6% | 8.1% | 1.9% | 1.7% | 7.7% | 7.6% | 27 | 27 |

As in the previous year, the 2022 results (last financial year closed) and the 2023 budget approved by the Group are the starting point for the assumptions employed.

Management considers that, were pre-tax future cash flows and discount rates to be estimated, the findings of the impairment tests carried out in 2022 would not be materially different from those performed using the method applied by management. There would also be no material difference were the discounts on leases in force at year-end 2022 to be applied.

In all cases, sensitivity analyses are carried out on the discount rate and residual growth rate employed to check that reasonable changes to these assumptions will not affect the possible recovery of goodwill recognised. Sensitivity analyses are also performed on the basic assumptions: sales, margins, working capital and residual EBIT.

Cash flows are discounted to present value at a rate after tax that reflects the specific risks of the assets as well as risks not included in the flows, such as specific country risk. This rate is calculated using the Capital Asset Pricing Model (CAPM). The data employed in these calculations are obtained from independent, reputable external information sources and the findings are compared with the rates used by independent financial analysts in comparable business valuations. In 2022, the discount rates after tax were within a range of 9.4%-10.6%.

Projections span a five-year period. Cash flows as from year six are the components of terminal value and are estimated as income in perpetuity at a constant growth rate (residual growth rate) on a normalised flow reflecting the CGU's operations in perpetuity. The residual growth rate is estimated for each CGU taking into account the nature of the business and expected long-term inflation in the CGU's business area and is contrasted with external information sources. A growth rate of 1.9% was used in the 2022 projections for both CGUs.

The effect of the current geopolitical situation was directly taken into account in the flow projections, based on both the Group's own budget and the strategic plan approved by the Group's Board, which already include the possible consequences.

The discount rate is based on market indicators (at the analysis date) for both market risk and our business/sector risk, and indirectly captures the inherent geopolitical risk.

The normalised flow on which the terminal value calculation was based included the following year-five flow adjustments:

Sales$_{\text{Normalised flow}}$ = Sales$_{\text{Year 5}}$ x (1+g)

Operating expenses$_{\text{Normalised flow}}$ = Operating expenses$_{\text{Year 5}}$ x (1+g)

Investment$_{\text{Normalised flow}}$ = Depreciation$_{\text{Normalised flow}}$

Working capital investment$_{\text{Normalised flow}}$ = Days working capital$_{\text{Year 5}}$ / 365 x Sales$_{\text{Year 5}}$ x g$^{(1)}$

Tax rate$_{\text{Normalised flow}}$ = Tax rate$_{\text{Year 5}}$

Normalised flow = (Sales - Operating expenses - Investment - Working capital investment - Taxes)$_{\text{Normalised flow}}$

"g" is the residual growth rate.

$^{(1)}$ Working capital investment is calculated on the basis of residual growth.

The amount discounted from terminal value as a percentage of the total recoverable amount of the most significant goodwill in 2022 and 2021 is shown below:

| | Residual value | |
|---|---|---|
| | **2022** | **2021** |
| T&D | 73% | 75% |
| IT | 71% | 75% |

## Impairment test findings

At 31 December 2022 and 2021, the carrying amount, including goodwill, and the recoverable amount of the CGUs are as follows:

| | 2022 Thousand euro | | | 2021 Thousand euro | | |
|---|---|---|---|---|---|---|
| | **Carrying amount (1)** | **Recoverable value (2)** | **Difference (2)-(1)** | **Carrying amount (1)** | **Recoverable value (2)** | **Difference (2)-(1)** |
| T&D | 125,793 | 2,574,606 | 2,448,813 | 139,551 | 3,197,308 | 3,057,757 |
| IT | 881,972 | 1,680,764 | 798,791 | 901,181 | 2,004,969 | 1,103,788 |

Set out below is a breakdown of the main assets included in the carrying amount of the CGUs at 31 December 2022 and 2021:

| | **Net fixed assets** | | **Working capital** | | **Goodwill** | | **Other** | | **Carrying amount CGU** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| T&D | 63,816 | 199,862 | 76,769 | (82,230) | 115,348 | 115,484 | (130,140) | (93,565) | 125,793 | 139,551 |
| IT | 36,633 | 252,155 | 65,000 | 162,158 | 830,718 | 805,908 | (50,379) | (319,041) | 881,972 | 901,181 |
| **Total** | **100,449** | **452,017** | **141,769** | **79,928** | **946,066** | **921,392** | **(180,519)** | **(412,606)** | **1,007,765** | **1,040,732** |

The balance sheet items under "Other" relate to the rest of the assets and liabilities that are not included under the other headings (net fixed assets, working capital and goodwill), but are included in the CGU's carrying amount, so they may increase or decrease that carrying amount. The main items relate to other receivables and payables (public entities, accrued wages and salaries, etc.), assets and liabilities without which the recoverable amount of the CGUs cannot be determined, as they do not generate cash flows that are separable from the projected business in the CGUs' cash flows. As liabilities exceed assets, the resulting adjustment to these items is negative in the amount of €180.5 million in 2022 (€412.6 million in 2021).

The Group has verified that, on excluding from the impairment tests deferred tax assets and liabilities and their impact on projected cash flows, the findings confirm that there is no impairment as the difference between the recoverable amount and the carrying amount increases.

The Group has not identified material assets common to the IT and T&D CGUs.

## Sensitivity analysis

The findings of the sensitivity analysis of the impairment test performed on the goodwill allocated to the CGUs is as follows:

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Change in WACC | | Residual growth rate | | Change in WACC | | Residual growth rate | |
| Impact on recoverable value of the CGUs: | -1 p.p. | +1 p.p. | -0.5 p.p. | +0.5 p.p. | -1 p.p. | +1 p.p. | -0.5 p.p. | +0.5 p.p. |
| T&D | 410,440 | (314,110) | (132,028) | 150,781 | 751,859 | (505,791) | (234,941) | 286,256 |
| IT | 232,867 | (184,251) | (64,002) | 71,848 | 378,883 | (276,613) | (107,804) | 126,031 |

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Change in sales | EBIT margin | Residual EBIT | Change in days working capital | Change in sales | EBIT margin | Residual EBIT | Change in days working capital |
| Impact on recoverable value of the CGUs: | (5.0)% | -1 p.p. | -1 p.p. | +10 days | (5.0)% | -1 p.p. | -1 p.p. | +10 days |
| T&D | (138,558) | (182,301) | (129,304) | (50,685) | (162,791) | (240,057) | (181,665) | (53,333) |
| IT | (82,000) | (263,938) | (179,161) | (81,235) | (92,721) | (287,935) | (203,733) | (74,963) |

This sensitivity analysis indicates that the relevant CGUs show no significant risks associated with reasonably possible variations in the financial and operating variables, considered individually.

In 2022 and 2021, according to the calculations, there were no signs of impairment of the goodwill allocated to these cash-generating units.

A sensitivity analysis was carried out on the discount parameters, concluding that the recoverable amount exceeds the carrying amount in all cases. The sensitivity range employed considers discount rate variations of over 10% and changes of over 25% in growth rates in perpetuity, the discount parameters remaining in line with market consensus.

Set out below is a breakdown of the amount by which the value assigned to the key assumptions would have to change in order for the recoverable amount to equal to carrying amount of each CGU:

| | 2022 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | WACC | | G(1) | | WACC | | G(1) | |
| | Assumptions | Value to equal carrying amount | Assumptions | Value to equal carrying amount | Assumptions | Value to equal carrying amount | Assumptions | Value to equal carrying amount |
| T&D | 9.4% | 113.2% | 1.9% | N/A | 6.8% | 133.0% | 1.7% | N/A |
| IT | 10.6% | 17.7% | 1.9% | (16.6)% | 8.1% | 15.6% | 1.7% | (17.0)% |

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Change in sales | EBIT margin (2) | | Days working capital | | Change in sales | EBIT margin (2) | | Days working capital | |
| | Value to equal carrying amount | Assump-tions* | Value to equal carrying amount | Assump-tions* | Value to equal carrying amount | Value to equal carrying amount | Assump-tions** | Value to equal carrying amount | Assump-tions** | Value to equal carrying amount |
| T&D | (88.98)% | 14.7% | (4.20)% | (32) | 451 | (93.92)% | 12.9% | (3.90)% | (35) | 539 |
| IT | (48.71)% | 7.7% | 2.60% | 27 | 125 | (59.52)% | 7.6% | 2.17% | 27 | 174 |

(1) The perpetuity growth rate (g) sensitivity only affects the terminal value. In the case of T&D, this sensitivity does not apply as the present value of cash flows estimated for the T&D CGU during the period 2023 - 2027, i.e. without taking account of the terminal value, is higher than the CGU's carrying amount. This means that for the recoverable amount of the T&D CGU to equal its carrying amount, the terminal value would have to be negative.

(2) The sensitivity of the EBIT margin to equal the carrying amount is only reflected in the terminal value. In the case of T&D, the margin necessary to achieve this balance is negative, since the present value of projected cash flows for the period 2023-2027 or 2022-2026, respectively, exceeds the carrying amount.

* Data for normalised year (2027)

** Data for normalised year (2026)

## 9) Other intangible assets

Other intangible assets are analysed below at 31 December 2022 and 2021:

| | Thousand euro | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.21** | **Scope change** | **Currency translation differences** | **Additions** | **Disposals** | **Transfers** | **Balance at 31.12.22** |
| **Investments:** | | | | | | | |
| Industrial property | 57,855 | - | (69) | - | (5,956) | 1,962 | 53,792 |
| Computer software | 686,116 | 14,832 | 2,385 | 917 | (1,336) | 47,168 | 750,082 |
| Development expenses | 85,805 | 2,075 | 296 | 29,081 | (750) | (49,635) | 66,872 |
| Contractual relationships | 102,687 | - | 449 | - | - | 8,253 | 111,389 |
| Other intangibles | 20,336 | - | 1,057 | - | (272) | - | 21,121 |
| | **952,799** | **16,907** | **4,118** | **29,998** | **(8,314)** | **7,748** | **1,003,256** |
| **Amortisation** | | | | | | | |
| Industrial property | (18,289) | - | - | (1,362) | 5,956 | - | (13,695) |
| Computer software | (448,860) | (10,485) | (1,985) | (40,913) | 863 | (8,927) | (510,307) |
| Development expenses | (6,401) | (1,296) | (308) | (211) | 750 | - | (7,466) |
| Contractual relationships | (40,593) | - | (169) | (11,855) | - | - | (52,617) |
| Other intangibles | (17,241) | - | (901) | - | - | - | (18,142) |
| | **(531,384)** | **(11,781)** | **(3,363)** | **(54,341)** | **7,569** | **(8,927)** | **(602,227)** |
| **Grants** | | | | | | | |
| Computer software | (36,056) | - | - | (11,696) | 1,855 | 15,651 | (30,246) |
| | **(36,056)** | **-** | **-** | **(11,696)** | **1,855** | **15,651** | **(30,246)** |
| **Provisions** | | | | | | | |
| Industrial property | (6,066) | - | - | - | - | - | (6,066) |
| Computer software | (103,160) | - | - | - | - | (6,724) | (109,884) |
| Development expenses | (3) | - | - | - | - | - | (3) |
| Other intangibles | (2,143) | - | - | - | - | - | (2,143) |
| | **(111,372)** | **-** | **-** | **-** | **-** | **(6,724)** | **(118,096)** |
| **Net value:** | | | | | | | |
| Industrial property | 33,500 | - | (69) | (1,362) | - | 1,962 | 34,031 |
| Computer software | 98,040 | 4,347 | 400 | (51,692) | 1,382 | 47,168 | 99,645 |
| Development expenses | 79,401 | 779 | (12) | 28,870 | - | (49,635) | 59,403 |
| Contractual relationships | 62,094 | - | 280 | (11,855) | - | 8,253 | 58,772 |
| Other intangibles | 952 | - | 156 | - | (272) | - | 836 |
| **Total** | **273,987** | **5,126** | **755** | **(36,039)** | **1,110** | **7,748** | **252,687** |

| | Thousand euro | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.21** | **Scope change** | **Currency translation differences** | **Additions** | **Disposals** | **Transfers** | **Balance at 31.12.21** |
| **Investments:** | | | | | | | |
| Industrial property | 58,060 | 51 | (167) | - | (89) | - | 57,855 |
| Computer software | 634,998 | 10,874 | 1,443 | 2,438 | (2,656) | 39,019 | 686,116 |
| Development expenses | 92,185 | - | (145) | 33,770 | (1,403) | (38,602) | 85,805 |
| Contractual relationships | 91,698 | - | 559 | - | - | 10,430 | 102,687 |
| Other intangibles | 20,902 | - | (146) | - | (3) | (417) | 20,336 |
| | **897,843** | **10,925** | **1,544** | **36,208** | **(4,151)** | **10,430** | **952,799** |
| **Amortisation** | | | | | | | |
| Industrial property | (16,943) | - | 2 | (1,348) | - | - | (18,289) |
| Computer software | (400,841) | (7,554) | (1,080) | (34,459) | 2,596 | (7,522) | (448,860) |
| Development expenses | (7,928) | - | 124 | - | 1,403 | - | (6,401) |
| Contractual relationships | (30,216) | - | (161) | (10,216) | - | - | (40,593) |
| Other intangibles | (17,759) | - | 146 | (12) | 3 | 381 | (17,241) |
| | **(473,687)** | **(7,554)** | **(969)** | **(46,035)** | **4,002** | **(7,141)** | **(531,384)** |
| **Grants** | | | | | | | |
| Computer software | (33,907) | - | - | (11,675) | 2,385 | 7,141 | (36,056) |
| | **(33,907)** | **-** | **-** | **(11,675)** | **2,385** | **7,141** | **(36,056)** |
| **Provisions** | | | | | | | |
| Industrial property | (6,066) | - | - | - | - | - | (6,066) |
| Computer software | (103,160) | - | - | - | - | - | (103,160) |
| Development expenses | (3) | - | - | - | - | - | (3) |
| Other intangibles | (2,143) | - | - | - | - | - | (2,143) |
| | **(111,372)** | **-** | **-** | **-** | **-** | **-** | **(111,372)** |
| **Net value:** | | | | | | | |
| Industrial property | 35,051 | 51 | (165) | (1,348) | (89) | - | 33,500 |
| Computer software | 97,090 | 3,320 | 363 | (43,696) | 2,325 | 38,638 | 98,040 |
| Development expenses | 84,254 | - | (21) | 33,770 | - | (38,602) | 79,401 |
| Contractual relationships | 61,482 | - | 398 | (10,216) | - | 10,430 | 62,094 |
| Other intangibles | 1,000 | - | - | (12) | - | (36) | 952 |
| **Total** | **278,877** | **3,371** | **575** | **(21,502)** | **2,236** | **10,430** | **273,987** |

Scope changes relate to the acquisitions of the companies Mobbeel Solutions, S.L., Mobbeel Innovation Labs, S.L., Aplicaciones de Simulación Simtec, S.L. and Operadora de Tarjetas de Crédito Nexus, S.A. (Note 5).

Contractual relationships relate to the reassessment of the assets of Tecnocom in the amount of €60,400 thousand (2017), Paradigma Digital in the amount of €14,500 thousand (2018), North American Transmission & Distribution Group in the amount of €7,710 thousand (2019), Sistemas Informáticas Abiertos, S.A. in the amount of €10,097 thousand (2020), SmartPaper, S.R.L. in the amount of €10,430 thousand (2021) and, in the current year, due to the purchase price allocation process, the amount of €2,229 thousand for Consultoría Organizacional S.A.S., €1,713 thousand for Net Studio, S.P.A. and €4,311 thousand for Credimatic, S.A. (Note 5).

The Group made payments to invest in intangible assets totalling €29,833 thousand in 2022 (€35,014 thousand in 2021).

The amount of €49,635 thousand was transferred from Development expenses to Computer software in 2022 once the developments had been completed and fulfilled technical and economic feasibility requirements.

Development and Computer software products are set out below by vertical market:

| | Thousand euro | | |
|---|---|---|---|
| | **2022** | **2021** | **Segments** |
| **Investments (1)** | | | |
| Public Administrations | 15,533 | 15,533 | IT |
| Defence & Security | 165,207 | 163,564 | T&D |
| Energy | 132,250 | 112,177 | IT |
| Industry & Consumption | 25,424 | 25,159 | IT |
| Election Processes | 3,514 | 3,514 | IT |
| Healthcare | 25,155 | 25,155 | IT |
| Financial Services | 108,009 | 103,040 | IT |
| Telecom & Media | 7,719 | 7,541 | IT |
| Air Traffic | 85,602 | 80,908 | T&D |
| Transport | 68,613 | 61,912 | T&D |
| Transversal T&D | 1,847 | 1,847 | T&D |
| Transversal | 178,081 | 171,571 | |
| | **816,954** | **771,921** | **Estimated years of amortisation (2)** |
| **Accumulated amortisation:** | | | |
| Public Administrations | (9,986) | (7,827) | 1 to 5 years |
| Defence & Security | (97,427) | (87,870) | 1 to 10 years |
| Energy | (60,638) | (56,216) | 1 to 10 years |
| Industry & Consumption | (17,557) | (15,317) | 1 to 10 years |
| Election Processes | (1,870) | (1,335) | 1 to 5 years |
| Healthcare | (16,603) | (15,621) | 1 to 10 years |
| Financial Services | (70,571) | (65,155) | 1 to 5 years |
| Telecom & Media | (6,696) | (6,235) | 1 to 5 years |
| Air Traffic | (59,266) | (52,910) | 1 to 5 years |
| Transport | (30,844) | (30,427) | 1 to 5 years |
| Transversal T&D | (1,370) | (1,169) | 1 to 10 years |
| Transversal | (144,945) | (115,179) | |
| | **(517,773)** | **(455,261)** | |
| **Accumulated impairment:** | | | |
| Defence & Security | (28,100) | (21,376) | |
| Energy | (41,646) | (41,646) | |
| Industry & Consumption | (4,400) | (4,400) | |
| Healthcare | (8,000) | (8,000) | |
| Financial Services | (20,100) | (20,100) | |
| Transport | (7,641) | (7,641) | |
| | **(109,887)** | **(103,163)** | |
| **Grants** | | | |
| Public Administrations | (1,295) | - | |
| Defence & Security | (616) | (1,324) | |
| Financial Services | - | (996) | |
| Telecom & Media | (62) | (62) | |
| Air Traffic | (17,448) | (21,329) | |
| Transport | (10,014) | (9,532) | |
| Transversal T&D | (113) | (178) | |
| Transversal | (698) | (2,635) | |
| | **(30,246)** | **(36,056)** | |
| **Net value:** | | | |
| Public Administrations | 4,252 | 7,706 | |
| Defence & Security | 39,064 | 52,994 | |
| Energy | 29,966 | 14,315 | |
| Industry & Consumption | 3,467 | 5,442 | |
| Election Processes | 1,644 | 2,179 | |
| Healthcare | 552 | 1,534 | |
| Financial Services | 17,338 | 16,789 | |
| Telecom & Media | 961 | 1,244 | |
| Air Traffic | 8,888 | 6,669 | |
| Transport | 20,114 | 14,312 | |
| Transversal T&D | 364 | 500 | |
| Transversal | 32,438 | 53,756 | |
| **Total** | **159,048** | **177,441** | |

(1) In 2022, the carrying amount of Development projects capitalised during the year that are not yet being amortised is €26,069 thousand (€33,080 thousand in 2021).

(2) Vertical market products comprise numerous projects each of which have an independent useful life. For the same product, a project might be amortised in the same year it is capitalised while other projects relating to that product might have a useful life of up to 10 years.

The main capitalised T&D segment development projects are as follows:

- Defence & Security: development of radars, air defence, surveillance and security systems, and onboard systems for air and naval platforms.
- Transport: development of ticketing solutions, a railway management system and an urban and interurban traffic management software program.
- Air Traffic: program to modernise air transit management in Europe as part of the Single European Sky Air Research (SESAR) initiative.

The following IT segment projects stand out:

- In the payment means platform, new modules for consumer financing, loyalty and new immediate payment services were implemented, as well as modernising business processes to progress with cloud migration, improving cybersecurity and publishing services to integrate with third parties through various channels.
- As regards Phygital, investment was focused on building new solutions to enhance the sustainability, management and protection of critical infrastructures for our customers, digital asset management, renewables management and gas metering systems, as well as improving the user experience and process intelligence in areas such as Tourism and Smart Territories.
- Hospitality solutions for point-of-sale enhancement and Travel Booking to modernise services forming part of passenger reservation systems.
- Reusable digital assets to improve our solutions in terms of scalability, lifecycle, analytics and intelligence, security and operations in a cloud platform that enables the efficient, integrated management of hotel operations, from property costs to customer satisfaction and loyalty.

It is deemed likely that these products will generate economic benefits in the future that will offset the recognised cost of the asset.

In 2022, as in 2021, the Group continued to invest in developments in all business areas, the most significant relating to the T&D segment.

At 31 December 2022, the carrying amount of projects not being amortised is €55,108 thousand (€79,093 thousand in 2021).

Transfers recognised under the heading “Computer software” in 2022 and 2021 relate to the following vertical markets:

| | Thousand euro | |
|---|---|---|
| **MARKET** | **2022** | **2021** |
| Public Administrations | 3,986 | 732 |
| Defence & Security | 9,111 | 11,898 |
| Energy | 3,931 | 1,570 |
| Industry & Consumption | 590 | 1,197 |
| Healthcare | 219 | - |
| Financial Services | 7,598 | 6,028 |
| Air Traffic | 8,523 | 6,204 |
| Transport | 8,319 | 3,557 |
| Other markets | 7,358 | 7,833 |
| | **49,635** | **39,019** |

Certain capitalised development expenses are financed or subsidised by government bodies. Set out below is a breakdown of the vertical markets (Note 4n) to which the most significant grants relate in 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| **MARKET** | **2022** | **2021** |
| Public Administrations | 97 | 1,811 |
| Defence & Security | 20,359 | 19,892 |
| Energy | 252 | 315 |
| Healthcare | 91 | 70 |
| Financial Services | - | 996 |
| Telecom & Media | 446 | 435 |
| Air Traffic | 17,665 | 24,071 |
| Transport | 11,071 | 11,096 |
| Transversal T&D | 113 | - |
| Other markets | 2,354 | - |
| | **52,448** | **58,686** |

Development expenses total €312,485 thousand in the current year and €292,753 thousand in the previous year. The Group has capitalised €29,081 thousand and €33,770 of these amounts, respectively. The 2022 consolidated income statement therefore reflects development expenses in different projects amounting to €283,404 thousand (€258,983 thousand in 2021) (Note 40).

The Industrial property balance includes assets acquired from third parties totalling €53,792 thousand in 2022 (€57,855 thousand in 2021), relating mainly to:

- Industrial property recognised as a result of the acquisition of the company Paradigma, S.L. in the amount of €10,000 thousand in 2018.
- Industrial property recognised by Indra BPO Servicios, S.L.U. in relation to the exclusivity fee under the contract for services entered into with BSOS, S.A. (Business Services for Operational Support, S.A.) in the amount of €6,888 thousand in 2016.
- Industrial property recognised as a result of the acquisition of the company Politec Tecnología da Informação, S.A. in the amount of €13,711 thousand in 2011.
- The purchase of software maintenance rights by the Parent Company in 2010, amounting to €20,000 thousand.
- Industrial property recognised as a result of the acquisition of the company Flat 101, S.L. in the amount of €1,962 thousand in 2021 (Note 5).

Intangible asset amortisation rates are shown below:

| | | **Thousand euro** | | | | |
|---|---|---|---|---|---|---|
| | | **Expenses incurred in-house** | | **Acquisition from third parties** | | |
| | **Balance at 31.12.22** | **Finite useful life** | **Amortisation rate** | **Indefinite useful life** | **Finite useful life** | **Amortisation rate** |
| **Net value** | | | | | | |
| Industrial property | 34,031 | - | - | 20,000 | 14,031 | 5-10% |
| Computer software | 99,645 | 91,571 | 10-100% | - | 8,074 | 25% |
| Development expenses | 59,403 | 59,403 | 10-100% | - | - | 10-25% |
| Contractual relationships | 58,772 | - | - | - | 58,772 | 6-10% |
| Other intangibles | 836 | - | - | - | 836 | 10% |
| | **252,687** | **150,974** | | **20,000** | **81,713** | |

| | | Thousand euro | | | | |
|---|---|---|---|---|---|---|
| | | **Expenses incurred in-house** | | **Acquisition from third parties** | | |
| | **Balance at 31.12.21** | **Finite useful life** | **Amortisation rate** | **Indefinite useful life** | **Finite useful life** | **Amortisation rate** |
| **Net value** | | | | | | |
| Industrial property | 33,500 | - | - | 20,000 | 13,500 | 5-10% |
| Computer software | 98,040 | 85,539 | 10-100% | - | 12,501 | 25% |
| Development expenses | 79,401 | 79,401 | 10-100% | - | - | - |
| Contractual relationships | 62,094 | - | - | - | 62,094 | 6-10% |
| Other intangibles | 952 | - | - | - | 952 | 10% |
| | **273,987** | **164,940** | | **20,000** | **89,047** | |

At 31 December 2022, fully-amortised intangible assets amount to €241,607 thousand (€185,586 thousand at 31 December 2021).

The intangible assets are allocated to the corresponding CGUs (IT or T&D) and are tested for impairment.

The Group has taken out insurance policies to cover the risks to which its intangible assets are exposed. The coverage provided by these policies is considered to be sufficient.

The Group has no intangible assets pledged as collateral and there are no ownership restrictions. There are also no commitments to acquire property, plant and equipment at 31 December 2022 or 2021.

## 10) Financial instruments

### a) Financial assets

Financial assets (except for investments in associates) are set out below by class and maturity for 2022 and 2021:

| | | 2022 Thousand euro | | |
|---|---|---|---|---|
| **FINANCIAL ASSETS: NATURE/CATEGORY** | Note | Fair value through other comprehensive income | Amortised cost | Hedging derivatives |
| Other ownership interests in non-Group companies | 12 | 13,696 | - | - |
| Derivatives | 12 | - | - | 1,620 |
| Other receivables | 12 | - | 3,947 | - |
| Other financial assets | 12 | - | 169,224 | - |
| **Long term / non-current** | | **13,696** | **173,171** | **1,620** |
| Guarantees and deposits | 12 | - | 1,275 | - |
| Derivatives | 12 | - | - | 3,526 |
| Other financial assets | 12, 16 | - | 1,233,322 | - |
| Cash and cash equivalents | 17 | - | 933,039 | - |
| **Short term / current** | | **-** | **2,167,636** | **3,526** |
| **Total** | | **13,696** | **2,340,807** | **5,147** |

| FINANCIAL ASSETS: NATURE/CATEGORY | Note | 2021 Thousand euro | | |
|---|---|---|---|---|
| | | Fair value through other comprehensive income | Amortised cost | Hedging derivatives |
| Other ownership interests in non-Group companies | 12 | 13,198 | - | - |
| Derivatives | 12 | - | - | 1,771 |
| Other receivables | 12 | - | 5,694 | - |
| Other financial assets | 12 | - | 130,202 | - |
| **Long term / non-current** | | **13,198** | **135,896** | **1,771** |
| Guarantees and deposits | 12 | - | 2,374 | - |
| Derivatives | 12 | - | - | 4,248 |
| Other financial assets | 12, 16 | - | 1,048,315 | - |
| Cash and cash equivalents | 17 | - | 1,235,025 | - |
| **Short term / current** | | **-** | **2,285,714** | **4,248** |
| **Total** | | **13,198** | **2,421,610** | **6,019** |

Assets carried at fair value through other comprehensive income are measured taking into consideration other variables and applying techniques appropriate to the circumstances (hierarchy level 3).

### b) Financial liabilities

Financial liabilities are set out below by class and maturity for 2022 and 2021:

| FINANCIAL LIABILITIES: NATURE/CATEGORY | Note | 31.12.22 Thousand euro | | |
|---|---|---|---|---|
| | | Amortised cost | Hedging derivatives | Fair value through profit or loss |
| Bank borrowings | 21 | 461,232 | - | - |
| Debentures and other marketable securities | 21 | 239,199 | - | - |
| Derivatives | 37 | - | 2,255 | - |
| Other financial liabilities | 22, 23 | 522,693 | - | 39,153 |
| **Long-term payables / Non-current financial liabilities** | | **1,223,124** | **2,255** | **39,153** |
| Bank borrowings | 21 | 25,687 | - | - |
| Debentures and other marketable securities | 21 | 249,519 | - | - |
| Derivatives | 37 | - | 12,673 | - |
| Trade payables, other payables, other financial liabilities | 22, 26 | 1,607,092 | - | 14,838 |
| **Short-term payables / Current financial liabilities** | | **1,882,298** | **12,673** | **14,838** |
| **Total** | | **3,105,422** | **14,928** | **53,991** |

| **FINANCIAL LIABILITIES: NATURE/CATEGORY** | Note | 31.12.21 Thousand euro<br>Amortised cost | Hedging derivatives | Fair value through profit or loss |
|---|---|---|---|---|
| Bank borrowings | 21 | 803,890 | - | - |
| Debentures and other marketable securities | 21 | 632,129 | - | - |
| Derivatives | 22, 37 | - | 2,169 | - |
| Other financial liabilities | 22, 23 | 385,659 | - | 26,030 |
| **Long-term payables / Non-current financial liabilities** | | **1,821,678** | **2,169** | **26,030** |
| Bank borrowings | 21 | 32,121 | - | - |
| Debentures and other marketable securities | 21 | 7,310 | - | - |
| Derivatives | 22, 37 | - | 11,210 | - |
| Trade payables, other payables, other financial liabilities | 22, 26 | 1,458,819 | - | 13,554 |
| **Short-term payables / Current financial liabilities** | | **1,498,250** | **11,210** | **13,554** |
| **Total** | | **3,319,928** | **13,379** | **39,584** |

The fair value of foreign exchange insurance is calculated based on the currency price at the end of each accounting period (hierarchy level 2).

Liabilities carried at fair value through profit or loss are measured taking into consideration other variables and applying techniques appropriate to the circumstances (hierarchy level 3).

Short and long-term liabilities at fair value through profit or loss at 31 December 2022 relate primarily to the estimated earn-outs from the Paradigma acquisition in the amount of €5,492 thousand (€9,992 thousand in 2021), the acquisition of Flat 101, S.L. in the amount of €11,000 thousand and the acquisition of Operadora de Tarjetas de Crédito Nexus, S.A. in the amount of €24,918 thousand (Note 5).

The characteristics of each liability are described in these notes to the Consolidated Annual Accounts.

The carrying amount of assets and liabilities measured at amortised cost does not differ significantly from fair value, except for the convertible bond (Note 21).

Set out below is a breakdown of Net financial income/(expense) in the consolidated income statement for 2022 and 2021:

| | Thousand euro<br>**2022** | **2021** |
|---|---|---|
| Financial expense on bank borrowings | 9,129 | 13,259 |
| Other financial expenses | 20,517 | 7,066 |
| Financial liabilities at amortised cost | 4,188 | - |
| Interest on debentures and bonds | 15,173 | 17,223 |
| Financial expenses, IFRS 16 | 4,752 | 5,331 |
| Profit/(loss) on disposal of financial instruments | 4,678 | - |
| Exchange gains/(losses) | 4,854 | 2,955 |
| Fair value changes to financial instruments | - | 4,020 |
| **Total financial expenses** | **63,292** | **49,854** |
| | | |
| Fair value changes to financial instruments | 6,356 | - |
| Other financial income | 14,528 | 5,218 |
| **Total financial income** | **20,884** | **5,218** |

The movement under Other financial expenses relates primarily to the cost of hyperinflation in Argentina (€3,014 thousand) and to the expenditure arising from the partial redemption of the bond (€5,655 thousand) (Note 21 a).

The heading Profit/(loss) on disposal of financial instruments includes the impairment loss of €4,500 thousand on the ownership interest in Tagsonomy.

## 11) Investments accounted for using the equity method

Set out below is a breakdown of this consolidated statement of financial position heading at 31 December 2022 and 2021:

Thousand euro

| | **Balance at 31.12.21** | **Impair-ment** | **Invest-ment** | **Currency translation differences** | **Dividends** | **Profit/(loss)** | **Balance at 31.12.22** | **Net assets** | **Implicit goodwill** |
|---|---|---|---|---|---|---|---|---|---|
| SAES Capital | 1,979 | - | - | - | - | 104 | 2,083 | 2,084 | (1) |
| Eurofighter Simulation Systems | 1,240 | - | - | - | (1,040) | 678 | 878 | 1,594 | (716) |
| Euromids | 814 | - | - | - | - | (91) | 723 | 900 | (177) |
| Iniciativas Bioenergéticas | 2,284 | - | 1,800 | - | - | (117) | 3,967 | 5,125 | (1,158) |
| Tagsonomy | 4,105 | (4,500) | - | - | - | (788) | (1,183) | (29) | (1,154) |
| A4 Essor | 107 | - | - | - | - | 6 | 113 | 260 | (147) |
| Tower Air Traffic System | 501 | - | - | - | - | (3) | 498 | 498 | - |
| Logistica Marítima de Tuxpan | 150 | - | - | - | - | - | 150 | - | 150 |
| Indra Isolux México | 5 | - | - | - | - | - | 5 | - | 5 |
| Visión Inteligente Aplicada | (97) | - | - | - | - | - | (97) | - | (97) |
| EFI Túneles Necaxa | 169 | - | - | 6 | - | (136) | 39 | 55 | (16) |
| Societat Catalana Per a la Mobilitat | 2,291 | - | - | - | - | (46) | 2,245 | 3,119 | (874) |
| Green Border OOD | (16) | - | - | - | - | (1) | (17) | - | (17) |
| Global Training Aviation, S.L. | 2,457 | - | - | - | - | 299 | 2,756 | 463 | 2,293 |
| Tess Defence, S.A. | 264 | - | | - | - | (135) | 129 | 131 | (2) |
| Startical, S.L. | 4,398 | - | 2,488 | - | - | (2,197) | 4,689 | 5,145 | (456) |
| Satelio IOT Services | 3,000 | - | - | - | - | 145 | 3,145 | 1,417 | 1,728 |
| **Total** | **23,651** | **(4,500)** | **4,288** | **6** | **(1,040)** | **(2,282)** | **20,123** | **20,762** | **(638)** |

Thousand euro

| | Balance at 31.12.20 | Disposals | Investment | Currency translation differences | Dividends | Profit/(loss) | Balance at 31.12.21 | Net assets | Implicit goodwill |
|---|---|---|---|---|---|---|---|---|---|
| SAES Capital | 2,526 | - | - | - | (540) | (7) | 1,979 | 1,980 | (1) |
| Eurofighter Simulation | 1,708 | - | - | - | (520) | 52 | 1,240 | 1,760 | (520) |
| Euromids | 587 | - | - | - | - | 227 | 814 | 813 | 1 |
| Iniciativas Bioenergéticas | 1,579 | - | - | - | - | 705 | 2,284 | 2,692 | (408) |
| Tagsonomy | 4,152 | - | - | - | - | (47) | 4,105 | 707 | 3,398 |
| IRB Riesgo Operacional | 90 | 97 | - | - | (124) | (63) | - | - | - |
| A4 Essor | 40 | - | - | - | - | 67 | 107 | 231 | (124) |
| Tower Air Traffic System | 501 | - | - | - | - | - | 501 | - | 501 |
| Logistica Marítima de | 150 | - | - | - | - | - | 150 | - | 150 |
| Natming | 3 | (3) | - | - | - | - | - | - | - |
| Indra Isolux | 1 | - | - | 1 | - | 3 | 5 | 82 | (77) |
| Visión Inteligente | (101) | - | - | - | - | 4 | (97) | - | (97) |
| EFI Túneles | 162 | - | - | 6 | - | 1 | 169 | 74 | 95 |
| Societat Catalana Per a | 2,137 | - | - | - | - | 154 | 2,291 | 2,284 | 7 |
| Green Border | (13) | - | - | (1) | - | (2) | (16) | - | (16) |
| Spa Mobeal | (90) | 90 | - | - | - | - | - | - | - |
| Global Training Aviation, S.L. | 2,444 | - | - | - | - | 13 | 2,457 | 261 | 2,196 |
| Tess Defense, | 123 | - | 123 | - | - | 18 | 264 | 268 | (4) |
| Startical, S.L. | - | - | 4,975 | - | - | (577) | 4,398 | 4,398 | - |
| Satelio IOT | - | - | 3,000 | - | - | - | 3,000 | 934 | 2,066 |
| **Total** | **15,999** | **184** | **8,098** | **6** | **(1,184)** | **548** | **23,651** | **16,484** | **7,167** |

A breakdown of the financial highlights of the most significant equity-consolidated companies is provided in Appendix V.

In 2022, the Parent Company paid up an additional amount of €2,488 thousand in the subsidiary Startical, S.L., which was set up in the previous year. The Group company Prointec, S.A.U. also paid up an additional €1,800 thousand by capitalising the loan. An impairment loss of €4,500 thousand was recognised for the ownership interest in Tagsonomy.

The Parent Company set up the company Startical, S.L. in 2021, taking a 50% ownership interest together with Enaire. The Parent Company also acquired a 10.5% interest in the company Satelio IOT Services, S.L., which is recognised as an associate because the Group is represented on the board of directors and therefore has significant influence. In addition, the Parent Company divested the shares in IRB Riesgo Operacional through a capital reduction and the reimbursement of contributions. A profit of €98 thousand was recognised in the consolidated income statement.

As at 31 December 2022, there are no restrictions on the receipt of dividends from or on the repayment of loans granted to equity-accounted companies.

The Group reviews the values of equity-accounted subsidiaries whenever there are indications of impairment. The most relevant loss-making subsidiary, which may be an indication of impairment, is Startical, S.L.

Startical, S.L. is engaged in air traffic management. Development of new air navigation, surveillance and communication, voice and data services from a satellite platform. However, the company has drawn up business plans which shows a gradual recovery of the business and supports the value of these assets for the Group, provided the plans are fulfilled.

## 12) Other non-current financial assets and trade receivables

Movements in Other non-current financial assets and trade receivables at 31 December 2022 and 2021 are set out below:

| | Thousand euro | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net value:** | **Balance at 31.12.21** | **Scope change** | **Currency translation differences** | **Additions** | **Disposals** | **Transfers** | **Balance at 31.12.22** |
| Other long-term ownership interests | | | | | | | |
| in non-Group companies | 13,169 | 55 | (1) | 750 | (277) | - | 13,696 |
| Long-term loans | 9,320 | - | 431 | 1,146 | (581) | (1,800) | 8,516 |
| Long-term guarantees and deposits | 8,721 | 23 | 260 | 9,814 | (1,687) | (69) | 17,062 |
| Other long-term investments | 117,885 | - | 34 | 27,814 | - | 1,860 | 147,593 |
| **Total** | **149,095** | **78** | **724** | **39,524** | **(2,545)** | **(9)** | **186,867** |

| | Thousand euro | | | | | | |
|---|---|---|---|---|---|---|---|
| **Net value:** | **Balance at 31.12.20** | **Scope change** | **Currency translation differences** | **Additions** | **Disposals** | **Transfers** | **Balance at 31.12.21** |
| Other long-term ownership interests | | | | | | | |
| in non-Group companies | 13,200 | 5 | - | 8 | (15) | (29) | 13,169 |
| Long-term loans | 8,559 | - | 38 | 1,845 | (1,111) | (10) | 9,320 |
| Long-term guarantees and deposits | 10,119 | 62 | 43 | 744 | (2,242) | (5) | 8,721 |
| Other long-term investments | 129,707 | - | 7 | 4,979 | (10,518) | (6,290) | 117,885 |
| **Total** | **161,584** | **67** | **88** | **7,576** | **(13,886)** | **(6,334)** | **149,095** |

### a) Other long-term ownership interests in non-Group companies

This heading breaks down as follows:

| | | Thousand euro | | | | | |
|---|---|---|---|---|---|---|---|
| **Net value:** | **% interest** | **Balance at 31.12.21** | **Scope change** | **Additions** | **Disposals** | **Currency translation differences** | **Balance at 31.12.22** |
| Aerofondo IV | 5.0% | - | - | 750 | - | - | 750 |
| Grupo de Navegación por Satélite, Sistemas y Servicios, S.L. | 13.5% | 135 | - | - | - | - | 135 |
| Hisdesat Servicios Estratégicos | 7.0% | 7,052 | - | - | - | - | 7,052 |
| Neotec | 4.8% | 5,071 | - | - | - | - | 5,071 |
| Noster Finance, S.L. | 7.2% | 600 | - | - | - | - | 600 |
| Business Services for Operational Support | 10.0% | 271 | - | - | (271) | - | - |
| Other | | 39 | 55 | - | (6) | (1) | 87 |
| **Total** | | **13,169** | **55** | **750** | **(277)** | **(1)** | **13,696** |

| | | Thousand euro | | | | | |
|---|---|---|---|---|---|---|---|
| **Net value:** | **% interest** | **Balance at 31.12.20** | **Scope change** | **Additions** | **Disposals** | **Transfers** | **Balance at 31.12.21** |
| Grupo de Navegación por Satélite, Sistemas y Servicios, S.L. | 13.5% | 135 | - | - | - | - | 135 |
| Hisdesat Servicios Estratégicos | 7.0% | 7,052 | - | - | - | - | 7,052 |
| Neotec | 4.8% | 5,071 | - | - | - | - | 5,071 |
| Noster Finance, S.L. | 7.2% | 600 | - | - | - | - | 600 |
| Business Services for Operational Support | 10.0% | 271 | - | - | - | - | 271 |
| Other | | 70 | 5 | 8 | (15) | (29) | 39 |
| **Total** | | **13,200** | **5** | **8** | **(15)** | **(29)** | **13,169** |

In 2022, the Parent Company paid up the amount of €750 thousand on the interest in the venture capital fund ACE Aerofondo IV F.C.R. This fund is also owned by SEPI and Airbus. The Parent Company undertook to make future contributions until reaching the figure of €5,000 thousand or 5% of the ownership interest in the fund. The fund's management company is ACE Capital Partners.

In 2022, the company Business Services for Operational Support was sold for €90 thousand and a gain of €181 thousand was recognised in the income statement.

Dividends were received from the company Neotec in the amount of €1,309 thousand in 2022 (€690 thousand in 2021).

Long-term ownership interests in non-Group companies are not held to obtain short-term gains but to meet short- and medium-term strategic objectives.

b) Guarantees, long-term deposits and loans to third parties

This heading includes both deposits and guarantees given to lease buildings and properties and those given to secure labour and commercial claims.

Additions to deposits and guarantees in 2022 relate mainly to the amount of €103 thousand (€556 thousand in 2021) for leased buildings due to moves to other work centres. Disposals in 2022, on the same basis, amounted to €1,063 thousand (€18 thousand in 2021). This heading also includes the amount of €9,081 thousand relating to corporate income tax and VAT assessments appealed and paid by the Parent Company as a result of inspections of the periods 2011-2014 and 2015-2018, which are expected to be resolved favourably (Note 35).

Additions to loans to third parties in 2022 include the amount of €1,053 thousand (€692 thousand in 2021) relating to deposits given to secure labour claims of the Group company Indra Brasil Soluções e Serviços Tecnológicos, S.A. Disposals in 2022, on the same basis, amounted to €541 thousand (€1,073 thousand in 2021).

c) Other non-current financial investments

In 2022, this heading includes the amount of €80,608 thousand (€81,795 thousand in 2021) relating to receivables from non-controlling interests of the Parent Company due to the proportionate consolidation of three temporary consortia engaged in Ministry of Defence programmes, which are expected to be billed as from 2024, once all the work has been completed. For this same reason, the amount of €24,351 thousand (€22,527 thousand in 2021) in current assets relates to the debt claim yet to be invoiced in 2023. These programmes are funded by the Ministry of Industry, Energy and Tourism (Note 22) in the amount of €76,541 thousand in the long term (€109,408 thousand in the long term in 2021) and €32,867 thousand in the short term. All these amounts are discounted at the market interest rate.

| | **2022** | **2021** |
|---|---|---|
| **Asset balances** | **104,959** | **104,322** |
| Long-term accounts receivable for billable production | 80,608 | 81,795 |
| Short-term accounts receivable for billable production | 24,351 | 22,527 |
| **Liability balances** | **(109,408)** | **(109,408)** |
| Other long-term financial liabilities | (76,541) | (109,408) |
| Other short-term financial liabilities | (32,867) | - |

In 2015, the Parent Company set up the above-mentioned three temporary consortia (UTEs) to undertake Defence projects. Details are as follows:

| **Temporary consortium** | **Indra's % interest** | **Customer** | **Contract** |
|---|---|---|---|
| UTE VCR 8X8 | 37.94% | MINISTRY OF DEFENCE C.G.A. | Technology programmes associated with the future 8X8 wheeled combat vehicle (8X8 WCV) |
| UTE PROTEC 110 | 66.02% | MINISTRY OF DEFENCE C.G.A. | F-110 Frigate technology programmes - development and integration of F-110 mast and shadow Sensors |
| UTE IRST F - 110 | 50.00% | S.M.E. INSTITUTO NACIONAL DE CIBERSEGURIDAD DE ESPAÑA, M.P., S.A. | Strategic on-site development service for security software at INCIBE. |

The above three projects contracted by the Ministry of Defence and the National Cybersecurity Institute (both Ministry of Defence) with the temporary consortia indicated in the table above were funded by the MINER (Ministry of Industry, Energy and Tourism) under the corresponding agreements, due primarily to the industrial and technological impact of the projects. On this basis, the temporary consortia receive repayable loans as the works are executed by the companies involved. The loans will be repaid to the MINER when the works are invoiced following completion and acceptance. Once the work is finished, the Ministry of Defence will make payment and the temporary consortia will settle the liabilities. The repayable loans accrue interest of 0% and fall due on final acceptance of the works.

At 31 December 2022, the Group records "Accounts receivable for billable production" totalling €28,396 thousand (€21,853 thousand in 2021) relating to projects completed by the Group which are expected to be invoiced over more than one year. Transfers to the short term (Note 16), on the same basis, amount to €6,543 thousand (€4,914 thousand in 2021).

In addition, the Group recognises grants for various multi-year projects pending execution and collection in the amount of €38,589 thousand (€13,886 thousand in 2021) under this heading, which are expected to be collected over more than one year. The corresponding liability is reflected in other non-current financial liabilities (Note 22).

## d) Other current financial assets

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Other receivables | 13,859 | 13,328 |
| Short-term deposits | 682 | 1,460 |
| Short-term security deposits | 593 | 914 |
| Current asset investments | - | 649 |
| Grants pending execution and collection | 25,931 | 11,246 |
| **Total net value** | **41,065** | **27,597** |

## 13) Assets and liabilities held for sale

Set out below is a breakdown of the main movements in non-current assets held for sale during 2022 and 2021:

| | 2022 | | | 2022 |
|---|---|---|---|---|
| | Thousand euro | | | Thousand euro |
| | Investment | Impairment | Net amount | Liabilities |
| Other financial assets | 6,844 | (6,736) | 108 | (2) |
| Loans | 4,788 | (4,788) | - | - |
| **Total net value** | **11,632** | **(11,524)** | **108** | **(2)** |

All the above are expected to be sold or settled in the short term.

On 10 December 2022, the Group company Indra Brasil Soluções e Serviços Tecnologicos LTDA entered into a 10-year lease on the building that it owns in the city of Brasilia, the lessee being Associacao Educacional de Patos de Minas. The monthly rent is BRL 84 thousand and is revised annually applying the HICP. For this reason, the amount of the item carried under Assets held for sale was transferred to Buildings and subsequently to Investment property.

| | 2021 | | | 2021 |
|---|---|---|---|---|
| | Thousand euro | | | Thousand euro |
| | Investment | Impairment | Net amount | Liabilities |
| Buildings | 9,540 | - | 9,540 | - |
| Other financial assets | 6,844 | (6,736) | 108 | (2) |
| Loans | 4,902 | (4,788) | 114 | - |
| **Total net value** | **21,286** | **(11,524)** | **9,762** | **(2)** |

## 14) Contract assets and Inventories

This heading breaks down as follows at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Long-term contract assets | 50,349 | 48,239 |
| **Long-term total** | **50,349** | **48,239** |

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Good purchased for resale | 1,706 | 1,103 |
| Raw materials | 107,379 | 50,286 |
| Work in progress | 123,052 | 111,434 |
| Short-term contract assets | 240,951 | 207,261 |
| **Subtotal** | **473,088** | **370,084** |
| Impairment | (7,590) | (3,289) |
| **Total net value** | **465,498** | **366,795** |

Movements in Contract assets during 2022 are as follows:

| **Contract assets** | **Balance at 31.12.21** | **Additions** | **Disposals** | **Other** | **Balance at 31.12.22** |
|---|---|---|---|---|---|
| Non-current | 48,239 | 2,110 | - | - | 50,349 |
| Current | 207,261 | 156,373 | (108,596) | (14,087) | 240,951 |
| **Total contract assets** | **255,500** | **158,483** | **(108,596)** | **(14,087)** | **291,300** |

At 31 December 2022 and 2021, the balance of "Long-term contract assets" relates almost entirely to Transport and Defence Division projects that have been delayed in some way or other. However, the balances recognised at the 31 December 2022 close will be recovered when the outstanding milestones are certified, which is expected to take place over more than 12 months following the year end, no indications of impairment having arisen during the year.

The associated margin will depend on the costs incurred and the total costs estimated to fulfil the obligation under each contract at the date the revenue correlated to these contract assets is recognised.

The Group estimates that the revenue correlated to 63% of the balance of "Long-term contract assets" at 31 December 2022 will be recognised by 31 December 2024. In addition, 26% of the balance of "Long-term contract assets" at 31 December 2021 was recovered in 2022 and the remaining 57% is expected to be recovered by 31 December 2024.

The expense due to changes in inventories recognised in the 2022 consolidated income statement totals €298,496 thousand (€613,165 thousand in 2021).

The items included under the headings "Goods purchased for resale" and "Raw materials" relate to physical inventories held in warehouses derived from the purchase of materials to meet project manufacturing or supply needs, basically for the Transport and Defence Division.

Once the raw materials are added to the Transport and Defence Division production unit's manufacturing process, the cost is taken to work in progress.

A part of the manufacturing work is carried out in advance to reduce delivery lead times. When this production completed in advance is available and not consumed by a project, the capitalised balance remains recognised under "Work in progress".

The inventories described above will be taken to the income statement if and when they are included in projects and the required progress is made (under "Change in inventories") or they become impaired.

The item "Work in progress" includes materials, direct labour and other services acquired for projects. The items included in "Short-term contract assets" are costs of work in progress associated with performance obligations pending fulfilment (Note 4v). The variation in this item is explained essentially by project certifications and developments.

Movements in impairment are as follows:

| | Balance at 31.12.21 | Currency translation differences | Appropriations | Reversal | Application | Balance at 31.12.22 |
|---|---|---|---|---|---|---|
| Provision for impairment | (3,289) | (18) | (6,496) | 2,213 | - | (7,590) |

| | Balance at 31.12.20 | Currency translation differences | Appropriations | Reversal | Application | Balance at 31.12.21 |
|---|---|---|---|---|---|---|
| Provision for impairment | (5,588) | (154) | (2,923) | 2,825 | 2,551 | (3,289) |

The Group owns no inventories pledged as collateral.

## 15) Other current non-financial assets

This heading is analysed below at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Public Administrations (Note 35) | 37,432 | 36,490 |
| Prepayments and accrued income | 18,334 | 15,927 |
| **Other current non-financial assets** | **55,766** | **52,417** |

Prepayments and accrued income relate mainly to licence expenditure and insurance premiums paid that will be taken to the income statement in the following year.

## 16) Current trade and other receivables

"Trade and other receivables" are analysed below at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Trade receivables for sales and services | 893,832 | 743,823 |
| Accounts receivable for billable production | 301,181 | 310,820 |
| Prepayments to suppliers | 62,924 | 27,135 |
| Advances and loans to employees | 10,819 | 7,955 |
| Other receivables | 10,930 | 14,919 |
| **Total** | **1,279,686** | **1,104,652** |
| Impairment of trade receivables | (46,546) | (43,417) |
| Expected loss impairment | (32,888) | (31,332) |
| Impairment of other receivables | (153) | (153) |
| Impairment of accounts receivable for billable production | (6,567) | (6,659) |
| **Total impairment** | **(86,154)** | **(81,561)** |
| **Total net value** | **1,193,532** | **1,023,091** |

Movements in Accounts receivable for billable production during 2022 are as follows:

| **Accounts receivable for billable production** | **Balance at 31.12.21** | **Additions** | **Disposals** | **Curr. trans. differences & scope** | **Balance at 31.12.22** |
|---|---|---|---|---|---|
| Non-current | 21,853 | 6,543 | - | - | 28,396 |
| Current | 310,820 | 168,191 | (181,471) | 3,641 | 301,181 |
| | **332,673** | **174,734** | **(181,471)** | **3,641** | **329,577** |

The average collection period was 80 days in 2022 (75 in 2021). No interest is charged on outstanding receivables.

The Group considers that the amount of trade and other receivables recognised in the consolidated balance sheet does not differ from fair value.

The heading "Accounts receivable for billable production" includes the amount of €24,351 thousand (€22,527 thousand in 2021) relating to receivables from non-controlling interests of the Parent Company due to the proportionate consolidation of various temporary consortia engaged in Ministry of Defence programmes, which are expected to be billed during 2023 (Note 12).

At year-end 2022 and 2021, non-recourse factoring receivables were written off in the amount of €186,813 thousand and €186,741 thousand, respectively.

The transfer of risks and rewards has been analysed in order to be able to conclude that the non-recourse factoring receivables may effectively be derecognised. The factors (various financial institutions) accept the risks of insolvency and late payment under the agreements signed, so Indra is not exposed to default risk. Financial assets under these arrangements are invoices issued for the Group's services and projects.

Total movements in the impairment provision for the two periods are as follows:

Thousand euro

| | Balance at 31.12.21 | Scope change | Appropriations | Applications | Curr. trans. diff. | Reversal | Balance at 31.12.22 |
|---|---|---|---|---|---|---|---|
| Impairment | 81,561 | - | 16,834 | (3,246) | 1,715 | (10,710) | 86,154 |

Thousand euro

| | Balance at 31.12.20 | Scope change | Appropriations | Applications | Curr. trans. diff. | Reversal | Balance at 31.12.21 |
|---|---|---|---|---|---|---|---|
| Impairment | 96,401 | 61 | 9,961 | (1,233) | 494 | (24,122) | 81,561 |

Appropriations in 2022 amount to €16,834 thousand (€9,961 thousand in 2021). Most of the 2022 appropriations relate to receivables in respect of which the Group has doubts regarding future recoverability due to a number of events such as litigation with customers or the worsening of the macro situation in some countries.

The Group continues to provision all receivables outstanding for more than one year that are not secured by documentary collection arrangements or specifically recognised by the customer under a new payment schedule.

On this basis, in relation to the amount of €42,533 thousand in 2022 (€32,155 thousand in 2021) detailed in Note 36.b as receivables past due for more than one year, net of the provision, there is documentary evidence reasonably supporting recovery.

None of the above-mentioned amounts relates to litigation in progress or to the operating provisions disclosed in Note 24 (provisions for guarantees and onerous contracts).

At 31 December 2022 and 2021, the Group records past-due receivables totalling €334,011 thousand and €311,449 thousand, respectively (Note 36.b). The Group considers that these amounts will be collected within 12 months.

The heading "Decrease/(increase) in trade receivables" in the consolidated cash flow statement includes the variation in "Advance payments from customers".

As regards the "Expected loss impairment", set out below is a breakdown of the percentages of each of the main attributes of trade receivables giving rise to impairment, the expected loss balance itself and the average weighted loss rate in each range:

| | **Balance breakdown** | | **Expected loss breakdown** | | **Average expected loss rate** | |
|---|---|---|---|---|---|---|
| **By age of balance** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Contract assets | 46% | 43% | 6% | 7% | 0.3% | 0.3% |
| Current receivables | 34% | 37% | 3% | 4% | 0.2% | 0.2% |
| Receivables past due for less than 180 days | 12% | 12% | 11% | 15% | 2.2% | 2.5% |
| Receivables past due for 180-365 | 3% | 2% | 14% | 16% | 13.5% | 13.6% |
| Receivables past due for more than 365 days | 5% | 6% | 66% | 58% | 34.5% | 42.5% |
| | **100%** | **100%** | **100%** | **100%** | **2.5%** | **2.0%** |
| **By customer** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Large customers | 19% | 19% | 1.14% | 0.03% | 0.1% | 0.003% |
| Other | 81% | 81% | 98.86% | 99.97% | 3.1% | 2.4% |
| | **100%** | **100%** | **100%** | **100%** | **2.5%** | **2.0%** |
| **By country risk** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| With investment rating | 82% | 89% | 58% | 44% | 1.8% | 1.0% |
| With speculative rating | 18% | 11% | 42% | 56% | 5.9% | 9.7% |
| | **100%** | **100%** | **100%** | **100%** | **2.5%** | **2.0%** |
| **By division** | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| Transport and Defence (T&D) | 53% | 53% | 60% | 72% | 2.9% | 2.7% |
| IT | 47% | 47% | 40% | 28% | 2.1% | 1.0% |
| | **100%** | **100%** | **100%** | **100%** | **2.5%** | **2.0%** |

Movements in the expected loss provision are as follows:

| | Thousand euro | | |
|---|---|---|---|
| | **Balance at 31.12.21** | **Appropriation** | **Balance at 31.12.22** |
| Expected loss | 31,332 | 1,556 | 32,888 |

| | Thousand euro | | |
|---|---|---|---|
| | **Balance at 31.12.20** | **Application** | **Balance at 31.12.21** |
| Expected loss | 34,306 | (2,974) | 31,332 |

## 17) Cash and cash equivalents

The breakdown is as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Very-short-term deposits and fixed-income securities | 47,193 | 66,496 |
| Other current asset investments | 11,723 | 2,966 |
| **Subtotal** | **58,916** | **69,462** |
| Cash | 874,123 | 1,165,563 |
| **Total** | **933,039** | **1,235,025** |

Cash and Short-term deposits and fixed-income securities include the amount of €4,288 thousand relating to the liquidity agreement with Banco de Sabadell (€3,447 thousand in the previous year) (Note 18).

At 31 December 2022 and 2021, the entire cash balance is available for use in the Group's business activities.

## 18) Equity attributable to the Parent Company

### Share capital

At 31 December 2022, the Parent Company's issued and paid-up capital stands at €35,330,880.40, consisting of 176,654,402 ordinary shares with a par value of €0.20 each, represented by book entries.

Share capital is fully-subscribed and paid up.

All the shares are officially listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, are quoted in the Continuous Market and are included in the selective IBEX-35 index, the year-end price being €10.65 (€9.52 at year-end 2021). The average price for the last quarter of 2022 and 2021 was €9.41 and €9.95 per share, respectively.

The Group is aware of the composition of its shareholder structure due to the information that the shareholders submit directly or publish in accordance with applicable legislation on significant shareholdings (requiring disclosure, in general, of purchases or sales of shares or financial instruments carrying voting rights exceeding 3% of capital), as well as the information furnished by Iberclear, which the Company compiles for the purposes of holding General Shareholders' Meetings.

Accordingly, on the basis of the information obtained by the Parent Company, significant shareholders owning interests of over 3% are as follows:

| | **31.12.22** | **31.12.21** |
|---|---|---|
| Sociedad Estatal de Participaciones Industriales (SEPI) | 25.159% | 18.750% |
| Fidelity Management & Research LLC (1) | 9.955% | 9.809% |
| Joseph Oughourlian (2) | 5.130% | - |
| Sapa Placencia, S.L. | 5.000% | 5.000% |
| T.Rowe Price Associates (6) | 3.357% | 3.112% |
| Fidelity International Limited (3) | 2.149% | 3.866% |
| Norges Bank (4) | - | 3.601% |
| Corporación Financiera Alba (5) | - | 3.206% |
| Santander Asset Management (7) | - | 3.069% |

(1) In 2022, of the 9.955% of share capital stated, 7.322% relates to voting rights carried by the shares and 2.633% to voting rights through financial instruments.

(2) As regards Joseph Oughourlian's position, 3.24% of his ownership interest is held directly by Amber Capital Investment Management ICAV - Amber Global Opportunities Fund, which is a fund managed by Amber Capital UK LLP, the entity that has discretionary power to exercise the voting rights. The remaining interest (1.89% of share capital) is held by other funds managed by the Amber management companies.

(3) In 2022, of the 2.149% of share capital stated, 1.356% relates to voting rights carried by the shares and 0.793% to voting rights through financial instruments. In 2021, of the 3.866% of share capital stated, 3.857% relates to voting rights carried by the shares and 0.009% to voting rights through financial instruments.

(4) In 2021, of the 3.601% of share capital stated, 2.152% relates to voting rights carried by the shares and 1.449% to voting rights through financial instruments. On 25 October 2022, this shareholder gave notice that its ownership interest was reduced to 3% of share capital.

(5) On 3 June 2022, the shareholder Corporación Financiera Alba, S.A. gave notice of the transfer to SEPI of all its voting rights, representing 3.206% of share capital.

(6) In 2022, of the 3.357% of share capital stated, 3.046% relates to voting rights carried by the shares and 0.311% to voting rights through financial instruments. In 2021, of the 3.112% of share capital stated, 3.009% relates to voting rights carried by the shares and 0.103% to voting rights through financial instruments.

(7) On 1 April 2022, this shareholder gave notice that its ownership interest was reduced to 3% of share capital.

Direct or indirect ownership interests held personally by each of the Directors at 31 December 2022 are as follows:

**2022**

| | | No. of shares | | | % share capital |
|---|---|---|---|---|---|
| **Directors** | **Class** | **Direct** | **Indirect** | **Total** | |
| Marc Thomas Murtra Millar | Other external | 3,664 | - | 3,664 | 0.002 |
| Virginia Arce Peralta | Independent | - | - | - | - |
| Luis Abril Mazuelas | Executive | 41,921 | - | 41,921 | 0.024 |
| Belén Amatriain Corbi | Independent | - | - | - | - |
| Jokin Aperribay Bedialauneta (1) | Nominee | - | - | - | - |
| Axel Arendt | Independent | - | - | - | - |
| Coloma Armero Montes | Independent | - | - | - | - |
| Antonio Cuevas Delgado (2) | Nominee | 15,324 | - | 15,324 | 0.009 |
| Francisco Javier Garcia Sanz | Independent | - | - | - | - |
| Ignacio Mataix Entero | Executive | 163,126 | 1,000 | 164,126 | 0.093 |
| Juan Moscoso del Prado Hernández (2) | Nominee | - | - | - | - |
| Olga San Jacinto Martínez | Independent | - | - | - | - |
| Miguel Sebastián Gascón (2) | Nominee | 14,644 | - | 14,644 | 0.008 |
| Bernardo José Villazán Gil | Independent | - | - | - | - |
| **Total** | | **238,679** | **1,000** | **239,679** | **0.136** |

*(1) Representing the shareholder Sapa Placencia, S.L.*

*(2) Representing the shareholder Sociedad Estatal de Participaciones Industriales (SEPI)*

Direct or indirect ownership interests held personally by each of the Directors at 31 December 2021 were as follows:

| | | No. of shares | | | % share capital |
|---|---|---|---|---|---|
| **Directors** | **Class** | **Direct** | **Indirect** | **Total** | |
| Marc Thomas Murtra Millar | Other external | 1,785 | - | 1,785 | 0.001 |
| Alberto Terol Esteban | Independent | 55,734 | - | 55,734 | 0.032 |
| Carmen Aquerreta Ferraz | Independent | 8,131 | - | 8,131 | 0.005 |
| Antonio Cuevas Delgado (1) | Nominee | 13,783 | - | 13,783 | 0.008 |
| Enrique de Leyva Pérez | Independent | 32,136 | 38,350 | 70,486 | 0.040 |
| Silvia Iranzo Gutiérrez | Independent | 17,509 | - | 17,509 | 0.010 |
| Ignacio Martín San Vicente | Independent | 15,044 | - | 15,044 | 0.009 |
| Ignacio Mataix Entero | Executive | 151,083 | - | 151,083 | 0.086 |
| Ana de Pro Gonzalo | Independent | 3,726 | - | 3,726 | 0.002 |
| Cristina Ruiz Ortega | Executive | 154,945 | - | 154,945 | 0.088 |
| Miguel Sebastián Gascón (1) | Nominee | 12,911 | - | 12,911 | 0.007 |
| Isabel Torremocha Ferrezuelo | Independent | 12,471 | - | 12,471 | 0.007 |
| **Total** | | **479,258** | **38,350** | **517,608** | **0.293** |

*(1) Representing the shareholder Sociedad Estatal de Participaciones Industriales (SEPI)*

At 31 December 2022, 53,515,026 shares were represented on the Board of Directors, that is 30.293% of the total. At 31 December 2021, 33,576,342 shares were represented on the Board of Directors, representing 19.006% of the total at the time.

On 23 June 2022 and 30 June 2021, the Parent Company held its Annual General Meeting, which approved the applications of results for 2021 and 2020, respectively, as may be observed in the accompanying consolidated statements of changes in equity.

The Company manages its capital with the aim of safeguarding the capacity to carry on operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an adequate capital structure.

## Share premium

The share premium arising from the capital increases carried out in 2001, 2003, 2007 and 2017 is subject to the same restrictions and may be used for the same purposes as the Company's voluntary reserves, including conversion to share capital.

Following the above-mentioned capital increases, the share premium reached €523,754 thousand.

The share premium and voluntary reserves are freely distributable, except for the amount of the fixed asset restatement under Law 9/1983 of 13 July, which stands at €1,505 thousand and €1,585 thousand at 31 December 2022 and 2021, respectively, and for the amount of the unamortised balances of the Parent Company's research and development expenses, that is €41,600 thousand at 31 December 2022 (€55,577 thousand at 31 December 2021), and any prior-year losses recognised.

## Other own equity instruments

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Delivery of shares | 13,794 | 7,929 |
| **Total** | **13,794** | **7,929** |

The outstanding amount of €13,794 thousand at 31 December 2022 (€7,929 thousand in the previous year) relates mainly to the provision for the medium-term incentive payable in 2024 to Management entirely in the form of Parent Company shares, the number of shares being determined based on the average quoted price for the 30 stock market sessions prior to the accrual date, as well as the accrued portion of Annual Variable Remuneration pending share-based payment (Note 38).

## Cash flow hedge reserves

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments regarded as effective cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the income statement only when the hedged transaction affects the gain or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items.

This heading is analysed below:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Hedge of foreign exchange insurance contract flows | (6,781) | (6,617) |
| **Total** | **(6,781)** | **(6,617)** |

The derivatives contracted by the Group provide foreign exchange insurance coverage.

## Treasury shares

At 31 December 2022, the Parent Company directly holds a total of 510,808 treasury shares amounting to €5,342 thousand (a total of 499,888 treasury shares amounting to €4,862 thousand at 31 December 2021), in accordance with the powers delegated by the General Shareholders' Meeting.

Set out below are breakdowns of balances and movements in the treasury share account during 2022 and 2021:

| | Thousand euro | | | |
|---|---|---|---|---|
| Used in: | **Balance at 31.12.21** | **Additions** | **Disposals** | **Balance at 31.12.22** |
| - Ordinary and extraordinary transactions | 4,862 | 122,735 | (122,255) | 5,342 |

| | Thousand euro | | | |
|---|---|---|---|---|
| Used in: | **Balance at 31.12.20** | **Additions** | **Disposals** | **Balance at 31.12.21** |
| - Ordinary and extraordinary transactions | 3,768 | 109,676 | (108,582) | 4,862 |

Treasury share movements in 2022 and 2021 are as follows:

| | | Number of shares | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **% share capita** | **31.12.21** | **Additions** | **% annual volume** | **Disposals** | **% annual volume** | **31.12.22** | **% share capital** |
| Used in: | | | | | | | | |
| - Ordinary transactions (*) | 0.13 | 230,723 | 12,902,948 | 5.88 | (12,941,316) | 5.89 | 192,355 | 0.11 |
| - Extraordinary transactions | 0.15 | 269,165 | 281,000 | 0.13 | (231,712) | 0.11 | 318,453 | 0.18 |
| | **0.28** | **499,888** | **13,183,948** | **6.01** | **(13,173,028)** | **6.00** | **510,808** | **0.29** |

| | | Number of shares | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **% share capita** | **31.12.20** | **Additions** | **% annual volume** | **Disposals** | **% annual volume** | **31.12.21** | **% share capital** |
| Used in: | | | | | | | | |
| - Ordinary transactions (*) | 0.16 | 283,039 | 12,456,523 | 6.56 | (12,508,839) | 6.59 | 230,723 | 0.13 |
| - Extraordinary transactions | 0.15 | 263,516 | 650,000 | 0.34 | (644,351) | 0.34 | 269,165 | 0.15 |
| | **0.31** | **546,555** | **13,106,523** | **6.90** | **(13,153,190)** | **6.93** | **499,888** | **0.28** |

(*) Includes the residual balance of 8,495 shares (11,623 shares in 2021) from the former treasury share account for ordinary transactions.

Ordinary transactions in the above tables relate to those completed under the Parent Company's liquidity agreements in force in 2022 and 2021 with Banco de Sabadell, S.A.

Extraordinary transactions relate to those effected under the Parent Company's share buy-back agreements in force in the reporting period with Banco de Sabadell, S.A. (from 21 December to 27 December 2022). In 2022, 281,000 treasury shares were acquired under the above-mentioned share buy-back scheme.

The purpose of the buy-back schemes was to allow the Parent Company to meet share-based payment obligations under the remuneration system in force during the period of reference.

For this purpose, the following shares were delivered in 2022:

- Remuneration for Management Committee members: 85,363 shares were handed over on 24 February 2022 (644,351 shares in 2021), valued at the average price on the delivery date.
- Flexible remuneration plan ("Reflex"): 146,349 shares were delivered in 2022 at a price of €9.6449 per share.

## Retained earnings/(losses)

Retained earnings/(losses) break down as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Legal reserve | 7,066 | 7,066 |
| Reserves in fully-consolidated companies | 19,491 | (43,458) |
| Merger reserve | 12,233 | 12,233 |
| Reserves in equity-consolidated companies | (1,519) | (1,157) |
| Reserve for own shares held | (2,101) | (2,132) |
| Voluntary reserves | 333,969 | 279,210 |
| Profit/(loss) for the year | 171,895 | 143,369 |
| **Total** | **541,035** | **395,131** |

## a) Legal reserve

In accordance with the Spanish Companies Act, the Parent Company is required to transfer 10% of yearly profits to the legal reserve until the balance reaches at least 20% of share capital. The legal reserve is not available for distribution. Should it be used to offset losses in the event of no other reserves being available, it must be replenished out of future profits. It may also be used to increase share capital under certain circumstances.

At 31 December 2022 and 2021, the Company has allocated the minimum amount stipulated in the Consolidated Text of the Spanish Companies Act to this reserve.

## b) Reserves in fully-consolidated companies

The breakdown of consolidation reserves by company at 31 December 2022 and 2021 is as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| BPO Group (formerly BMB Group) | 39,367 | 26,223 |
| Indra Sistemas de Seguridad, S.A.U. | 5,425 | 4,857 |
| Indra SI, S.A. | 9,138 | 6,499 |
| Indra Sistemas Chile, S.A. | 1,425 | (1,921) |
| Indra Sistemas Portugal, S.A. | (7,722) | 2,710 |
| Indra Business Consulting Group | 19,092 | 17,912 |
| Inmize Capital, S.L. | (319) | (307) |
| Inmize Sistemas, S.L. | 2,723 | 2,673 |
| Indra Beijing Information Technology Systems Ltd. (China) | 905 | 1,342 |
| Indra Sistemas Comunicaciones Seguras, S.L.U. | 2,321 | 2,765 |
| Indra Maroc S.A.R.L.U. | (429) | 129 |
| Indra Australia Pty Limited | (5,970) | (6,777) |
| Azertia Tecnologías de la Información Argentina, S.A. | (467) | (342) |
| Indra USA Inc. | (13,648) | (13,064) |
| Prointec, S.A.U. Group | (13,378) | (12,643) |
| Soluziona Guatemala, S.A. | - | 338 |
| Indra Panamá, S.A. | (1,215) | (1,603) |
| Computación Ceicom, S.A. | 7,939 | 4,226 |
| Indra Sistemas India Private Limited | 299 | 521 |
| Avitech GmbH (Germany) | 5,935 | 4,828 |
| Indra Technology Solutions Malaysia Sdn Bhd | (1,537) | (1,541) |
| PT Indra Indonesia | 508 | 748 |
| Indra Italia S.P.A Group (Italy) | 55,601 | 37,833 |
| Indra Navia A.S. Group (Norway) | 17,610 | 12,608 |
| Indra Turkey | 354 | (3,134) |
| Teknatrans Consultores, S.L.U. | 230 | (36) |
| Indra Tecnología Brasil LTDA | (420) | (1,808) |
| Indra Arabia Company LTD (Arabia) | 16,405 | 16,889 |
| Indra L.L.C | 2,142 | 1,405 |
| Indra Corporate Services, S.L.U. | (164) | 688 |
| Indra Corporate Services Mexico S.A de C.V. | (403) | (405) |
| Indra Advanced Technology | 1,671 | 1,115 |
| Indra Soluciones Tecnologías de la Información, S.L.U. Group | (108,454) | (141,803) |
| Paradigma Digital, S.L. | - | 3,225 |
| Indra Holding Tecnología de la Información | (2,566) | 8,943 |
| Advance Control Systems INC | (12,215) | (11,445) |
| CSC Philippines | (75) | (82) |
| Indra Technology Solutions Co Ltd | (857) | (719) |
| Indra Factoría Tecnológica | 1,165 | 625 |
| Indra TD, SAC | (1,062) | (498) |
| Indra Sistemas TD, S.A. de CV (Mex) | 961 | 398 |
| Sistemas Informáticos Abiertos Group | 5,861 | 4,217 |
| Minsait Payments Systems, S.L. Group | 3,307 | 2,939 |
| ALG Global Infrastructure | (9,992) | (11,986) |
| **Total** | **19,491** | **(43,458)** |

c) Reserves in equity-consolidated companies

The breakdown of consolidation reserves by company at 31 December 2022 and 2021 is as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Saes Capital | 639 | 1,186 |
| Eurofighter Simulation System | 1,172 | 1,640 |
| Euromids | 803 | 576 |
| Iniciativas Bioenergéticas, S.L. | (2,151) | (2,856) |
| Tagsonomy | (394) | (347) |
| IRB Riesgo Operacional | - | 89 |
| A4 Essor SAS | 86 | 19 |
| Indra Isolux México SA de CV | (26) | (32) |
| Visión Inteligente Aplicada S.A de C.V | (17) | (17) |
| EFI Túneles Necaxa SA de CV | 98 | 104 |
| Societat Catalana per a la Mobilitat, S.A. | (29) | (183) |
| Green Border OOD | (22) | (19) |
| SPA Mobeal | - | (185) |
| Global Training Aviation, S.L. | (1,120) | (1,132) |
| Startical | (577) | - |
| Tess Defense, S.A. | 18 | - |
| **Total** | **(1,519)** | **(1,157)** |

d) Voluntary and Merger reserves

These reserves are freely distributable, except for the amount of the fixed asset restatement under Law 9/1983 of 13 July, which stands at €1,505 thousand and €4,545 thousand at 31 December 2022 and 2021, respectively, and for the amount of the unamortised balances of the Parent Company's research and development expenses, that is €41,600 thousand at 31 December 2022 (€55,577 thousand at 31 December 2021) and any prior-year losses recognised.

e) Profit/(loss) for the year attributed to the Parent Company

The breakdown of results of consolidated companies for 2022 and 2021 is provided in Appendix I.

## Currency translation differences

Currency translation differences arise from the translation to the Group's presentation currency, i.e. the euro, of both balance sheet items and income statement items of subsidiaries whose functional currency differs from the presentation currency.

This heading is analysed below:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Brazilian real | (28,961) | (35,323) |
| Argentine peso | (22,983) | (19,541) |
| Colombian peso | (22,793) | (18,179) |
| Norwegian krone | (16,137) | (14,236) |
| Mexican peso | (6,039) | (11,277) |
| Chilean peso | (8,302) | (10,803) |
| Peruvian sol | (2,044) | (5,094) |
| Omani rial | (5,329) | (5,071) |
| Turkish lira | (4,255) | (3,971) |
| Dominican peso | (3,515) | (3,688) |
| Romanian leu | (2,209) | (2,196) |

| | | |
|---|---:|---:|
| Algerian dinar | (2,118) | (1,552) |
| Malaysian ringgit | (1,415) | (1,432) |
| Kenyan shilling | (1,222) | (1,045) |
| Saudi riyal | 5,388 | (511) |
| US dollar | 5,806 | 2,423 |
| Other currencies | 1,352 | 1,000 |
| **Total** | **(114,775)** | **(130,496)** |

The Group does not use net investment hedges.

## 19) Non-controlling interests

This balance is analysed below at 31 December 2022 and 2021:

Thousand euro

| | **31.12.22** | | | | **31.12.21** | | | |
|---|---:|---:|---:|---:|---:|---:|---:|---:|
| | **Capital of non-contr. interests** | **Reserves of non-contr. interests** | **Results of non-contr. interests** | **Total** | **Capital of non-contr. interests** | **Reserves of non-contr. interests** | **Results of non-contr. interests** | **Total** |
| Inmize Capital | 32 | 21 | 530 | 583 | 32 | 507 | 9 | 548 |
| Inmize Sistemas | 750 | 850 | 64 | 1,664 | 750 | 3,422 | 49 | 4,221 |
| Elektrica Soluziona | 15 | 993 | 188 | 1,196 | 15 | 903 | 191 | 1,109 |
| Indra Philippines | 264 | 9,871 | 2,727 | 12,862 | 264 | 11,394 | 2,297 | 13,955 |
| The Overview Effect | - | 2 | (36) | (34) | - | 51 | (49) | 2 |
| Normeka | - | 1,106 | 221 | 1,327 | - | 1,001 | 167 | 1,168 |
| Prointec Panama | - | (32) | - | (32) | - | (30) | - | (30) |
| **Total** | **1,061** | **12,811** | **3,694** | **17,566** | **1,061** | **17,248** | **2,664** | **20,973** |

The information on assets, liabilities and consolidated results for 2022 and 2021 of the most significant non-controlling interests, attributed to the Parent Company, is provided in Appendix IV.

## 20) Earnings/(Loss) per share

At 31 December 2022 and 2021, the calculation of weighted average outstanding and diluting shares is as follows:

| | **Weighted average ordinary shares at 31.12.22** | **Ordinary shares at 31.12.22** | **Weighted average ordinary shares at 31.12.21** | **Ordinary shares at 31.12.21** |
|---|---:|---:|---:|---:|
| Total shares issued | 176,654,402 | 176,654,402 | 176,654,402 | 176,654,402 |
| Treasury shares | (332,681) | (510,808) | (518,659) | (499,888) |
| Total outstanding shares | **176,321,721** | **176,143,594** | **176,135,743** | **176,154,514** |

| | **Weighted average ordinary shares at 31.12.22** | **Weighted average ordinary shares at 31.12.21** |
|---|---:|---:|
| Total shares issued | 176,654,402 | 176,654,402 |
| Financial instruments related to shares | 16,893,523 | 17,024,076 |
| Treasury shares | (332,681) | (518,659) |
| Total diluting shares | **193,215,244** | **193,159,819** |

The diluting factor used to calculate 16,893,523 in 2022 (17,024,076 in 2021) is the effect of the convertible bond issued in 2016 (Note 21).

The calculation of basic earnings per share (rounded to four digits) for 2022 and 2021 is as follows:

| **Basic earnings per share** | **2022** | **2021** |
|---|---|---|
| Profit/(loss) attributed to the Parent Company, in thousand euro | 171,895 | 143,369 |
| Weighted average ordinary shares outstanding | 176,321,721 | 176,135,743 |
| **Basic Earnings/(Loss) per ordinary share, in euro** | **0.9749** | **0.8140** |

The calculation of earnings per ordinary share (rounded to four digits) for 2022 and 2021 is as follows:

| **Ordinary share** | **2022** | **2021** |
|---|---|---|
| Profit/(loss) attributed to the Parent Company, in thousand euro | 171,895 | 143,369 |
| Shares issued | 176,654,402 | 176,654,402 |
| **Earnings/(Loss) per ordinary share, in euro** | **0.9731** | **0.8116** |

The calculation of diluted earnings per share (rounded to four digits) for 2022 and 2021 is as follows:

| **Diluted earnings per share** | **2022** | **2021** |
|---|---|---|
| Profit/(loss) attributed to the Parent Company, in thousand euro (*) | 174,196 | 145,691 |
| Weighted average ordinary shares outstanding | 193,215,244 | 193,159,819 |
| **Diluted Earnings/(Loss) per ordinary share, in euro** | **0.9016** | **0.7543** |

(*) Result for the period excluding the accrued cost of the convertible bond, net of the tax effect.

## 21) Bank borrowings and debentures

Bank borrowings and debentures are analysed below at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| **Non-current** | **2022** | **2021** |
| Debentures and bonds | 239,199 | 632,129 |
| | | |
| Bank borrowings | 425,144 | 756,869 |
| Payables under subsidised research plans | 36,088 | 47,021 |
| **Total bank borrowings** | **461,232** | **803,890** |
| **Non-current total** | **700,431** | **1,436,019** |

| | Thousand euro | |
|---|---|---|
| **Current** | **2022** | **2021** |
| Debentures and bonds | 249,519 | 7,310 |
| | | |
| Bank borrowings | 2,707 | 12,258 |
| Interest payable | 1,871 | 1,754 |
| Payables under subsidised research plans | 21,109 | 18,109 |
| **Total bank borrowings** | **25,687** | **32,121** |
| **Current total** | **275,206** | **39,431** |

| **Non-current** | **Balance at 31.12.21** | **Scope change** | **Currency translation** | **Receipts** | **Payments** | **Present value of loans** | **Transfers** | **Balance at 31.12.22** |
|---|---|---|---|---|---|---|---|---|
| Debentures and | 632,129 | - | - | - | (150,999) | 13,222 | (255,153) | **239,199** |
| Bank borrowings | 756,869 | - | 32 | 24,853 | (350,192) | 1,082 | (7,500) | 425,144 |
| Payables under subsidised research plans | 47,021 | 392 | - | 656 | (326) | (121) | (11,534) | 36,088 |
| Total bank borrowings | 803,890 | 392 | 32 | 25,509 | (350,518) | 961 | (19,034) | **461,232** |
| **Non-current total** | **1,436,019** | **392** | **32** | **25,509** | **(501,517)** | **14,182** | **(274,187)** | **700,431** |

| **Current** | **Balance at 31.12.21** | **Scope change** | **Currency translation** | **Receipts** | **Payments** | **Present value of loans** | **Transfers** | **Balance at 31.12.22** |
|---|---|---|---|---|---|---|---|---|
| Debentures and | 7,310 | - | - | - | (12,944) | - | 255,153 | **249,519** |
| Bank borrowings and interest | 14,012 | 3 | 121 | 387 | (17,445) | - | 7,500 | 4,578 |
| Payables under subsidised research plans | 18,109 | - | - | - | (8,534) | - | 11,534 | 21,109 |
| Total bank borrowings | 32,121 | 3 | 121 | 387 | (25,979) | - | 19,034 | **25,687** |
| **Current total** | **39,431** | **3** | **121** | **387** | **(38,923)** | **-** | **274,187** | **275,206** |

It is the Group's policy not to wait for bank financing to mature before renewing it. In 2022, the Group extended the maturities of long-term loans of €138.5 million, this being almost the entire amount, €133.5 million relating to pre-existing bank borrowings and €5 million to incremental borrowings, so as to reduce the amounts falling due in 2023 and 2024 to a minimum and thereby increase the average maturity period. This extension of maturities did not entail relevant changes to the structure and content of the existing agreements, that is floating-rate bilateral loans denominated in euros and not subject to covenants, guarantees or pledges.

The Group carried out the corresponding analyses of all these loan modifications in accordance with IFRS 9, B3.3.6. As a result, the conclusion was drawn that the terms of the new loans do not differ substantially from those of the pre-existing loans and therefore the termination of agreements was not considered. As the terms were similar, the impact on the income statement was immaterial.

### a) Financial liabilities due to the issuance of debentures and other marketable securities

This consolidated statement of financial position heading includes:

Extension in July 2020 of the non-convertible bond issue completed in December 2019:

On 7 July 2020, non-convertible bonds were issued in the amount of €35,000 thousand (issuance costs of €63 thousand), with a unit nominal value of €100 thousand. The financial liability derived from the issue amounts to €35,567 thousand in 2022 (€35,694 thousand in 2021).

The bond terms and conditions are as follows:

- The bond issue had a nominal value of €35,000 thousand and matures on 23 December 2026.
- The bonds bear fixed interest at a nominal annual rate of 3.50%.
- The amount of €1,225 thousand was paid in the current year.
- The bond's effective interest rate is 3.076%.
- The issue is personally guaranteed by the Parent Company's assets and not by third parties.
- According to the price quoted on the Frankfurt Stock Exchange (95.30%), the bond's fair value at year-end 2022 was €33,356 thousand (€37,870 thousand in 2021).

- The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

| **Years** | **Thousand euro** |
|---|---:|
| 2023 | 1,094 |
| 2024 | 1,090 |
| 2025 | 1,086 |
| 2026 | 1,062 |
| **Total** | **4,332** |

Issuance of non-convertible bonds in April 2018:

On 19 April 2018, senior unsecured bonds were issued in the Euromarket in the amount of €300,000 thousand. The bonds are listed on the Luxembourg Stock Exchange's Euro MTF market. The financial liability derived from the issue amounts to €151,660 thousand in 2022 (€297,421 thousand in 2021).

In the current year, the Parent Company completed the partial repurchase and redemption of this issue in order to reduce gross debt and save on financial expenditure. The initial aim was to buy back €100,000 thousand but the existing demand allowed this figure to increase to €150,000 thousand, the transaction date being 18 May 2022. A premium of €5,655 thousand was paid and is carried as a financial expense in the consolidated income statement.

The bond terms and conditions are as follows:

- The bond issue had a nominal value of €300,000 thousand (€293,916 thousand including the discount and issuance costs) and matures on 19 April 2024.
- The bonds bear fixed interest at a nominal annual rate of 3%.
- Interest of €1,537 thousand and principal of €150,000 thousand were paid in the current year.
- The bond's effective interest rate is 3.68%, including the discount and issuance costs.
- The issue is personally guaranteed by the Parent Company's assets and not by third parties.
- According to the price quoted on the Frankfurt Stock Exchange (98.24%), the bond's fair value at year-end 2022 was €147,363 thousand (€313,338 thousand in 2021).
- The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

| **Years** | **Thousand euro** |
|---|---:|
| 2023 | 5,474 |
| 2024 | 1,866 |
| **Total** | **7,340** |

- Short-term maturities amount to €3,000 thousand (€6,000 thousand in 2021).

Issuance of non-convertible bonds in January 2018:

On 26 January 2018, non-convertible bonds were issued in the amount of €30,000 thousand (issuance costs of €90 thousand), with a unit nominal value of €100 thousand. The financial liability derived from the issue amounts to €30,756 thousand in 2022 (€29,948 thousand in 2021).

The bond terms and conditions are as follows:

- The bond issue had a nominal value of €30,000 thousand and matures on 1 February 2026.
- The bonds bear fixed interest at a nominal annual rate of 2.90%.
- The amount of €870 thousand was paid in the current year.
- The bond's effective interest rate is 2.94%.
- The issue is personally guaranteed by the Parent Company's assets and not by third parties.

- According to the price quoted on the Frankfurt Stock Exchange (94.72%), the bond's fair value at year-end 2022 was €28,415 thousand (€31,542 thousand in 2021).
- The forecast interest expected to be generated over the remaining life of the bonds is as follows:

| Years | Thousand euro |
|---|---|
| 2023 | 881 |
| 2024 | 881 |
| 2025 | 882 |
| 2026 | 154 |
| **Total** | **2,798** |

- Short-term maturities amount to €798 thousand (€798 thousand in 2021).

Issuance of non-convertible bonds in 2016:

On 23 December 2016, a non-convertible bond issue of €25,000 thousand was completed and listed on the Frankfurt Stock Exchange's Freiverkehr (Open Market). The financial liability derived from the issue amounts to €25,013 thousand in 2022 (€25,013 thousand in 2021).

The bond terms and conditions are as follows:

- The bond issue had a nominal value of €25,000 thousand and matures on 23 December 2026.
- The bonds bear fixed interest at a nominal annual rate of 3.5%. The amount of €875 thousand was paid in the current year and previous year.
- The bond's effective interest rate is 3.496%.
- The issue is personally guaranteed by the Parent Company's assets and not by third parties.
- According to the price quoted on the Frankfurt Stock Exchange (95.30%), the bond's fair value at year-end 2022 was €23,826 thousand (€27,050 thousand in 2021).
- The forecast interest expected to be generated over the remaining life of the bonds is as follows:

| Years | Thousand euro |
|---|---|
| 2023 | 874 |
| 2024 | 875 |
| 2025 | 874 |
| 2026 | 864 |
| **Total** | **3,487** |

Issuance of convertible bonds in 2016:

On 7 October 2016, an issue of bonds that were non-convertible and/or exchangeable for shares listed on the Frankfurt Stock Exchange's Freiverkehr (Open Market) was completed in the amount of €250,000 thousand. The financial liability derived from the issue amounts to €245,722 thousand in 2022 (€244,053 thousand in 2021).

The bond terms and conditions are as follows:

- The bond issue had a nominal value of €250,000 thousand and a 7-year term (matures on 7 October 2023). The issuance agreement includes a clause whereby the bondholder had an option to surrender the bond in advance on 7 October 2021 (year 5) in exchange for full cash payment. Accordingly, if the bondholder were to exercise the option, the issuer could not avoid a cash outflow. This option was exercised in the amount of €4,100 thousand in 2021.
- Issue costs amounted to €7,751 thousand (€3,000 thousand in fees and €4,751 thousand for the 2013 convertible bond buy-back premium).
- The bonds accrue fixed interest at an annual nominal rate of 1.25% payable six-monthly in arrears on 7 April and 7 October each year, the first payment having been made on 7 April 2017. The amount of €3,074 thousand was paid in the current year (€3,125 thousand in 2021).

- The bond's effective interest rate is 1.739%. The difference between the effective interest reflected in the accounts and the cash interest accrued to the investors is explained by the time apportionment of the initial issuance costs. In the case of the 2016 convertible bond, the accounting treatment of the investors' conversion option does not affect the effective interest rate because the buy-back option for bondholders in year five can only be settled in cash by the Parent Company.
- The bond conversion price is the initially stipulated amount of €14,629 per share.
- The shares underlying the bonds initially represented 10.4% of the Parent Company's pre-issue share capital. At year-end 2022, the shares underlying bonds in circulation represent 9.5% (9.5% in the previous year) of the Parent Company's share capital.
- Bondholders may exercise conversion rights from the issue date, 7 October 2016, to 28 September 2023, the seventh business day prior to the bond maturity date.
- The Parent Company may redeem the bond issue in full (not in part) for a cash amount equal to the principal plus accrued unpaid interest at the redemption date, in two scenarios:
    1. At any time as from 4 years and 21 days after 7 October 2016, if the nominal value of the bonds over a certain period of time exceeds the unit nominal value by €130,000.
    2. At any time, if 15% or less of the nominal value of the bonds initially issued remains in circulation.

  The entire amount is therefore carried as a liability.
- The issue is personally guaranteed by the Parent Company's assets and not by third parties.
- According to the price quoted on the Frankfurt Stock Exchange (98.81%), the bond's fair value at year-end 2022 was €245,900 thousand (€248,971 thousand in 2021).
- Forecast interest (including issue costs) expected to be generated over the remaining life of the bonds is as follows:

| Years | Thousand euro |
|---|---:|
| 2023 | 3,252 |
| **Total** | **3,252** |

- This bond is carried entirely as a short-term balance of €245,722 thousand (€512 thousand in 2021).

In the consolidated cash flow statement, the amount repaid or redeemed relates to interest on bonds in 2022 amounting to €15,044 thousand (€15,095 thousand in 2021), the principal amount being €150,000 thousand in 2022.

b) <u>Bank borrowings</u>

Set out below is a breakdown of other long-term borrowings by maturity at 31 December 2022:

| Years | Credit institutions | R&D Loans | Total |
|---|---:|---:|---:|
| 2024 | 93,716 | 10,042 | 103,758 |
| 2025 | 136,513 | 7,586 | 144,099 |
| 2026 | 180,999 | 4,168 | 185,167 |
| Beyond | 13,916 | 14,292 | 28,208 |
| **Total at 31.12.22** | **425,144** | **36,088** | **461,232** |

Set out below is a breakdown of other long-term borrowings by maturity at 31 December 2021:

| Years | Credit institutions | R&D Loans | Total |
|---|---|---|---|
| 2022 | 12,285 | 9,119 | 21,404 |
| 2023 | 158,027 | 10,052 | 168,079 |
| 2024 | 386,995 | 7,503 | 394,498 |
| Beyond | 199,562 | 20,347 | 219,909 |
| **Total at 31.12.21** | **756,869** | **47,021** | **803,890** |

The average interest rate paid on bank borrowings in 2022 and 2021 was 2% and 1.9%, respectively.

The entire balance of R&D loans at 31 December, €36,088 thousand (€47,021 thousand in 2021), relates to the long-term portion of loans granted by official bodies to engage in research programmes. The amount of €21,109 thousand (€18,109 thousand in 2021) reflects the portion falling due in the short-term.

Accrued unmatured interest amounted to €1,871 thousand and €1,754 thousand in 2022 and 2021, respectively.

The bank borrowings are not subject to covenants.

The increase in the Parent Company's bank borrowings reflected in the consolidated cash flow statement is €37,269 thousand in 2022 (€71,921 in 2021) and bank borrowings were repaid in the amount of €387,858 thousand in 2022 (€260,667 thousand in 2021). Interest payments are reflected in the 2022 consolidated cash flow statement in the amount of €22,031 thousand (€21,585 thousand in 2021).

Forecast interest accruing on bank borrowings is set out below:

| Years | Thousand euro |
|---|---|
| 2023 | 16,667 |
| 2024 | 15,218 |
| 2025 | 8,428 |
| 2026 | 3,455 |
| 2027 | 253 |
| **Total** | **44,021** |

The heading "Short-term bank borrowings" includes the amount of short-term credit lines utilised and of bank borrowings maturing in the short term.

Details of amounts drawable and drawn on credit lines are as follows:

| | Thousand euro | |
|---|---|---|
| **Years** | **2022** | **2021** |
| Amount drawable | 181,407 | 74,833 |
| Amount drawn | 2,193 | 1,911 |
| **Total credit lines** | **183,600** | **76,744** |

The Group's bank borrowings and financial liabilities due to the issuance of debentures and other marketable securities are in euros.

## 22) Other financial liabilities

A breakdown of "Other financial liabilities" at 31 December 2022 and 2021 is as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Deposits and guarantees received | 389 | 353 |
| Fixed asset suppliers | 39,212 | 26,030 |
| Finance lease liabilities | 62,075 | 80,348 |
| Long-term advance payments from customers | 319,359 | 147,729 |
| Other long-term payables | 115,149 | 129,798 |
| **Total other non-current financial liabilities** | **536,184** | **384,258** |

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Finance lease liabilities | 28,278 | 26,204 |
| Fixed asset suppliers | 18,239 | 17,132 |
| Other short-term payables | 58,153 | 11,247 |
| **Total other current financial liabilities** | **104,670** | **54,583** |

At 31 December 2022, the heading “Fixed asset suppliers” mainly includes the short-term amount of €5,492 thousand (€4,497 thousand in 2021) relating to the earn-out agreement, which imposes the obligation to pay future compensation, in addition to the cash consideration already paid, in the event that the company Paradigma Digital, S.L. fulfils certain future objectives stipulated in the sale and purchase agreement. In 2021, a long-term amount of €11,000 thousand was recognised in relation to the earn-out of the company Flat 101, S.L. stipulated in the sale and purchase agreement. In addition, a long-term amount of €24,917 thousand was recognised in 2022 in connection with the company Operadora de Tarjetas de Crédito Nexus, S.A. (Note 5).

The heading “Finance lease liabilities” arises from the application of IFRS 16 and reflects the present value of payments to be made over the remaining terms of the Group’s leases.

Set out below is a breakdown of the maturities of financial liabilities arising from leases at 31 December 2022:

| | Thousand euro |
|---|---|
| **Years** | **Lease liabilities** |
| 2023 | 30,132 |
| 2024 | 22,553 |
| 2025 | 15,296 |
| 2026 | 9,418 |
| Beyond | 22,668 |
| **Total gross liabilities** | **100,066** |
| Interest to be discounted | (9,713) |
| **Total at 31.12.22** | **90,353** |

The heading “Long-term advance payments from customers” includes the amount of €319,359 thousand (€147,729 thousand in 2021) reflecting sales completed over more than one year. These amounts are discounted to account for the time value of money. In 2022, €4,309 thousand was included in financial expenses in this respect.

The heading “Other long-term payables” mainly includes €76,541 thousand (€109,408 thousand in 2021) relating to financing granted by the Ministry of Industry, Energy and Tourism to engage in defence programmes through various temporary consortia (Note 12c). The amount of €32,867 thousand is carried under “Other short-term payables”. The Group recognises under “Other long-term payables” the grants pending execution and collection for various multi-year projects amounting to €38,589 thousand in 2022 (€13,886 thousand in 2021). The amount of €25,286 thousand is carried under “Other short-term payables” in 2022 (€11,246 thousand in 2021). The corresponding asset is included in other non-current and current financial assets (Note 12c).

## 23) Grants

Set out below is an analysis of this heading showing movements during 2022 and 2021:

| | Balance at 31.12.21 | Scope changes | Additions | Transfers | Taken to income st. | Balance at 31.12.22 |
|---|---|---|---|---|---|---|
| Grants | 27,431 | 435 | 11,696 | (2,161) | (11,738) | 25,662 |

| | Balance at 31.12.20 | Scope changes | Additions | Transfers | Taken to income st. | Balance at 31.12.21 |
|---|---|---|---|---|---|---|
| Grants | 28,231 | - | 11,675 | (7,209) | (5,356) | 27,431 |

The grants have been awarded by public bodies primarily for development projects (Note 9).

The R&D&i grants obtained by the Group through competitive national and international R&D&i calls relate to cutting-edge technological developments with a focus on the following sectors: Defence and Security, Air traffic, Transport and Digitalisation. These projects are therefore particularly relevant to the Group's global strategy. In general, grants received for expenditure on these R&D&i projects range from 50% to 100% and relate to the purpose for which they were awarded, so the conditions are totally fulfilled.

## 24) **Provisions**

Set out below are movements in non-current provisions showing related temporary differences and forecast maturity dates:

Thousand euro

| | Balance at 31.12.21 | | | | | | | Balance at 31.12.22 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Item** | **Balance** | **Temp. diff.** | **Currency translation** | **Appropri-ations** | **Applic-ations** | **Payments** | **Transfers** | **Balance** | **Temp. diff.** | **Forecast cancellation date** |
| Remuneration | 20,024 | 20,024 | 99 | 7,597 | (1,821) | (7,170) | 1,186 | 19,915 | 19,915 | 2024-2025 |
| Provisions for guarantees and onerous contracts | 153 | 153 | - | 91 | (81) | - | (5) | 158 | 158 | 2024-2025 |
| Provision for decommissioning of fixed assets | - | - | - | 4,256 | - | - | - | 4,256 | - | |
| Other provisions | 13,339 | 13,339 | - | 105 | (4,551) | - | 3,327 | 12,220 | 12,220 | 2024-2025 |
| **Operating provisions** | **33,516** | **33,516** | **99** | **12,049** | **(6,453)** | **(7,170)** | **4,508** | **36,549** | **32,293** | |
| HR claims | 11,363 | 3,497 | 342 | 4,551 | (6,235) | (628) | 781 | 10,174 | 3,497 | 2024-2025 |
| Tax provision | 3,906 | - | (144) | 8,033 | - | - | - | 11,795 | - | 2024-2025 |
| Other provisions for litigation | 19,087 | 3,123 | (1) | 249 | (3) | (3,137) | (711) | 15,484 | 3,123 | 2024-2025 |
| **Prov. Litigation in progress** | **34,356** | **6,620** | **197** | **12,833** | **(6,238)** | **(3,765)** | **70** | **37,453** | **6,620** | |
| **Total provisions** | **67,872** | **40,136** | **296** | **24,882** | **(12,691)** | **(10,935)** | **4,578** | **74,002** | **38,913** | |

Thousand euro

| | Balance at 31.12.20 | | | | | | | | Balance at 31.12.21 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Item** | **Balance** | **Temp. diff.** | **Scope changes** | **Currency translation differences** | **Appropri-ations** | **Reversal** | **Payments** | **Transfers** | **Balance** | **Temp. diff.** | **Forecast cancellation date** |
| Remuneration | 10,475 | 10,475 | 292 | 50 | 15,365 | (140) | (2,686) | (3,332) | 20,024 | 20,024 | 2023-2024 |
| Provisions for guarantees and onerous contracts | 5,854 | 5,854 | - | - | 89 | (2,690) | - | (3,100) | 153 | 153 | 2023-2024 |
| Other provisions | 13,339 | 13,339 | - | - | - | - | - | - | 13,339 | 13,339 | 2023-2024 |
| **Operating provisions** | **29,668** | **29,668** | **292** | **50** | **15,454** | **(2,830)** | **(2,686)** | **(6,432)** | **33,516** | **33,516** | |
| HR claims | 14,286 | 3,497 | - | (9) | 6,154 | (2,314) | (4,162) | (2,592) | 11,363 | 3,497 | 2023-2024 |
| Tax provision | 3,906 | - | - | - | - | - | - | - | 3,906 | - | 2023-2024 |
| Other provisions for litigation | 18,071 | 23 | 421 | 22 | 182 | - | (42) | 433 | 19,087 | 3,123 | 2023-2024 |
| **Provision for litigation in** | **36,263** | **3,520** | **421** | **13** | **6,336** | **(2,314)** | **(4,204)** | **(2,159)** | **34,356** | **6,620** | |
| **Total provisions** | **65,931** | **33,188** | **713** | **63** | **21,790** | **(5,144)** | **(6,890)** | **(8,591)** | **67,872** | **40,136** | |

Movements in current provisions are as follows:

Thousand euro

| | Balance at 31.12.21 | Scope change | Currency translation differences | Appropri-ations | Applications | Payments | Transfers | Balance at 31.12.22 |
|---|---|---|---|---|---|---|---|---|
| Provisions for guarantees and onerous contracts | 32,854 | 53 | (30) | 31,402 | (90) | (88) | (4) | 64,097 |
| Provisions for other staff costs | 1,170 | - | (27) | 5,033 | (61) | (500) | (1,246) | 4,369 |
| Social security reserve | 29 | - | - | - | - | - | - | 29 |
| Restructuring provisions | 18,519 | - | (3) | 638 | (975) | (4,603) | - | 13,576 |
| Provision for tax liabilities | 9,000 | - | - | - | (9,000) | - | - | - |
| **Total** | **61,572** | **53** | **(60)** | **37,073** | **(10,126)** | **(5,191)** | **(1,250)** | **82,071** |

Thousand euro

| | Balance at 31.12.20 | Scope change | Currency translation differences | Appropri-ations | Applications | Payments | Transfers | Balance at 31/12/2021 |
|---|---|---|---|---|---|---|---|---|
| Provisions for guarantees and onerous contracts | 30,589 | - | 363 | 7,335 | (5,832) | (986) | 1,385 | 32,854 |
| Other provisions | 15 | - | - | - | (15) | - | - | - |
| Provisions for other staff costs | 5,579 | 72 | (6) | 1,583 | (1,012) | (5,957) | 911 | 1,170 |
| Social security reserve | 29 | - | - | - | - | - | - | 29 |
| Restructuring provisions | 76,429 | - | 6 | 24 | - | (57,940) | - | 18,519 |
| Provision for tax liabilities | - | - | - | 9,000 | - | - | - | 9,000 |
| **Total** | **112,641** | **72** | **363** | **17,942** | **(6,859)** | **(64,883)** | **2,296** | **61,572** |

## Non-current provisions

Non-current "**Operating provisions**" include the following items:

"Remuneration" includes long-term personnel provisions. The Group records in liabilities a provision of €13,045 thousand for medium-term remuneration payable in 2024 to Management entirely in the form of Parent Company shares, the number of shares being determined based on the average quoted price for the 30 stock market sessions prior to the accrual date (Note 18).

The item "Other provisions" includes amounts covering contingencies deemed to be possible as a result of business combinations (Tecnocom, Paradigma and Sistemas Informáticos Abiertos).

At 31 December 2022, the Group is the defendant in litigation in progress the probability of occurrence of which is deemed to be **probable**, amounting to €39,727 thousand (€2,274 thousand in current provisions) (€36,966 thousand at 31 December 2021, €2,610 thousand in current provisions), relating to (i) personnel claims, (ii) tax proceedings and (iii) civil, criminal, commercial and contentious-administrative actions, which are fully provisioned.

(i) Personnel claims ("HR claims") classed as probable and thus provisioned amount to €10,174 thousand (€11,363 thousand at 31 December 2021). This amount includes claims amounting to €5,101 thousand (€5,128 thousand at 31 December 2021) from former suppliers of the Brazilian subsidiaries whose nature is equivalent to that of a self-employed worker. Once the relevant contracts for services expired, they brought claims against the company (or there is a risk of such claims) questioning their nature as a self-employed supplier and claiming compensation as if they had had an employment relationship.

(ii) Tax claims ("Tax provision") classed as probable and thus provisioned amount to €11,795 thousand (€3,906 thousand at 31 December 2021), as described in Note 35.

(iii) Civil, criminal, commercial and contentious-administrative actions ("Other provisions for litigation") classed as probable and thus provisioned amount to €17,758 thousand (€15,484 thousand provisioned under this heading and €2,274 thousand in current provisions) (€20,737 thousand at 31 December 2021), the most significant of which are described below:

- Penalty proceeding initiated by the Spanish National Market and Competition Commission ("CNMC") against the Parent Company - Proceeding S/DC/05/65/15 "Tenders for computer software".

  Penalty proceeding initiated by the CNMC against several companies operating in the computer systems and applications development and maintenance service industry, including the Parent Company.

  In July 2018, the CNMC issued a penalty resolution attributing an anti-trust practice to the Parent Company and imposing a fine of €13,500 thousand.

  In September 2018, the Parent Company appealed the resolution in the contentious-administrative courts and in November 2018 obtained a precautionary measure staying enforcement of the penalty. The proceeding is pending judgement, which may be appealed in cassation to the Supreme Court.

- Penalty proceeding initiated by the Spanish National Market and Competition Commission ("CNMC") against the Parent Company – Proceeding S/DC/0598/2016 "Railway electrification and electromechanics".

  Penalty proceeding initiated by the CNMC against several companies operating in the rail traffic industry, including the Parent Company.

  In March 2019, the CNMC issued a penalty resolution attributing an anti-trust practice to the Parent Company in which it (i) imposed a fine of €870 thousand; and (ii) imposed a prohibition on contracting with the public sector. The CNMC forwarded the penalty resolution to the State Consultative Board on Administrative Procurement in order for it to issue a proposal on the scope and duration of the prohibition on contracting, the final decision pertaining to the Ministry of Finance. This proceeding has been suspended until a final court judgement is handed down.

  In May 2019, the Parent Company appealed the penalty in the contentious-administrative courts and in July 2019 obtained a precautionary measure staying enforcement of the penalty and the prohibition on contracting with the public sector. The proceeding is pending judgement, which may be appealed in cassation to the Supreme Court.

- Penalty proceeding initiated by the Spanish National Market and Competition Commission ("CNMC") against the Parent Company and Indra Business Consulting, S.L.U. – Proceeding S/0627/18 "Consultancy firms"

  Penalty proceeding initiated by the CNMC against several companies operating in the consultancy industry, including the Parent Company and the Group company Indra Business Consulting, S.L.U. ("IBC").

  In May 2021, the CNMC issued a penalty resolution attributing an anti-trust practice constituting a cartel to IBC and imposing a fine of €27 thousand.

  In the resolution, the CNMC excludes IBC from the imposition of a prohibition on public sector contracting, as it has a specific Anti-trust Compliance Programme (the CNMC declares this prohibition to apply to all the companies under investigation save for IBC).

  Specifically, the CNMC considers the Indra Group's measures to be suitable for the detection of anti-trust infringements, since they reflect a genuine willingness to comply with competition rules, inspired by a significant cultural change that has taken place in the organisation.

  On 7 July 2021, IBC and the Parent Company filed a contentious-administrative appeal against the penalty resolution which finds that a single action by IBC constitutes a cartel.

Litigation the occurrence of which is deemed **possible** and which is not therefore provisioned amounts to €139,522 thousand (€130,570 thousand at 31 December 2021).

Of this amount, €105,649 thousand (€96,499 thousand at 31 December 2021) relates to numerous legal proceedings (over 1,300) of various kinds. Specifically:

- €69,529 thousand (€63,324 thousand at 31 December 2021) relates to over 100 tax proceedings (Note 23).
- €8,051 thousand (€9,628 thousand at 31 December 2021) relates to over 1,000 labour proceedings.
- €28,069 thousand (€23,547 thousand at 31 December 2021) relates to numerous civil, commercial, contentious-administrative and criminal lawsuits (over 200), none of which exceeds €6,000 thousand.

The remaining amount of €33,873 thousand (€34,071 thousand at 31 December 2021) up to €139,522 thousand relates to the following proceedings:

- <u>Contentious-administrative proceeding initiated by the Office of the Comptroller General of Ecuador against the Parent Company</u>

  Contentious-administrative proceeding related to the alleged breach of the contract for the "Implementation of a Judicial Information System for the Council of the Judiciary of Ecuador" (the "Contract").

  In August 2013, the Office of the Comptroller General ("CGE") issued an administrative resolution claiming joint and several fault-based civil liability of the Parent Company, together with the contract administrators (members of the Council of the Judiciary), due to the frustration of the contract's purpose.

  In October 2015, the Parent Company appealed the CGE's resolution in the contentious-administrative courts and in December 2018 obtained a judgement partially upholding the appeal, which was then appealed by both parties in cassation to the National Court of Justice of Ecuador ("CNJ"). In March 2018, the CNJ resolved to stay the effects of the appealed judgement without imposing a court bond. A judgement has yet to be handed down on the appeal. The proceeding is currently valued at €16,410 thousand (updated at the 31 December 2022 exchange rate).

  In February 2018, the Parent Company officially notified the Republic of Ecuador of its intention to initiate an arbitration proceeding under the Foreign Investment Protection Treaty due to the breach of essential obligations. This proceeding has been suspended until all judicial recourse is exhausted.

  In relation to the same matter, there is a second proceeding in which, in February 2016, the Council of the Judiciary filed a claim against the Parent Company for damages currently valued at €4,017 thousand (updated at the 31 December 2022 exchange rate). This proceeding is pending judgement.

- <u>Arbitration related to consortium costs derived from the Mecca-Medina high-speed railway line in Saudi Arabia</u>

  Arbitration related to certain expenses incurred in the Mecca-Medina high-speed railway line project awarded to Consorcio Español del Ave Meca-Medina ("CEAVMM"), a consortium of 12 public and private companies including the Parent Company.

  In April 2018, Ingeniería y Economía del Transporte, S.A. ("INECO"), Entidad Pública Empresarial Administrador de Infraestructuras Ferroviarias ("ADIF") and Entidad Pública Empresarial Renfe Operadora ("RENFE") submitted an application for arbitration to the Spanish Court of Arbitration against the private members of CEAVMM, in which the Parent Company holds a 7.19% interest, in connection with a dispute concerning the consortium or non-consortium nature of certain costs. The Parent Company and a further five consortium members (except for Obrascón Huarte Laín, S.A. ("OHL")) presented joint allegations and announced a counterclaim in the event of a claim.

  Finally, on 2 March 2020, INECO, RENFE and ADIF lodged a claim against the private members of CEAVMM. In July 2020, the Parent Company and the other defendants filed a response to the claim and in October 2020 lodged a counterclaim. Costs in dispute currently amount to €20,480 thousand, in respect of which the Parent Company states that the costs to which it is entitled have already been paid and that it is owed an additional €313 thousand.

On 30 November 2022, notice was received of the arbitral award ordering INECO, ADIF and CONSULTRANS to pay €16,400 thousand to CEAVMM and €313 thousand directly to Indra Sistemas. In short, the award substantially upheld the arguments put forward by Indra Sistemas and the private companies against the public companies led by INECO.

On 5 December 2022, INECO and ADIF petitioned for the correction and clarification of the award, which was resolved on 22 December by modifying some minor aspects (including a mathematical error the correction of which we did not challenge), but rejecting the main corrections requested.

- Arbitration proceeding CCI 25853/JPA – Arbitration proceeding EPIC ARABIA PROJECT DEVELOPMENT

Arbitration related to the alleged breach of a subcontract arranged as part of the Mecca-Medina high-speed railway project awarded to CEAVMM.

In December 2020, the Parent Company and another three consortium members of CEAVMM (COBRA, INABENSA and OHL) received a request for arbitration from EPIC ARABIA PROJECT DEVELOPMENT ("EPICA") due to the alleged infringement of the contract for the provision of consultancy services entered into by all the members of CEAVMM and EPICA, which claims an overall amount of €14,800 thousand jointly and severally from all four companies.

On 10 February 2021, the Parent Company replied to the request for arbitration. EPICA submitted its claim on 3 December 2021 and INDRA filed a reply on 11 February 2022.

OHL and COBRA reached agreements with EPICA and therefore the proceeding is currently in progress against the Parent Company and INABENSA for a total amount of €7,768 thousand. Should the joint and several claim not be allowed, EPICA claims €6,400 thousand from the Parent Company (at the exchange rate in force at 31 December 2022).

To date, we are awaiting notification of the dates on which the arbitration hearings will be held.

- Claim for alleged defective performance of a contract lodged by the Turkish General Directorate for Administration ("TCDD")

This proceeding relates to the performance of a contract entered into in 2014 between the Parent Company and TCDD for the implementation of a rail traffic control system.

Following provisional acceptance of the project and expiration of the warranty period, in March 2021 the TCDD terminated the contract on the grounds of a breach by the Parent Company, alleging that certain incidents had not been resolved which, in its opinion, formed part of the scope of the contract. The Parent Company understands that all its contractual obligations were fulfilled and that the TCDD's requests do not come under the contract's scope.

In April 2022, notice was received of the claim filed by the TCDD against the Parent Company for damages of €6,733 thousand. In May 2022, the Parent Company replied to the claim and the parties filed several responses. The proceeding is currently pending resolution.

Finally, litigation in which the Group is the defendant for which the probability of occurrence is deemed **remote** amounts to €164,887 thousand (€158,930 thousand at 31 December 2021). The most significant proceedings are described below:

- Project to implement an HR management ERP for Banco do Brasil ("BB")

Civil proceeding related to the termination and alleged breach of the contract to implement an HR management ERP system for BB awarded to the consortium Plantalto (the "Consortium"), in which the Parent Company's Brazilian subsidiary, Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. ("Indra Brazil") has a 70% ownership interest.

In February 2016, the Consortium filed a claim against BB demanding termination of the contract on grounds not attributable to the Consortium. BB lodged a counterclaim alleging breach of contract by Indra Brazil and claiming damages currently valued at €21,334 thousand (updated at the 31 December 2022 exchange rate).

In May 2017, the court of first instance handed down a judgement favouring Indra Brazil that was appealed by BB. The appeal court disallowed BB's appeal, confirming the lower court's judgement.

In January 2019, BB filed a new appeal at the High Court of Justice, which was resolved in December 2020. The High Court ruled that the proceeding must return to the appeal court in order to resolve omissions in the judgement. The first-instance court's judgement was not altered.

The appeal court ruled in August 2021, confirming the High Court's decision favouring Indra Brazil. BB brought a new appeal that was again rejected in March 2022. BB lodged a new special appeal at Brazil's High Court that is pending judgement.

- Administrative proceeding initiated by Caixa Económico Federal ("CEF") against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda.

  Proceeding related to alleged damages suffered by CEF in the mass fraud committed in May 2015 using the bank's credit cards.

  In September 2017, the administrative proceeding initiated by CEF came to an end and Indra Brasil was ordered to pay the damages claimed by CEF, currently valued at €22,106 thousand (updated at the 31 December 2022 exchange rate).

  Indra Brazil filed a claim against the judgement which is now in the discovery stage. It also obtained a precautionary measure whereby CEF was prohibited from offsetting the amount claimed against any amount owed to Indra Brazil under other contracts in force.

  In 2015, the Federal Police launched an investigation into this incident, which was concluded in August 2021 without any charges being brought against those under investigation.

  Indra Brazil has given notice of the above in the ongoing legal proceedings and has requested a judgement upholding its claims. This judgement is pending.

- Metro Mumbai One PVT LT ("MMOPL") arbitration proceeding

  Arbitration related to a project initiated in 2008 consisting of the supply and maintenance of the AFC (Automatic Fare Collection) system for the MRT Versova-Andheri-Ghatkopar line in Mumbai, India, for the customer MMOPL. The contract value was €4,650 thousand.

  Indra initiated the arbitration proceeding in January 2021, claiming payment of €785 thousand (updated at the 31 December 2022 exchange rate) by MMOPL for project work carried out. In October 2021, MMPOL counterclaimed for €76,014 thousand (updated at the 31 December 2022 exchange rate) in damages due to the alleged system failures and deficiencies.

  The Parent Company filed its reply to the counterclaim in December 2021. Following the witness statements in November 2022, notice was received of the arbitral award, which (i) fully rejected MMOPL's counterclaim, releasing the Parent Company from the payment of €76,014 thousand and (i) upheld the claim filed by the Parent Company, ordering MMOPL to pay €785 thousand plus legal costs and late-payment interest and to release the bank guarantees.

  MMOPL may request the annulment of the arbitral award within a three-month period (Note 44).

Finally, as regards Preliminary Proceedings 85/2014 before the National High Court's Central First-Instance Court No. 6, the definitive dismissal of which, in relation to the Company, was already reported in the previous year, on 14 October 2022 the transformation order was issued, ending the proceedings and resolving upon provisional and/or definitive dismissal in relation to the accused parties. All charges against Indra's employees were also dismissed.

In addition to the matters described above, the most relevant tax proceedings are described in Note 35.

Current provisions

The provision for restructuring plans reflects the following amounts:

- Provision of €21,600 thousand set aside in 2020 under indemnities in relation to the collective agreement on early retirements and voluntary redundancies in the Parent Company. The collective agreement expired in 2021, when full payment was made.

  This avoided traumatic measures that could have had a serious adverse impact on employment and on the Company's stability by replacing collective dismissals with a process of early retirements and voluntary redundancies, which will also achieve the purpose of reducing and adjusting the workforce so as to improve competitiveness.

- Lay-off proceedings in the previous year in the subsidiary Indra Soluciones Tecnologías de la Información S.L.U., the implementation period having ended on 31 January 2021.

  This agreement minimised the impact of the restructuring process on the workforce thanks to different measures that balance the Company's need to meet rationalisation and optimisation objectives with the importance afforded to ongoing training and upskilling, while taking account of social measures to protect groups that find it more difficult to access the job market.

  Staff costs recognised in this respect totalled €63,620 thousand in 2022 (€11,902 thousand was paid in 2021). The amount of €14,000 thousand is pending payment at the year-end, relating to the provision for contributions to the Spanish Treasury.

- In 2020, it included an amount of €28,094 thousand reflecting the provision reasonably expected to be necessary due to the lay-off measures implemented in 2015, covering the possible legally mandated contribution to the Treasury's pension funds for employees aged over 50 affected by the restructuring plan. In 2021, the amount of the settlement covering the period to 2017 was notified by the Spanish Public Employment Service (SEPE) and the Group paid the sum of €23,963 million. In 2022, the amount of the settlement for the remaining years was notified by the Spanish Public Employment Service (SEPE) in the amount of €4,603 million, completing the lay-off process. As a result, the Company recognised €944 thousand in staff costs. The SEPE is expected to notify the settlement for the outstanding years in the short term.

"Provisions for guarantees and onerous contracts" are determined on the basis of the present value of unavoidable costs, which is the lower of the contract costs, net of any income that could be generated, and the cost of compensation or penalties payable for breach of contract. These provisions relate mostly to projects undertaken mainly in Spain, Oman, Poland, Kuwait and Algeria in the vertical markets Defence and Security and Transport.

## 25) Other current non-financial liabilities

This heading breaks down as follows at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Public Administrations (Note 35) | 162,590 | 157,547 |
| Deposits and guarantees received | - | 37 |
| Accruals and deferred income | 5,107 | 5,745 |
| Other liabilities | 824 | 703 |
| **Total other current liabilities** | **168,521** | **164,032** |

## 26) Current trade and other payables

"Trade and other payables" are analysed below at 31 December 2022 and 2021:

| | Thousand euro<br>2022 | Thousand euro<br>2021 |
|---|---|---|
| Trade payables | 569,822 | 499,370 |
| Accrued wages and salaries | 158,310 | 130,555 |
| Advance payments from customers | 789,128 | 787,865 |
| **Total** | **1,517,260** | **1,417,790** |

Movements in Advance payments from customers during 2022 are as follows:

| **Advance payments from customers** | **Balance at 31.12.21** | **Additions** | **Disposals** | **Currency trans. diff. & scope changes** | **Balance at 31.12.22** |
|---|---|---|---|---|---|
| Non-current | 147,729 | 171,630 | - | - | 319,359 |
| Current | 787,865 | 535,202 | (535,065) | 1,126 | 789,128 |
| **Total advance payments from customers** | **935,594** | **706,832** | **(535,065)** | **1,126** | **1,108,487** |

Trade payables and accruals mainly comprise amounts pending payment for trade purchases and costs in progress.

In general, the Group meets the established payment deadlines and has interest-free arrangements in place with suppliers should the legal period be exceeded.

The Group considers that the amount of trade and other receivables recognised in the consolidated balance sheet does not differ from fair value.

In addition, 15% and 16% of revenue recognised in 2022 and 2021, respectively, had already been collected and was carried under "Advance payments from customers" at the start of each financial year (Note 27).

Revenue recognised in 2022 as a result of performance obligations satisfied in previous years totalled €23 million (€12 million in 2021).

Final Provision Two of Law 31/2014 amends the Spanish Companies Act to improve corporate governance and amends Additional Provision Three of Law 15/2010 on measures to combat late payment in commercial transactions, specifically requiring all trading companies to include the average supplier payment period in the notes to the annual accounts. The Spanish Institute of Accounting and Auditing (ICAC) is also authorised to issue the calculation rules and methodology.

This resolution is mandatory for all Spanish companies that issue Consolidated Annual Accounts, although exclusively those that are established in Spain and are fully or proportionately consolidated.

In the resolution of 29 January 2016, the ICAC provided the method for calculating the average supplier payment period for 2015 and successive years.

The calculation of the average supplier payment period is made using the following formula, pursuant to the ICAC Resolution of 29 January 2016:

$$\text{Average supplier payment period} = \frac{\text{Ratio of transactions settled * Amount of payments made + Ratio of transactions pending payment * Total amount of payments}}{\text{Total amount of payments made + Total amount of payments}}$$

The Spanish companies' information is set out below for 2022 and 2021:

| | **2022** | **2021** |
|---|---|---|
| | **Days** | **Days** |
| Average supplier payment period | 53 | 55 |
| Ratio of transactions settled | 54 | 57 |
| Ratio of transactions pending payment | 44 | 43 |

| | **Amount € th** | **Amount € th** |
|---|---|---|
| Total payments made | 1,086,809 | 1,060,763 |
| Total payments pending | 138,395 | 128,823 |

Pursuant to the ICAC's Resolution, the average supplier payment period has been calculated taking into account commercial transactions comprising supplies of goods or provisions of services accrued each year.

Solely for the purposes of providing the information required by this Resolution, suppliers are trade creditors for goods or services included in current "Trade and other payables" under current liabilities in the balance sheet, regardless of any financing related to early collection from the supplier.

"Average supplier payment period" means the period that elapses from the supply of goods or acceptance of the provision of services by the supplier, in accordance with the Group's procedures and systems, to the actual transaction payment date.

There follows a breakdown of the monetary amount and number of invoices settled within the legally stipulated period:

| | **2022** |
|---|---|
| Monetary amount | 600,050 |
| Percentage of total payments | 55.24% |
| Number of invoices | 87,051 |
| Percentage of total invoices | 52.75% |

## 27) Segment reporting

The following tables show information on the Group's operating segments, based on the Group companies' financial statements. Review and decision-making in relation to this information is carried out by General Management.

Set out below is the segment information for 2022 and 2021:

**2022 (Thousand euro)**

| **Segment information at 31 December 2022:** | **T&D** | % | **IT** | % | **Corporate non-distributab** | **Elim.** | **Total** | % |
|---|---|---|---|---|---|---|---|---|
| Total sales | 1,335,582 | | 2,524,625 | | - | (8,817) | 3,851,390 | 100% |
| Inter-segment sales | 879 | | 7,938 | | - | (8,817) | - | |
| **External sales** | **1,334,703** | | **2,516,687** | | **-** | **-** | **3,851,390** | **100%** |
| **Profit/(loss) from operating activities** | **162,589** | **12.2%** | **137,862** | **5.5%** | **-** | **-** | **300,451** | **7.8%** |
| Net financial income/(expense) | - | | - | | (42,408) | - | (42,408) | (1.1)% |
| Profit/(loss) in associates | (1,358) | | (924) | | - | - | (2,282) | (0.1)% |
| Corporate income tax | (41,031) | | (49,743) | | 10,602 | - | (80,172) | (2.1)% |
| **Segment profit/(loss)** | **120,200** | **9.0%** | **87,195** | **3.5%** | **(31,806)** | **-** | **175,589** | **4.6%** |
| **Other information** | | | | | | | | |
| Investments | 34,433 | | 20,243 | | - | - | 54,676 | |
| Depreciation/amortisation | 37,073 | | 62,779 | | - | - | 99,852 | |
| Order book | 4,587,063 | | 1,721,912 | | - | - | 6,308,975 | |
| **Balance sheet** | | | | | | | | |
| Segment assets | 1,617,936 | | 1,964,319 | | 933,039 | - | 4,515,294 | |
| Fixed assets in associates | 21,358 | | (1,235) | | - | - | 20,123 | |
| **Total consolidated assets** | | | | | | | **4,535,417** | |
| Liabilities | | | | | | | | |
| Segment liabilities | 1,489,396 | | 1,065,804 | | 975,636 | - | 3,530,836 | |
| **Total consolidated liabilities** | | | | | | | **3,530,836** | |

| **Geographic information at 31 December 2022:** | **Spain** | **Brazil** | **Rest of America** | **Italy** | **Rest of Europe** | **Asia, Middle East & Africa** | **Total** |
|---|---|---|---|---|---|---|---|
| External sales | 1,909,593 | 211,821 | 541,325 | 224,453 | 431,369 | 532,829 | 3,851,390 |
| Investments | 47,581 | 941 | 2,891 | 593 | 1,863 | 807 | 54,676 |
| Assets employed | 3,111,604 | 126,159 | 542,126 | 209,309 | 192,161 | 354,059 | 4,535,417 |

| | 2021 (Thousand euro) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Segment information at 31 December 2021:** | **T&D** | % | **IT** | % | **Corporate non-distributable** | **Elim.** | **Total** | % |
| Total sales | 1,258,074 | | 2,140,917 | | - | (8,566) | 3,390,425 | 100% |
| Inter-segment sales | 1,048 | | 7,518 | | - | (8,566) | - | - |
| **External sales** | **1,257,026** | | **2,133,399** | | **-** | **-** | **3,390,425** | **100%** |
| **Profit/(loss) from operating activities** | **147,382** | **11.7%** | **108,147** | **5.1%** | **-** | **-** | **255,529** | **7.5%** |
| Net financial income/(expense) | - | | - | | (44,636) | - | (44,636) | (1.3)% |
| Profit/(loss) in associates | 587 | | (39) | | - | - | 548 | 0.0% |
| Corporate income tax | (45,927) | | (30,640) | | 11,159 | - | (65,408) | (1.9)% |
| **Segment profit/(loss)** | **102,042** | **8.1%** | **77,468** | **3.6%** | **(33,477)** | **-** | **146,033** | **4.3%** |
| **Other information** | | | | | | | | |
| Investments | 31,220 | | 21,860 | | - | - | 53,080 | |
| Depreciation/amortisation | 33,595 | | 59,940 | | - | - | 93,535 | |
| Order book | 3,859,151 | | 1,599,825 | | - | - | 5,458,976 | |
| **Balance sheet** | | | | | | | | |
| Segment assets | 1,418,922 | | 1,857,538 | | 1,235,025 | - | 4,511,485 | |
| Fixed assets in associates | 19,469 | | 4,182 | | - | - | 23,651 | |
| **Total consolidated assets** | | | | | | | **4,535,136** | |
| Liabilities | | | | | | | | |
| Segment liabilities | 1,277,585 | | 940,955 | | 1,475,454 | - | 3,693,994 | |
| **Total consolidated liabilities** | | | | | | | **3,693,994** | |

| **Geographic information at 31 December 2021:** | **Spain** | **Brazil** | **Rest of America** | **Italy** | **Rest of Europe** | **Asia, Middle East & Africa** | **Total** |
|---|---|---|---|---|---|---|---|
| External sales | 1,719,100 | 160,853 | 442,182 | 202,474 | 442,902 | 422,914 | 3,390,425 |
| Investments | 46,098 | 420 | 2,111 | 1,303 | 1,785 | 1,363 | 53,080 |
| Assets employed | 3,279,713 | 99,936 | 420,333 | 195,260 | 206,152 | 333,742 | 4,535,136 |

Revenue from contracts with customers (Note 4v.) for the years ended 31 December 2022 and 2021 breaks down as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Project execution | 1,000,908 | 892,475 |
| Manufacturing based on proprietary technology | 262,323 | 254,083 |
| Services provided | 2,588,159 | 2,243,867 |
| **Total revenue** | **3,851,390** | **3,390,425** |

In 2022 and 2021, 48% and 51% of revenue recognised derived from the order backlog already contracted at the start of the respective periods.

The Group applies revenue recognition methods by contract type. Revenue from most contracts (in both the IT and T&D segments) is recognised on the basis of contractual milestones, which are usually sufficiently detailed and traceable to be taken as an objective reference when measuring the progress of the contract.

In view of the type of reference contracts in each segment, the percentage-of-completion method of revenue recognition is most relevant in the Transport and Defence segment. In quantitative terms, percentage-of-completion revenue recognised in the Transport and Defence segment accounted for 16% of total segment revenue in 2022 (27% in 2021). For the IT segment, percentage-of-completion revenue accounted for 5% of total revenue in 2022 (13% in 2021).

Maintenance work represented 9% and 8% of revenue in 2022 and 2021, respectively.

There is no concentration of customers representing more than 10% of revenue or more than 10% of the balance of trade receivables, unbilled receivables and contract assets.

## 28) Other operating income

In 2022, this consolidated income statement heading mainly includes grant income of €14,622 thousand (€10,961 thousand in 2021) relating to operating grants for uncapitalised development expenses and therefore not associated with assets. In addition, other revenue from sundry services amounted to €8,650 thousand (€10,415 thousand in 2021).

## 29) Raw materials and consumables

Set out below is the breakdown of this heading for the years ended 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Subcontracts and materials consumed | 881,197 | 762,409 |
| Inventory impairment | 771 | 41 |
| **Total** | **881,969** | **762,450** |

## 30) Staff costs

Set out below is an analysis of staff costs for the years ended 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Wages, salaries and similar remuneration | 1,650,393 | 1,445,393 |
| Termination benefits | 30,591 | 17,297 |
| Social Security and other staff welfare charges | 466,370 | 409,791 |
| **Total** | **2,147,354** | **1,872,481** |

The heading Wages, salaries and similar remuneration reflects the MTI provision and other similar personnel provisions amounting to €13,645 thousand in 2022 (€14,089 thousand in 2021).

The average number of Group employees by category during 2022 and 2021 is as follows:

| | Number of people | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | | | **2021** | | |
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| General Management | 11 | 2 | 13 | 12 | 3 | 15 |
| Management | 438 | 95 | 533 | 443 | 95 | 538 |
| Middle management | 3,200 | 1,164 | 4,364 | 2,986 | 1,091 | 4,077 |
| Technical personnel | 24,986 | 11,499 | 36,485 | 22,604 | 10,548 | 33,152 |
| Support | 6,933 | 5,211 | 12,144 | 6,451 | 5,157 | 11,608 |
| Other categories | 590 | 687 | 1,277 | 490 | 659 | 1,149 |
| **Total** | **36,158** | **18,658** | **54,816** | **32,986** | **17,553** | **50,539** |

The distribution by gender and category at year-end 2022 and 2021 is as follows:

| | Number of people | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | | | **2021** | | |
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| General Management | 11 | 2 | 13 | 11 | 3 | 14 |
| Management | 415 | 88 | 503 | 412 | 83 | 495 |
| Middle management | 3,204 | 1,155 | 4,359 | 2,932 | 1,059 | 3,991 |
| Technical personnel | 26,012 | 11,752 | 37,764 | 23,581 | 10,748 | 34,329 |
| Support | 7,167 | 5,170 | 12,337 | 6,538 | 5,111 | 11,649 |
| Other categories | 604 | 588 | 1,192 | 500 | 654 | 1,154 |
| **Subtotal** | **37,413** | **18,755** | **56,168** | **33,974** | **17,658** | **51,632** |
| New joiners (1) | 367 | 200 | 567 | 263 | 188 | 451 |
| **Total** | **37,780** | **18,955** | **56,735** | **34,237** | **17,846** | **52,083** |

(1) FY 2022: Simumak, Mobbeel and Operadora de Tarjetas de Crédito Nexus.

FY 2021: MSS, Flat 101, The Overview, Net Studio, Consultoría Organizacional and Credimatic.

The average number of employees with a disability rating of 33% or more in 2022 and 2021 is shown below by category:

| | Number of people | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | | | **2021** | | |
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| Management | 1 | 1 | 2 | 1 | 1 | 2 |
| Middle management | 26 | 4 | 30 | 21 | 3 | 24 |
| Technical personnel | 189 | 97 | 286 | 146 | 81 | 227 |
| Support | 120 | 80 | 200 | 129 | 88 | 217 |
| Other categories | 4 | 5 | 9 | - | 2 | 2 |
| **Total** | **340** | **187** | **527** | **297** | **175** | **472** |

The Parent Company also complies with the General Law on the Rights and Social Inclusion of the Disabled through alternative measures such as hiring through special employment centres and making donations to promote the inclusion of the disabled in the labour market.

## 31) Other operating expenses and change in trade provisions

This heading is analysed below at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Rent and royalties | 155,875 | 121,079 |
| Repairs and maintenance | 22,794 | 23,039 |
| Professional services | 101,990 | 85,055 |
| Transport and freight | 23,645 | 11,855 |
| Insurance | 11,390 | 9,405 |
| Banking services | 8,382 | 7,527 |
| Donations, trade fairs, advertising and entertainment | 15,564 | 10,637 |
| Supplies | 14,709 | 11,618 |
| Travel and other expenses | 123,856 | 95,819 |
| Taxes | 37,088 | 29,962 |
| Other expenses | 11 | 30 |
| Change in provisions for guarantees and onerous contracts | 34,788 | (7,431) |
| Changes in trade provisions | 7,934 | 1,300 |
| **Total** | **558,026** | **399,895** |

Rent and royalties relate to the following items:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Royalties and licences | 113,904 | 89,506 |
| Short-term leases | 18,135 | 10,738 |
| Leases of low-value underlying assets | 13,722 | 12,532 |
| Other leases | 10,114 | 8,303 |
| **Total** | **155,875** | **121,079** |

The Group records the amount of €3,278 thousand under short-term leases at 31 December 2022 (€3,073 thousand at year-end 2021). The Group records no income related to subleases of rights of use previously acquired in 2022 and 2021.

## 32) <u>Impairment losses and other gains/(losses) on fixed assets</u>

This heading breaks down as follows at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Impairment and profit/(loss) on other intangible assets (Note 9) | (14) | (85) |
| Impairment and profit/(loss) on property, plant and equipment (Note 6) | (636) | 13,158 |
| Profit/(loss) on other long-term investments (Note 1) | (527) | (303) |
| **Total** | **(1,177)** | **12,770** |

In 2021, the Group recognised under Impairment and profit/(loss) on property, plant and equipment the profit on the sale of land and buildings owned by the Parent Company in San Fernando de Henares in the amount €16,862 thousand (Note 6). The Group also recognises a provision for the impairment of property, plant and equipment of €3,249 thousand (Note 6) in respect of leases containing termination clauses the cancellation of which was notified in 2021 (Note 7).

## 33) <u>Foreign currency transactions</u>

The main transactions effected in currencies other than the euro during 2022 and 2021 are analysed below:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Sales | 1,273,051 | 1,014,527 |
| Purchases | 669,560 | 462,337 |

Transactions in currencies other than the euro were completed in US dollars, Brazilian reals, Mexican pesos and Colombian pesos.

## 34) <u>Guarantees</u>

At 31 December 2022, the Group had provided guarantees to third parties, issued by various banks and insurance companies, for a total of €1,074,591 thousand. The purpose of most of these guarantees is to ensure the fulfilment of contracts in progress or in their guarantee periods and, to a lesser extent, for tenders made. By amount, the guarantees are issued mainly in Spain, Latin America, the Middle East and the Rest of Europe. At 31 December 2021, these guarantees amounted to €1,039,669 thousand.

The Group does not expect any significant liabilities to arise as a result of such guarantees.

Guarantees from third parties were received in 2022 in the amount of €1,002 thousand (€24,130 thousand in 2021) to secure the fulfilment of project commitments. These guarantees take the form of bank guarantees with different terms, which are enforceable by Indra in the event of a failure of third parties to meet the secured commitments.

## 35) Tax situation

The Parent Company pays taxes under the corporate group scheme and forms part, as the Parent Company, of tax group No. 26/01 which comprises the Parent Company and the subsidiaries Indra Sistemas de Seguridad, S.A.U., Inmize Capital, S.L., Indra Business Consulting, S.L.U., Indra BPO, S.L.U., Indra Sistemas de Comunicaciones Seguras, S.L.U., Indra BPO Servicios, S.L.U., Prointec, S.A.U., Indra Advanced Technology, S.L.U., Indra Corporate Services, S.L.U., Indra BPO Hipotecario, S.L.U., Teknatrans Consultores, S.L.U., Indra Soluciones T.I., S.L.U., Indra Holding Tecnologías de la Información, S.L.U., Indra Producción Software, S.L.U., Paradigma Digital, S.L.U., Indra Factoría Tecnológica, S.L.U., Minsait Payment Systems, S.L.U., Sistemas Informáticos Abiertos, S.A.U., Morpheus Aiolos, S.L. and ALG Global Infrastructure Advisors, S.L.U. The following companies were added during the year: Flat 101, S.L.U., Indra Gestión de Usuarios, S.L.U. and The Overview Effect, S.L.

At 31 December 2022 and 2021, in accordance with IAS 12, the Group presented net deferred tax assets and deferred tax liabilities for each jurisdiction amounting to €86,549 thousand and €96,955 thousand, respectively.

| | **2022** | | **2021** | |
|---|---|---|---|---|
| | **Deferred tax assets** | **Deferred tax liabilities** | **Deferred tax assets** | **Deferred tax liabilities** |
| Balance prior to offset | 247,359 | (89,723) | 279,421 | (99,143) |
| Offset of deferred taxes | (86,549) | 86,549 | (96,955) | 96,955 |
| **Closing balance** | **160,810** | **(3,174)** | **182,466** | **(2,188)** |

Set out below is the breakdown of deferred tax assets and liabilities by geography in 2022:

| | **Tax losses** | **Deductions pending** | **Temporary differences** | **Total deferred tax assets** | **Temporary liability differences** |
|---|---|---|---|---|---|
| Spain | 76,462 | 39,931 | 90,456 | 206,849 | (19,500) |
| Europe | 23 | - | 1,687 | 1,710 | (6) |
| Asia, Middle East and Africa | 22 | - | 1,300 | 1,322 | (2,986) |
| America | 1,419 | - | 30,036 | 31,455 | (2,427) |
| Consolidation adjustments | - | 899 | 5,124 | 6,023 | (64,804) |
| **Total** | **77,926** | **40,830** | **128,603** | **247,359** | **(89,723)** |

Set out below is the breakdown of deferred tax assets and liabilities by geography in 2021:

| | **Tax losses** | **Deductions pending** | **Temporary differences** | **Total deferred tax assets** | **Temporary liability differences** |
|---|---|---|---|---|---|
| Spain | 84,417 | 59,273 | 103,274 | 246,964 | (37,225) |
| Europe | - | 31 | 1,326 | 1,357 | (1,511) |
| Asia, Middle East and Africa | - | - | 1,456 | 1,456 | (105) |
| America | - | - | 23,771 | 23,771 | (1,521) |
| Consolidation adjustments | - | (699) | 6,571 | 5,872 | (58,782) |
| **Total** | **84,417** | **58,605** | **136,399** | **279,421** | **(99,143)** |

## Deferred tax assets

Set out below is an analysis of deferred tax assets:

| | Thousand euro | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.21** | **Scope change** | **Change in rates** | **Currency translation differences** | **Generated** | **Reversed** | **Other changes** | **Balance at 31.12.22** |
| Deferred tax assets | 279,421 | 1,084 | - | 1,217 | 57,916 | (78,346) | (13,933) | 247,359 |

| | Thousand euro | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.20** | **Scope change** | **Change in rates** | **Currency translation differences** | **Generated** | **Reversed** | **Other changes** | **Balance at 31.12.21** |
| Deferred tax assets | 289,629 | 10 | 689 | (26) | 55,401 | (67,633) | 1,351 | 279,421 |

The recovery of deferred tax asset balances is dependent on obtaining sufficient future taxable profits. The Parent Company's Directors consider that the forecast future earnings of the various Indra Group companies will be sufficient to recover these assets.

A breakdown of this heading in the consolidated statement of financial position at 31 December 2022 and 2021 is as follows:

| | Thousand euro | |
|---|---|---|
| **Item** | **2022** | **2021** |
| Appropriations and applications of provisions | 51,277 | 40,921 |
| Goodwill amortisation | 9,788 | 25,698 |
| Excess fixed asset amortisation | 12,812 | 13,381 |
| Tax-loss carryforwards and deductions | 117,788 | 144,620 |
| Effects of transition to IFRS 9, 15 and 16 | 11,376 | 11,445 |
| Loss-making permanent establishments | 18,888 | 20,840 |
| Other | 25,430 | 22,516 |
| **Deferred tax assets** | **247,359** | **279,421** |

The deferred tax assets of the Spanish companies with reversal periods estimated to exceed one year amount to €163,616 thousand at 31 December 2022 (€181,857 thousand at 31 December 2021).

Regarding the reasonableness of the amounts capitalised, the Group mainly analysed the estimated tax assessment base of the Spanish consolidated group by reference to Spanish tax legislation (in force in 2022), which limits the application of tax-loss carryforwards and tax credits each year, as well as the applicable 15% minimum taxation (Law 22/2021 of 28 December). For the following years, the forecast growth of the two CGUs (T&D and IT) was considered, taking account of temporary differences. It was concluded from this analysis that the Group will have recovered all the capitalised tax-loss carryforwards and tax credits by 2028 and 2027, respectively.

The recovery of tax credits generated before each company joined the tax group is also assessed. As a result, an impairment loss of €700 thousand was recognised in 2021 for the Group company Prointec, S.A.U.

## Current tax assets

The breakdown of current income tax assets at 31 December 2022 and 2021 is as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Prior-year corporate income tax refundable | 6,048 | 10,118 |
| Current-year corporate income tax refundable | 31,585 | 27,452 |
| **Total** | **37,633** | **37,570** |

## Deferred tax liabilities

The Parent Company has not recognised the deferred tax liability associated with the retained earnings of subsidiaries in which the control it exercises enables it to manage the timing of the reversal of temporary differences, and it is estimated that they are unlikely to reverse in the near future.

Movements in deferred tax liabilities in 2022 and 2021 break down as follows:

| | Thousand euro | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.21** | **Scope change** | **Change in rates** | **Currency translation differences** | **Generated** | **Reversed** | **Other changes** | **Balance at 31.12.22** |
| Deferred tax liabilities | 99,143 | 495 | 9 | (27) | 20,079 | (16,029) | (13,947) | 89,723 |

| | Thousand euro | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance at 31.12.20** | **Scope change** | **Change in rates** | **Currency translation differences** | **Generated** | **Reversed** | **Other changes** | **Balance at 31.12.21** |
| Deferred tax liabilities | 91,987 | - | 23 | 1 | 8,046 | (3,345) | 2,431 | 99,143 |

Set out below is a breakdown of this consolidated statement of financial position heading at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| **Item** | **2022** | **2021** |
| Finance lease transactions | 212 | 339 |
| Non-exempt capital gains | 1,117 | 2,123 |
| Goodwill amortisation | 58,951 | 74,698 |
| Other | 29,443 | 21,983 |
| **Deferred tax liabilities** | **89,723** | **99,143** |

The heading "Other" in the table above mainly includes the tax effect of the assets identified in the purchase price allocation process of the Tecnocom Group amounting to €5,190 thousand, Paradigma for €4,434 thousand, North American Transmission & Distribution Group, Inc. for €1,956 thousand, Sistemas Informáticos Abiertos, S.A. for €1,745 thousand, SmartPaper, S.P.A. for €2,260 thousand, Consultoría Organizacional, S.A.S. for €535 thousand, Credimatic, S.A. for €943 thousand, Net Studio, S.P.A. for €344 thousand and Flat 101, S.L.U. for €413 thousand (Note 5).

No material reversals of deferred tax liabilities are expected in less than one year.

No deferred tax liability is recognised for retained earnings of foreign subsidiaries since the Group is able to control the timing of reversal of these temporary differences and they are unlikely to reverse in the foreseeable future. Temporary differences that arise in relation to ownership interests in associates are immaterial to the Group.

## Current tax liabilities

Current income tax liabilities are analysed below at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Prior-year corporate income tax | 8,467 | 2,219 |
| Current-year corporate income tax | 9,552 | 15,910 |
| Corporate income tax paid abroad | 9,084 | 6,887 |
| **Total** | **27,103** | **25,016** |

## Corporate income tax expense

Due to the different treatment permitted under tax legislation for certain transactions, the accounting results differ from the tax base. The following breakdown includes a reconciliation between the Group companies results for accounting and tax purposes, as well as the calculation of corporate income tax expense at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---|---|
| **Taxes** | **2022** | **2021** |
| **A.- Reported results for the year (before taxes)** | **255,761** | **211,441** |
| Adjustments to reported results: | | |
| - Other positive differences | 90,574 | 125,435 |
| - Other negative differences | (88,130) | (69,855) |
| **Total adjustments to reported results** | **2,444** | **55,580** |
| **B.- Adjusted reported results** | **258,206** | **267,021** |
| Temporary differences: | | |
| - Positive current year | 192,379 | 163,939 |
| - Positive prior years | 1,013 | 307 |
| - Negative current year | (15,312) | 4,300 |
| - Negative prior years | (139,817) | (185,048) |
| **Total temporary differences** | **38,263** | **(16,502)** |
| **C.- Tax base** | **296,469** | **250,519** |
| D.- Tax-loss carryforwards | (36,588) | (16,442) |
| **E.- Adjusted tax base** | **259,881** | **234,077** |
| **Tax payable** | **69,116** | **61,626** |
| Tax credits: | | |
| - For international double taxation | (6,926) | (2,836) |
| - For R&D&i and other investments | (5,801) | (6,273) |
| **F.- Tax credit for tax-loss carryforwards (applied) capitalised** | **(398)** | **257** |
| **G.- Foreign regional taxation** | **(50)** | **374** |
| **H.- Total tax payable** | **55,942** | **53,148** |
| Payments and withholdings on account | 54,200 | 9,570 |
| **Total payable/(refundable)** | **1,742** | **43,578** |
| I.- Deferred tax assets for the year | (44,862) | (40,520) |
| J.- Recovery of deferred tax assets | 33,304 | 42,556 |
| K.- Deferred tax liabilities for the year | 3,008 | 335 |
| L.- Recovery of deferred tax liabilities | (56) | 362 |
| **Accrued corporate income tax (H+I+J+K+L)** | **47,337** | **55,881** |
| **Corporate income tax paid abroad** | **14,393** | **8,821** |
| **Prior-year corporate income tax** | **20,546** | **(2,142)** |
| **Corporate income tax due to different tax rates** | **(2,172)** | **539** |
| **Deductions recognised as assets** | **69** | **2,309** |
| **M.- Corporate income tax for the year** | **80,172** | **65,408** |
| **Profit/(loss) for the year after tax (A-M)** | **175,589** | **146,033** |

The reconciliation between the statutory tax rate and the effective tax rate borne by the Group is detailed below:

| | 2022 | |
|---|---|---|
| | **Thousand euro** | **%** |
| - Consolidated profit/(loss) before tax | **255,761** | |
| - Tax calculated at the tax rate applicable in Spain | 63,940 | 25.00% |
| - Effect of permanent differences | 611 | 0.24% |
| - Effect of deductions | (12,727) | (4.98)% |
| - Effect of other adjustments to prior-year income tax | 20,546 | 8.03% |
| - Effect of tax credit for tax-loss carryforwards/deductions | (9,545) | (3.73)% |
| - Income tax paid abroad | 14,343 | 5.61% |
| - Effect of different tax rates | 3,003 | 1.17% |
| **Total** | **80,172** | **31.35%** |

| | 2021 | |
|---|---|---|
| | **Thousand euro** | **%** |
| - Consolidated profit/(loss) before tax | **211,441** | |
| - Tax calculated at the tax rate applicable in Spain | 52,860 | 25.00% |
| - Effect of permanent differences | 13,895 | 6.57% |
| - Effect of deductions | (9,109) | (4.31)% |
| - Effect of other adjustments to prior-year income tax | (2,142) | (1.01)% |
| - Effect of tax credit for tax-loss carryforwards/deductions | (1,545) | (0.73)% |
| - Income tax paid abroad | 9,195 | 4.35% |
| - Effect of different tax rates | 2,254 | 1.07% |
| **Total** | **65,408** | **30.94%** |

There were no significant changes to tax rates in the Group's main geographies during 2022 or 2021.

The Group's weighted average tax rate is currently 26.60% (26% in 2021).

## Tax credits/deductions

A breakdown of tax credits generated by investments, training and exports and carried as assets at 31 December 2022 is as follows:

| **Tax credits for investments and other** | |
|---|---|
| **Years** | **2022** |
| 2015 and previous years | 8,894 |
| 2016 | 4,847 |
| 2017 | 7,510 |
| 2018 | 256 |
| 2019 | 5,113 |
| 2020 | 3,352 |
| 2021 | 5,562 |
| 2022 | 5,969 |
| **Total 2022** | **41,504** |

A breakdown of tax deductions generated by investments, training and exports and pending recognition as assets at 31 December 2022 and 2021 is as follows:

| Thousand euro | | | |
|---|---|---|---|
| Tax credits for investments and other | | | |
| **Years** | **2022** | **Years** | **2021** |
| 2015 and previous years | 7,559 | 2015 and previous years | 8,713 |
| 2016 | 10 | 2015 | 10 |
| 2017 | 52 | 2016 | 52 |
| 2018 | 139 | 2017 | 139 |
| 2021 | - | 2018 | 7 |
| **Total 2022** | **7,760** | **Total 2021** | **8,921** |

The deductions for investments, training and exports pending recognition under assets at 31 December are expected to reverse after 2025.

## Tax-loss carryforwards

Set out below is a breakdown of tax credits for tax-loss carryforwards recognised at 31 December 2022:

| Thousand euro | |
|---|---|
| Tax losses available for offset | |
| **Years** | **2022** |
| 2016 and previous years | 155,464 |
| 2018 | 560 |
| 2019 | 5,873 |
| 2020 | 115,673 |
| **Total** | **277,570** |

The Spanish tax group has generated nearly all these tax credits.

Tax-loss carryforwards pending offset but not capitalised because the Group considers that they are unlikely to be recovered in a period of less than 10 years break down as follows at 31 December 2022:

| Thousand euro | |
|---|---|
| Tax losses available for offset | |
| **Years** | **2022** |
| 2016 and previous years | 307,617 |
| 2017 | 26,706 |
| 2018 | 7,837 |
| 2019 | 2,933 |
| 2020 | 5,779 |
| 2021 | 5,541 |
| 2022 | 1,299 |
| **Total** | **357,712** |

The majority of these tax losses have been generated by Indra Brasil Solucoes e Servicos Tecnologicos, S.A., the tax group in Spain and Indra USA, Inc.

The expiration period for the tax-loss carryforwards pending offset for 2022 which have not been recognised as assets is as follows:

| Years | Thousand euro |
|---|---|
| 2023 | 1,691 |
| 2024 | 133 |
| 2025 | 3,843 |
| 2026 | 4,995 |
| 2027 | 4,736 |
| After 2027 | 2,239 |
| No limit | 340,075 |
| **Total** | **357,712** |

Pursuant to Additional Provision Nine of Royal Decree-Law 11/2020 of 31 March and Additional Provision One of Royal Decree-Law 15/2020 of 21 April, the period 14 March to 30 May 2020 will not count for the purposes of the limitation periods laid down in General Tax Act 58/2003 of 17 December, so the customary limitation periods are extended by an additional 78 days.

**Disputed tax inspections**

Inspections from 2011 to 2014

On 21 December 2015, the Group was notified of the start of tax inspection proceedings in Spain for the following taxes and years:

| Tax | Periods |
|---|---|
| ➢Corporate income tax | ➢ 2011 to 2014 |
| ➢Value added tax | ➢ 2012 to 2014 |
| ➢Withholdings on account. Non-resident income tax | ➢ 2012 to 2014 |
| ➢Annual statement of transactions | ➢ 2011 to 2014 |

The inspection was completed in 2018. The final tax assessments arising from the contested assessments of both value added tax and corporate income tax were appealed to the Central Economic Administrative Court. The potential contingent liability, including tax payable and interest, amounted to €9,004 thousand for corporate income tax and €572 thousand for value added tax.

As a result of the contested tax assessments, two penalties were imposed for a total of €12,625 thousand, which were also appealed to the Central Economic Administrative Court.

On 31 May 2021, a Resolution was issued in which the value added tax appeal was partially upheld, annulling the tax assessment and the penalty. The tax authorities, in accordance with the Resolution, issued a new assessment (without a penalty) reducing the original amount and demanding €275 thousand. The Parent Company did not agree with this assessment and lodged an economic-administrative claim at the Central Economic Administrative Court that is pending resolution at the issuance date of these Annual Accounts.

On 7 March 2022, notification was received of the Resolution, which partially upholds the economic-administrative claim for corporate income tax, annulling both the assessment and the penalty in a joined decision. However, the Group did not agree with the content of the Resolution and filed a contentious-administrative appeal at the National High Court within the stipulated two-month period. The appeal is pending judgement.

On 22 July 2022, a new assessment was received, as ruled by the Central Economic Administrative Court, reducing the amount of principal and interest to €6,918 thousand and also reducing the penalty to €7,461 thousand. This final tax assessment was also appealed to the Central Economic Administrative Court during the year. On 5 January 2023, a Resolution was issued partially upholding the appeal (in respect of the interest) and confirming the other items. This Resolution was appealed to the National High Court to be joined to the contentious-administrative appeal previously lodged against the original assessments that were annulled. A judgement has yet to be issued at the issuance date of these Annual Accounts. The amounts of the new assessments have been paid, despite having been appealed.

The Group has not made provision for any additional amount arising from this inspection proceeding because it believes, together with its tax advisors, that the risk of failure is low.

Inspections from 2015 to 2018

On 1 June 2020, Indra Sistemas, S.A., as the Parent Company of the income tax consolidated group, received notification of the start of a general tax inspection in Spain. On 4 June, the proceedings were extended to the companies Indra BPO Servicios, S.L. and Indra Software Labs, S.L. (in this case, by notifying the companies that benefited from the full spin-off of Indra Sistemas Tecnologías de la Información, S.L.U. and Indra Producción Software, S.L.).

The inspection referred to the following taxes and periods:

| **Tax** | **Periods** |
|---|---|
| ➢ Tax group's corporate income tax | ➢ 2015 to 2018 |
| ➢ Value added tax | ➢ May 2016 to December 2018 |
| ➢ Withholdings on account. Non-resident income tax | ➢ May 2016 to December 2018 |

The inspection proceedings ended on 31 May 2022 when the following assessments were signed:

- Corporate income tax: (i) an agreed assessment (without a penalty) showing tax payable of €2,831 thousand in relation to transfer prices (which was paid during the year); (ii) an accepted assessment, now final, showing tax payable of €155 thousand (paid during the year); and (iii) a contested assessment showing tax payable of €2,295 thousand. Allegations were presented against the assessment and the Resolution of the Chief Inspector of the Tax Administration State Agency's Technical Office reduced the amount payable by €1,728 thousand, which was also paid (avoiding the need to post a bond), even though the assessment was appealed to the Central Economic Administrative Court. Allegations have been presented and a resolution is pending at the issuance date of these Annual Accounts.
- Value added tax: (i) an accepted assessment, now final, showing tax payable of €4 thousand (which was paid); and (ii) a contested assessment showing no tax payable but against which allegations were presented. The Resolution of the Chief Inspector of the Tax Administration State Agency's Technical Office increased the amount payable to €158 thousand, which was also paid, even though the assessment was appealed to the Central Economic Administrative Court. Allegations have been presented and a resolution is pending at the issuance date of these Annual Accounts.
- Accepted penalties: In addition, on 6 July the Company was notified of penalty proceedings arising from the accepted income tax and value added tax assessments, proposing penalties of €377 thousand and €11 thousand, respectively, which were paid during the year.
- Contested penalties: Furthermore, on 14 November 2022 the Company was notified of penalty proceedings arising from the contested income tax and value added tax assessments, proposing penalties of €2,372 thousand and €1,607 thousand, respectively. Allegations were presented against the proposed penalties. A resolution has yet to be issued by the tax authorities at the issuance date of these Annual Accounts. The amounts in question were automatically suspended, without the need to make payment or post a bond.

The accounting effect of the agreed and accepted tax assessments amounts to €14,526 thousand under corporate income tax expense. The Group recognised €9,000 thousand of this amount in the previous year, so the effect on 2022 results is €5,526 thousand.

The Group has not made provision for any additional amount in dispute because it believes, together with its tax advisors, that the risk of failure is low.

**Years open to inspection**

In accordance with current Spanish legislation, tax assessments may not be considered definitive until the returns filed have been inspected by the tax authorities or the four-year limitation period has ended.

At year-end 2022, the Group is open to inspection for the last four years in the case of corporate income tax and all other taxes to which it is subject. The Group's Directors consider that these taxes were correctly assessed and therefore, even in the event of discrepancies relating to the tax treatment of transactions arising from the interpretation of prevailing legislation, any resulting liabilities would not have a material effect on the accompanying Consolidated Annual Accounts.

The main tax litigation is described below:

The Group has appealed various assessments raised by the tax authorities, which are provisioned, together with the applicable interest, under Provisions for liabilities and charges in balance sheet liabilities in the amount of €11,795 thousand in 2022 (€3,806 thousand in the previous year). The most relevant proceedings are described below:

- In 2010, a tax assessment was contested following the tax inspectorate's review of income tax credits for international double taxation for the periods 2004 to 2007. The tax liability amounted to €4,493 thousand (€3,806 thousand in tax payable and €687 thousand in interest). The Group appealed the assessment and recorded a provision of €3,806 thousand under the heading Provision for liabilities and charges on the liabilities side of the balance sheet (Note 24). As a result of the inspection, a mutual agreement procedures was initiated between the Spanish and German tax authorities and is pending resolution at the date these annual accounts are authorised for issue.
- Additionally, the Group set aside a provision of €2,300 thousand during the year covering the risk of litigation arising from the inspections of (i) 2018 income tax of the branch in Arabia (€1,900 thousand) and (ii) income tax for the periods 2009 to 2012 of the representative office in Arabia (€400 thousand). Both proceedings are pending resolution in the high court, the risk having been classed as probable by the Group's advisors. These amounts have been settled by the Company.
- Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. related to Service Tax (ISSQN) - São Paulo (provisioned in the amount of €4,112 thousand). In addition to this amount, there is a risk classed as possible in the amount of €17,258 thousand in relation to this proceeding, as described in this same note (see possible litigation).

The amounts figuring in Note 24, which the Group estimates as possible and which therefore are not provisioned, include the following tax proceedings (with the exception described in the first proceeding):

- Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. related to Service Tax (ISSQN) - São Paulo

  Since 2012, the company Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. has been involved in litigation against the São Paulo City Hall in relation to Service Tax (ISSQN) for 2007-2009. The original amount stated in the infringement decision was €3,807 thousand, the updated value of which at 31 December 2022 is €21,370 thousand, applying the year-end exchange rate. An unfavourable judgement on the special third-instance appeal was notified in October 2022. The extraordinary appeal filed at the Federal Supreme Court is pending judgement, mainly with respect to the penalty. This procedural fact led the advisors to classify the principal amount of the litigation as probable, giving rise to a provision of €4,112 thousand, while the remaining items in dispute are still classed as possible.

- Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. in relation to tax withheld at source (IRRF)

  In 2010, the company Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. received a settlement from the Brazilian tax administration, the main value of which amounted to €13,720 thousand for company tax (IRPJ), social contribution on net profit (CSLL) and tax withheld at source (IRRF).

  The amounts payable for IRPJ and CSLL, totalling €3,591 thousand, have either been settled or are being settled through payments in instalments at the date these annual accounts are authorised for issue.

  Concerning IRRF, Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. filed an administrative appeal against the assessment, which was disallowed. The administrative resolution was appealed in the courts of law. An unfavourable resolution was passed down on first instance in 2022. The resolution was appealed to a higher court and is pending judgement. The updated value of the lawsuit at 31 December 2022 is €16,613 thousand, applying the year-end exchange rate.

## Balances receivable from and payable to Public Administrations

Balances receivable from Public Administrations are as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Taxes refundable: | | |
| Value added tax | 23,486 | 23,543 |
| Other taxes | 11,990 | 11,198 |
| **Subtotal** | **35,476** | **34,741** |
| Government grants | 385 | 69 |
| Social Security contributions refundable | 1,571 | 1,680 |
| **Total (Note 15)** | **37,432** | **36,490** |

Balances payable to Public Administrations are as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Taxes payable: | | |
| Value added tax | 70,676 | 78,251 |
| PIT withholdings | 37,766 | 33,592 |
| Other taxes | 7,888 | 3,597 |
| **Subtotal** | **116,330** | **115,440** |
| Reimbursable government grants | 53 | 55 |
| Social Security contributions payable | 46,207 | 42,052 |
| **Total (Note 25)** | **162,590** | **157,547** |

## 36) Financial risk management and hedging policies

### Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital management risk. The risk management model attempts to minimise the potential adverse effects on the Group's financial performance.

Financial risk management is controlled by the Group's Finance and Control Departments. Internal regulations provide written policies for overall risk management and for specific areas such as foreign exchange risk, interest rate risk and liquidity risk.

To better manage the risks mentioned above, the Group maintains, in all significant respects, an effective internal control system over financial reporting.

a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is therefore exposed to foreign exchange risk arising from currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities not denominated in each company's functional currency.

In order to mitigate the impact of exchange rate differences in foreign currencies on projects carried out by the Group in currencies other than those of the country of origin, hedging operations (mainly forward currency purchase or sale contracts) are arranged with financial institutions. Indra analyses foreign exchange risk when signing off on each project and arranges the appropriate hedges (mainly exchange rate insurance) so that future profits cannot be significantly affected by fluctuations in the exchange rate with respect to the respective functional currencies of each subsidiary.

In other words, the Group's foreign exchange risk management policy, in general terms, is to cover 100% of the net exposure from transactions in a currency other than each company's functional currency. Hedging instruments are not used in transactions involving immaterial amounts, when there is no active hedge market, as is the case in some non-convertible currencies, and when there are other compensation mechanisms for currency fluctuations available to the customer or supplier.

In addition, the profits generated in subsidiaries whose income and expenses are denominated in a functional currency other than the euro may undergo upward or downward changes when they are consolidated into the Group's accounts, denominated in euros. The Group's significant geographical diversification partly mitigates this risk. However, currency fluctuations, mainly in Latin American countries, given that this is the geographical area with the greatest relative importance in the Group's non-euro business, could have a significant impact on the Group's results. The balances (assets and liabilities) of foreign subsidiaries (not euros) in their own currency are not covered by any hedging instrument.

Appendix III details the Group's exposure to foreign currency risk at 31 December 2022 and 2021. This Appendix reflects the carrying amount, in thousand euro, of the Group's financial instruments or classes of financial instruments denominated in foreign currencies.

To compare the gross exposure covered by hedging instruments, in accordance with Group policies the amounts relating to foreign subsidiaries are eliminated in their own currency.

The sensitivity analysis of exchange rate fluctuations of +/-10% for the main functional currencies (other than the euro) to which the Parent Company is exposed through its foreign subsidiaries is as follows:

Change in equity 2022

| +10% | Thousand euro |
|---|---|
| Saudi riyal | 1,040 |
| Mexican peso | 3,417 |
| Chilean peso | 4,558 |
| Brazilian real | 5,133 |
| Colombian peso | 1,488 |

Change in equity 2021

| +10% | Thousand euro |
|---|---|
| Saudi riyal | 1,088 |
| Mexican peso | 2,685 |
| Chilean peso | 2,418 |
| Brazilian real | 3,663 |
| Colombian peso | 1,515 |

Change in results 2022

| +10% | Thousand euro |
|---|---|
| Saudi riyal | 1,004 |
| Mexican peso | 1,160 |
| Chilean peso | 1,287 |
| Brazilian real | 487 |
| Colombian peso | 977 |

Change in results 2021

| +10% | Thousand euro |
|---|---|
| Saudi riyal | 801 |
| Mexican peso | 1,075 |
| Chilean peso | 737 |
| Brazilian real | 1,161 |
| Colombian peso | 848 |

The exchange rates used in the analysis are the same rates employed for Group consolidation purposes.

Exposure to the US dollar is immaterial as it is hedged by financial instruments (Appendix III).

(ii) Interest rate risk

Interest rate risk arises from exposure to movements in the yield curves of short-, medium- and long-term bank financing. The Group envisages the possibility of arranging financial instruments to manage these risks when conditions so advise. In addition, the Parent Company has outstanding fixed-interest bond issues (convertible bonds for 2016 and non-convertible bonds for 2016, 2018 and 2020) which eliminate this risk with respect to a significant part of its long-term debt (Note 21).

The sensitivity of the Group's consolidated profits to changes in interest rates is as follows (thousand euro):

| | **2022** | | **2021** | |
|---|---|---|---|---|
| | Change in interest rates | | Change in interest rates | |
| | +0.5% | (0.5)% | +0.5% | (0.5)% |
| Effect on profit/(loss) before tax | (676) | 795 | (2,696) | (322) |

b) Credit risk

Credit risk is the possibility of financial loss arising from the failure of contract counterparties to meet their obligations.

The Company has applied a model based on expected loss, in accordance with IFRS 9 (Note 4.i). In this model, the Group will account for the expected loss and the changes therein at each reporting date to reflect the changes in credit risk from the date of initial recognition. The Group has no significant concentrations of credit risk since, on an individual basis, no customer exceeds 10% of revenue or 10% of the balance of trade receivables, unbilled receivables and contract assets.

There is a formal procedure implemented by the Company which excludes institutional debt, retention bonds, debts where the third party is a customer and a supplier and there is a sufficient amount for offset, debts where there is a document acknowledging the same and a commitment to pay by the customer, debts due to customer prepayments, and when there is evidence of a negotiation process from which an agreement allowing an imminent resolution is expected. All these items excluded from the 2022 calculation total €46 million (€29 million in 2021).

Indra is exposed to credit risk to the extent customers do not meet their obligations. The credit quality of the Group's customer portfolio is excellent. Due to the nature of its business, Indra has business relations mainly with large business groups, governments and public and public-private entities that are less exposed to default risk. However, mainly in international sales, mechanisms such as irrevocable letters of credit and insurance coverage are used to ensure collection. The Group's exposure to credit risk is mainly attributable to debtors and accounts receivable, the amounts of which are reflected in the balance sheet less the related provisions for bad debts (Note 16). Group Management considers that the credit risk arising from accounts receivable is adequately covered by the existing bad debt provision. In addition, the Group calculates expected credit loss over the life of its trade receivables, finance lease receivables and amounts receivable from customers resulting from transactions under the scope of IFRS 15, as indicated in Note 4.i.

The approach followed by the Company to provision trade receivables is described below:

- Trade receivables that are past due for over one year are automatically provisioned unless the project leader provides evidence that the debt will be collected.
- In the case of insolvency proceedings and/or court claims, the debt is directly provisioned, irrespective of age.

The provisioned debt is written off where the customer or the project leader provides evidence of the asset's definitive impairment.

Besides the approach to individual debts (certain loss), a provision for expected loss must be recognised under IFRS 9.

The accompanying tables reflect the ageing analysis of Trade and other receivables, calculated from the date of the payment obligation, at 31 December 2022 and 2021, but which are not impaired.

| | 2022 (Thousand euro) | | | | |
|---|---|---|---|---|---|
| | Less than 3 months | More than 3 months and less than 6 months | More than 6 months and less than 1 year | More than 1 year | Total |
| Trade and other receivables | 224,900 | 28,852 | 37,726 | 42,533 | 334,011 |
| **Total assets** | **224,900** | **28,852** | **37,726** | **42,533** | **334,011** |

| | 2021 (Thousand euro) | | | | |
|---|---|---|---|---|---|
| | Less than 3 months | More than 3 months and less than 6 | More than 6 months and less than 1 year | More than 1 year | Total |
| Trade and other receivables | 226,187 | 31,260 | 21,847 | 32,155 | 311,449 |
| **Total assets** | **226,187** | **31,260** | **21,847** | **32,155** | **311,449** |

Impairment losses on these assets have been disclosed and explained in the relevant notes on financial assets (Note 16).

### c) Liquidity risk

Liquidity risk relates to the risk of difficulties arising in meeting obligations associated with financial liabilities that are settled in cash or another financial asset. The objectives of liquidity risk management are to guarantee an adequate level of liquidity while minimising the opportunity cost and to maintain a borrowing structure based on maturities and funding sources. In the short term, liquidity risk is mitigated by maintaining an adequate level of unconditionally available resources, including cash and short-term deposits, available credit lines and a portfolio of highly liquid assets.

The Indra Group's liquidity policy consists of arranging committed long-term credit facilities with banking institutions and current asset investments for an amount sufficient to cover forecast needs for a period based on the situation and expectations of debt and capital markets. These forecast requirements include maturities of borrowings. For further details of the characteristics and conditions of borrowings and financial derivatives (Notes 21 and 22). The Group prepares cash flow forecasts to ensure that sufficient cash is available to meet operating requirements, while maintaining sufficient levels of availability in its undrawn loans.

At 31 December 2022 and 2021, the maturities of the Indra Group's debt are as follows:

| | 2022 (Thousand euro) | | | | | |
|---|---|---|---|---|---|---|
| | Less than 1 month | From 1 to 3 months | From 3 months to 1 year | From 1 to 5 years | More than 5 years | Total |
| Bank borrowings | 205 | 2,717 | 22,765 | 453,883 | 7,349 | 486,919 |
| Financial liabilities for bonds and debentures | - | 797 | 248,722 | 239,199 | - | 488,718 |
| Trade and other payables | 134,179 | 321,696 | 216,453 | - | - | 672,328 |
| Other financial liabilities | 7,604 | 15,209 | 81,857 | 206,455 | 10,371 | 321,496 |
| **Total** | **141,988** | **340,419** | **569,797** | **899,537** | **17,720** | **1,969,461** |
| Derivative financial instruments | - | 79 | 12,594 | 2,255 | - | 14,928 |
| **Total** | **141,988** | **340,498** | **582,391** | **901,792** | **17,720** | **1,984,389** |

| | 2021 (Thousand euro) | | | | | |
|---|---|---|---|---|---|---|
| | Less than 1 month | From 1 to 3 months | From 3 months to 1 year | From 1 to 5 years | More than 5 years | Total |
| Bank borrowings | 6,533 | 1,983 | 23,605 | 761,976 | 41,914 | 836,011 |
| Financial liabilities for bonds and debentures | - | 798 | 6,512 | 632,129 | - | 639,439 |
| Trade and other payables | 143,293 | 241,025 | 244,145 | - | - | 628,463 |
| Other financial liabilities | 4,549 | 9,097 | 40,937 | 226,350 | 10,179 | 291,112 |
| **Total** | **154,375** | **252,903** | **315,199** | **1,620,455** | **52,093** | **2,395,025** |
| Derivative financial instruments | - | 174 | 11,036 | 2,169 | - | 13,379 |
| **Total** | **154,375** | **253,077** | **326,235** | **1,622,624** | **52,093** | **2,408,404** |

The heading Trade and other payables includes trade receivables but excludes associates and advance payments from customers.

The heading Other financial liabilities includes guarantees and deposits received, fixed asset suppliers, finance lease liabilities and other payables (Note 22).

d) Capital management risk

The Group manages its capital with the aim of safeguarding the capacity to carry on operating as a going concern, so as to continue providing shareholder remuneration and benefiting other stakeholders, while maintaining an adequate capital structure.

The Group's capital structure comprises net debt and equity (Note 18). Net debt is calculated by subtracting the amount of the balance under "Cash and cash equivalents" from the consolidated statement of financial position balances "Non-current and current bank borrowings" and "Non-current and current financial liabilities due to the issuance of debentures and other marketable securities".

The Group's leverage ratio is analysed below at 31 December 2022 and 2021:

| | Thousand euro | |
|---|---:|---:|
| | **2022** | **2021** |
| Cash and cash equivalents | 933,039 | 1,235,025 |
| Non-current bank borrowings and debentures | (700,431) | (1,436,019) |
| Current bank borrowings and debentures | (275,206) | (39,431) |
| **Net financial debt** | **(42,598)** | **(240,425)** |
| **Equity** | **(1,004,581)** | **(841,142)** |
| **Leverage ratio** | **4%** | **29%** |

In addition, the Group is exposed to a number of other risks which are described in the Management Report attached to these Consolidated Annual Accounts.

## 37) Foreign currency commitments

The Group has entered into forward currency purchase/sale contracts to hedge its open currency positions at 31 December 2022 (Note 4.w).

At 31 December 2022, the notional amount contracted in the relevant currencies and in euros is as follows:

| **2022** | **Currency amount** | | | |
|---|---:|---:|---:|---:|
| **Currency** | **Short term** | | **Long term** | |
| | **Purchase** | **Sale** | **Purchase** | **Sale** |
| United Arab Emirates dirham | - | 18,845,043 | - | 21,290,242 |
| Australian dollar | 3,083,640 | 2,500,327 | 6,411,592 | 274,037 |
| Brazilian real | - | 793,782 | - | - |
| Canadian dollar | 761,946 | 2,285,946 | - | 262,000 |
| Chilean peso | - | 2,310,276,475 | - | 245,442,840 |
| Chinese yuan | 214,464 | - | - | - |
| Colombian peso | 905,658,348 | 24,903,811,046 | 2,019,354,983 | 589,478,268 |
| Euro | 9,571,014 | 40,715,514 | 2,666,347 | 12,730,790 |
| Pound sterling | 3,103,350 | 13,355,717 | 4,586,324 | 10,299,804 |
| Kuwaiti dinar | - | 8,384,764 | - | 541,323 |
| Mexican peso | - | 60,552,437 | - | 14,320,346 |
| Malaysian ringgit | 1,712,830 | 3,703,662 | - | - |
| Norwegian krone | 20,071,918 | 1,335,000 | - | - |
| New Zealand dollar | - | 1,512,972 | | 4,117,126 |
| Peruvian sol | 1,156,028 | 6,495,185 | - | - |
| Philippine peso | 11,204,729 | - | - | - |
| Polish zloty | - | 1,829,000 | - | - |
| Saudi riyal | 22,730,335 | 25,552,994 | - | 8,506,269 |
| Singapore dollar | 1,189,596 | 5,669,134 | - | 471,323 |
| US dollar | 35,750,557 | 96,092,428 | 14,004,050 | 27,529,723 |
| Japanese yen | 223,318,997 | - | - | - |

| **2022** | **Euro amount** | | | |
|---|---|---|---|---|
| **Currency** | **Short term** | | **Long term** | |
| | **Purchase** | **Sale** | **Purchase** | **Sale** |
| United Arab Emirates dirham | - | 4,793,774 | - | 5,415,780 |
| Australian dollar | 1,959,421 | 1,588,770 | 4,074,085 | 174,130 |
| Brazilian real | - | 140,776 | - | - |
| Canadian dollar | 526,915 | 1,580,821 | - | 181,183 |
| Chilean peso | - | 2,540,842 | - | 269,938 |
| Chinese yuan | 28,971 | - | - | - |
| Colombian peso | 175,154 | 4,816,397 | 390,543 | 114,005 |
| Euro | 9,571,014 | 43,034,592 | 2,666,347 | 12,730,790 |
| Pound sterling | 3,498,980 | 15,058,367 | 5,171,010 | 11,612,872 |
| Kuwaiti dinar | - | 25,672,884 | - | 1,657,450 |
| Mexican peso | - | 2,903,356 | - | 686,629 |
| Malaysian ringgit | 364,556 | 788,281 | - | - |
| Norwegian krone | 1,909,157 | 126,980 | - | - |
| Peruvian sol | 284,212 | 1,596,858 | - | - |
| Philippine peso | 188,886 | - | - | - |
| Polish zloty | - | 390,745 | - | - |
| Saudi riyal | 5,667,352 | 6,371,125 | - | 2,120,867 |
| Singapore dollar | 829,449 | 3,952,819 | - | 328,631 |
| US dollar | 33,518,242 | 90,143,836 | 13,129,617 | 26,057,647 |
| Japanese yen | 1,591,611 | - | - | - |

At 31 December 2021, the notional amount contracted in the relevant currencies and in euros is as follows:

| **2021** | **Currency amount** | | | |
|---|---|---|---|---|
| **Currency** | **Short term** | | **Long term** | |
| | **Purchase** | **Sale** | **Purchase** | **Sale** |
| United Arab Emirates dirham | 3,792,437 | 34,834,781 | - | 13,530,124 |
| Australian dollar | 3,360,479 | 1,883,876 | 3,812,918 | - |
| Brazilian real | 2,314,448 | - | - | - |
| Canadian dollar | 101,025 | 2,960,272 | 605,022 | 1,772,370 |
| Swiss franc | - | 56,059 | - | - |
| Chilean peso | - | 2,766,618,566 | - | 63,901,117 |
| Chinese yuan | 2,440,873 | - | - | - |
| Colombian peso | 1,030,065,816 | 39,467,080,962 | - | 3,936,847,169 |
| Euro | 7,068,229 | 31,231,767 | 4,798,983 | 16,397,961 |
| Pound sterling | 1,639,381 | 11,457,413 | - | 4,148,279 |
| Kuwaiti dinar | - | 9,100,869 | - | 2,117,745 |
| Mexican peso | - | 62,136,913 | - | 10,278,567 |
| Malaysian ringgit | - | 1,120,965 | - | - |
| Norwegian krone | 6,819,006 | 31,296,600 | - | - |
| Peruvian sol | 458,316 | 8,777,982 | - | 409,355 |
| Philippine peso | 14,325,329 | 13,721,388 | - | - |
| Rial Qatari | - | 148,694 | - | - |
| Saudi riyal | - | 108,257,895 | - | - |
| Singapore dollar | 793,064 | 2,204,206 | 396,532 | 1,412,952 |
| US dollar | 24,585,072 | 97,605,024 | 1,529,296 | 23,778,502 |
| Japanese yen | 168,571,499 | - | 83,741,000 | - |

| **2021** | **Euro amount** | | | |
|---|---|---|---|---|
| **Currency** | **Short term** | | **Long term** | |
| | **Purchase** | **Sale** | **Purchase** | **Sale** |
| United Arab Emirates dirham | 908,096 | 8,341,164 | - | 3,239,779 |
| Australian dollar | 2,148,438 | 1,204,409 | 2,437,693 | - |
| Brazilian real | 366,785 | - | - | - |
| Canadian dollar | 70,327 | 2,060,753 | 421,178 | 1,233,811 |
| Swiss franc | - | 54,263 | - | - |
| Chilean peso | - | 2,855,427 | - | 65,952 |
| Chinese yuan | 337,226 | - | - | - |
| Colombian peso | 223,421 | 8,560,410 | - | 853,902 |
| Euro | 7,273,912 | 30,788,680 | 4,798,983 | 16,397,961 |
| Pound sterling | 1,950,994 | 13,635,232 | - | 4,936,782 |
| Kuwaiti dinar | - | 26,475,255 | - | 6,160,713 |
| Mexican peso | - | 2,684,818 | - | 444,117 |
| Malaysian ringgit | - | 237,573 | - | - |
| Norwegian krone | 679,987 | 3,120,875 | - | - |
| Peruvian sol | 101,399 | 1,942,065 | - | 90,567 |
| Philippine peso | 248,002 | 237,546 | - | - |
| Rial Qatari | - | 35,912 | - | - |
| Saudi riyal | - | 25,356,110 | - | - |
| Singapore dollar | 516,890 | 1,436,620 | 258,445 | 920,910 |
| US dollar | 21,706,755 | 86,177,838 | 1,350,252 | 20,994,615 |
| Japanese yen | 1,288,576 | - | 640,124 | - |

Set out below is a breakdown of average exchange rates under the derivatives contracted at 31 December 2022 and 2021 in each geography:

| **Spain** | **EUR/CURRENCY** | |
|---|---|---|
| | **2022** | **2021** |
| AED | 4.279 | 4.532 |
| AUD | 1.580 | 1.622 |
| BRL | 5.442 | 6.469 |
| CAD | 1.470 | 1.499 |
| CHF | - | 1.050 |
| CLP | 981.010 | 930.654 |
| CNH | 7.130 | 8.080 |
| COP | 4,999.564 | 4,613.885 |
| GBP | 0.886 | 0.890 |
| KWD | 0.382 | 0.377 |
| MXN | 23.340 | 25.868 |
| MYR | 4.713 | 5.090 |
| NOK | 10.349 | 10.255 |
| PEN | 4.286 | 4.253 |
| PHP | 58.438 | 59.013 |
| PLN | 4.940 | - |
| QAR | - | 4.413 |
| SAR | 4.087 | 4.559 |
| USD | 1.122 | 1.189 |

**Australia**

| | AUD/CURRENCY | |
|---|---|---|
| | **2022** | **2021** |
| EUR | 0.596 | 0.612 |
| USD | 1.431 | 1.354 |

**Mexico**

| | MXN/CURRENCY | |
|---|---|---|
| | **2022** | **2021** |
| EUR | 0.047 | 0.041 |
| USD | 0.049 | 0.048 |

**Norway**

| | NOK/CURRENCY | |
|---|---|---|
| | **2022** | **2021** |
| AED | 0.373 | 0.412 |
| CAD | 0.139 | 0.142 |
| EUR | 0.096 | 0.096 |
| GBP | 0.084 | 0.085 |
| JPY | 11.791 | 10.598 |
| SGD | 0.149 | 0.166 |
| USD | 0.104 | 0.113 |

At 31 December 2022 and 2021, foreign exchange hedges show the value changes:

| | Thousand euro | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | 2021 | | | |
| | Short term | | Long term | | Short term | | Long term | |
| Foreign exchange hedges | Sales | Purchases | Sales | Purchases | Sales | Purchases | Sales | Purchases |
| Cash flow hedges | 6,344 | (2,194) | (587) | (913) | 4,268 | 133 | 2,369 | 840 |
| **Total** | **6,344** | **(2,194)** | **(587)** | **(913)** | **4,268** | **133** | **2,369** | **840** |

Information on foreign exchange cash flow hedges is as follows:

- The gross amount reclassified from equity to the consolidated income statement was a gain of €2,350 thousand (loss of €822 thousand in 2021).
- Extension expenses (recognised ineffectiveness) amount to €2,074 thousand in 2022 (€1,283 thousand in the previous year) and are recognised under "Financial expenses" in the consolidated income statement.

The fair value of the above-mentioned contracts in force at 31 December 2022 and 2021 breaks down as follows:

| Foreign exchange risk hedges | Thousand euro | |
|---|---|---|
| for financial assets | Exports | Imports |
| Short term | 786,554 | 192,536 |
| Long term | 196,324 | 50,107 |
| **Total 31.12.2022** | **982,878** | **242,643** |

| Foreign exchange risk hedges | Thousand euro | |
|---|---|---|
| for financial assets | Exports | Imports |
| Short term | 528,243 | 108,341 |
| Long term | 221,669 | 56,303 |
| **Total 31.12.2021** | **749,912** | **164,644** |

## 38) Board of Directors and senior management remuneration

### 1. Directors' remuneration

### 1.1 Remuneration due to membership of administrative bodies

The remuneration of the members of the Board of Directors in their capacity as such consists of a fixed allowance which accrues based on their membership of administrative bodies and is fully paid in cash.

This remuneration has been determined on the basis of the required responsibility and dedication, and following the best practices and recommendations in this area set out in the Remuneration Policy for the period 2021-2023.

The annual amounts applicable for 2021, 2022 and 2023 are as follows: €80 thousand for membership of the Board; €40 thousand for membership of the Audit and Compliance Committee; €24 thousand for membership of the Appointments, Remuneration and Corporate Governance Committee; €24 thousand for membership of the Sustainability Committee; and €24 thousand for membership of the Strategy Committee set up in 2021. The chairs of each committee receive 1.5 times the above amounts. The Board members weighted average remuneration totalled €171 thousand in 2022.

The Board Chair's remuneration consists exclusively of fixed items totalling €550 thousand per annum, plus his remuneration as the Chair of the Strategy Committee (€36 thousand).

In view of the special dedication required of the office of Lead Independent Director, in the Board meeting of 22 February 2022 the Directors, at the proposal of the Appointments, Remuneration and Corporate Governance Committee, resolved to establish annual fixed remuneration of €30 thousand for the Lead Independent Director. This remuneration was applicable as from October 2022, when Virginia Arce was appointed as the Lead Independent Director.

The total remuneration accrued to each Parent Company director in 2022 and 2021 for membership of the administrative bodies breaks down as follows:

**DIRECTORS' REMUNERATION (€) 2022**

| DIRECTOR | FIXED ALLOWANCE | | | | | | |
|---|---|---|---|---|---|---|---|
| | BOARD | AUDIT AND COMPLIANCE COMMITTEE | APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE | SUSTAINABILITY COMMITTEE | STRATEGY COMMITTEE | LEAD INDEP. DIRECTOR | TOTAL |
| LUIS ABRIL (1) | 53,333 | | | | | | 53,333 |
| BELEN AMATRIAIN (7) | 13,333 | 6,667 | | 6,000 | | | 26,000 |
| JOKIN APERRIBAY (8) | 40,000 | | 4,000 | | 4,000 | | 48,000 |
| CARMEN AQUERRETA (3) | 40,000 | 20,000 | | | 12,000 | | 72,000 |
| VIRGINIA ARCE (7) | 13,333 | 10,000 | | 4,000 | | 5,000 | 32,333 |
| AXEL ARENDT (7) | 13,333 | | 4,000 | | 4,000 | | 21,333 |
| COLOMA ARMERO (7) | 13,333 | 6,667 | 6,000 | | | | 26,000 |
| ANTONIO CUEVAS (8) | 80,000 | | 24,000 | 4,000 | 20,000 | | 128,000 |
| F. J. GARCÍA (2) | 53,333 | 20,000 | 8,000 | 8,000 | 12,000 | | 101,333 |
| ENRIQUE DE LEYVA (4) | 40,000 | 30,000 | 6,000 | | 12,000 | | 88,000 |
| ANA DE PRO (3) | 40,000 | 20,000 | | 12,000 | | | 72,000 |
| SILVIA IRANZO (3) | 40,000 | | | 18,000 | | | 58,000 |
| IGNACIO MARTÍN (5) | 66,667 | 13,333 | 24,000 | 24,000 | 20,000 | | 148,000 |
| IGNACIO MATAIX | 80,000 | | | | | | 80,000 |
| JUAN MOSCOSO (7) | 13,333 | 6,667 | | 4,000 | | | 24,000 |
| MARC MURTRA | 550,000 | | | | 36,000 | | 586,000 |
| CRISTINA RUIZ (0) | 26,667 | | | | | | 26,667 |
| OLGA SAN JACINTO (7) | 13,333 | | | 4,000 | 4,000 | | 21,333 |
| MIGUEL SEBASTIÁN (9) | 80,000 | 40,000 | | 20,000 | 4,000 | | 144,000 |
| ALBERTO TEROL (3) | 40,000 | | 18,000 | | | | 58,000 |
| ISABEL TORREMOCHA (3) | 40,000 | 20,000 | 12,000 | | | | 72,000 |
| BERNARDO VILLAZAN (7) | 13,333 | | 4,000 | 4,000 | | | 21,333 |
| **TOTAL** | **1,363,331** | **193,334** | **110,000** | **108,000** | **128,000** | **5,000** | **1,907,665** |
| **Weighted average remuneration** | | | | | | | **170,836** |

(0) CEO to April 2022; (1) Executive Director as from April 2022; (2) Board member as from April 2022, Strategy Committee member as from July 2022, Chair of the Audit and Compliance Committee from July to October 2022 and member of the Sustainability Committee and of the Appointments, Remuneration and Corporate Governance Committee from July to October 2022; (3) Board directors to June 2022; (4) Board member and Chair of the Audit and Compliance Committee to June 2022 and member of the Appointments, Remuneration and Corporate Governance Committee from April to June 2022; (5) Member of the Board and of the Strategy Committee to October 2022, member of the Sustainability Committee and the Appointments, Remuneration and Corporate Governance Committee to June 2022, and Chair of the Sustainability Committee and of the Appointments, Remuneration and Corporate Governance Committee from July to October 2022; (6) Board member as from June 2022 and member of the Strategy Committee and the Appointments, Remuneration and Corporate Governance Committee as from November 2022; (7) Board directors as from October 2022; (8) Strategy Committee member from January to October 2022 and member of the Sustainability Committee as from November 2022; and (9) Sustainability Committee member from January to October 2022 and member of the Strategy Committee as from November 2022.

| DIRECTORS' REMUNERATION (€) 2021 | | | | | | |
|---|---|---|---|---|---|---|
| | FIXED ALLOWANCE | | | | | |
| **DIRECTOR** | **BOARD** | **AUDIT AND COMPLIANCE COMMITTEE** | **APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE** | **SUSTAINABILITY COMMITTEE** | **STRATEGY COMMITTEE** | **TOTAL** |
| FERNANDO ABRIL (1) | 50,000 | | | | | 50,000 |
| CARMENT AQUERRETA | 80,000 | 40,000 | | 18,000 | 6,000 | 144,000 |
| ANTONIO CUEVAS (2) | 80,000 | | 24,000 | 18,000 | 6,000 | 128,000 |
| ENRIQUE DE LEYVA (3) | 80,000 | 60,000 | | | 6,000 | 146,000 |
| ANA DE PRO (4) | 80,000 | 40,000 | | 6,000 | | 126,000 |
| SILVIA IRANZO | 80,000 | | | 36,000 | | 116,000 |
| IGNACIO MARTIN (5) | 80,000 | | 24,000 | 24,000 | 6,000 | 134,000 |
| SANTOS MARTINEZ-CONDE (6) | 80,000 | 40,000 | 24,000 | | 6,000 | 150,000 |
| IGNACIO MATAIX | 80,000 | | | | | 80,000 |
| MARC MURTRA (7) | 326,775 | | | | 9,000 | 335,775 |
| CRISTINA RUIZ | 80,000 | | | | | 80,000 |
| MIGUEL SEBASTIAN (8) | 80,000 | 40,000 | | 6,000 | | 126,000 |
| ALBERTO TEROL | 80,000 | | 36,000 | | | 116,000 |
| ISABEL TORREMOCHA | 80,000 | 40,000 | 24,000 | | | 144,000 |
| **TOTAL** | **1,336,775** | **260,000** | **132,000** | | **39,000** | **1,875,775** |
| **Average remuneration per director (12.5 directors)** | | | | | | **144,290** |

(1) Chair of the Board of Directors to May 2021; (2) Member of the Strategy Committee as from October 2021; (3) Member of the Strategy Committee as from October 2021; (4) Member of the Sustainability Committee as from October 2021; (5) Member of the Strategy Committee as from October 2021; (6) Member of the Strategy Committee as from October 2021; (7) Chair of the Board of Directors as from May 2021 and of the Strategy Committee as from October 2021; (8) Member of the Sustainability Committee as from October 2021.

The difference between the amounts reflected in both years is explained by the changes to the composition of the Board and the Board Committees.

Directors do not receive any benefits in kind as members of the administrative bodies, except for the Non-Executive Chair who, in accordance with the current Remuneration Policy, is the beneficiary of a life insurance policy covering death and disability and a health insurance policy.

The amounts accrued in this regard are set out below:

| **Benefits in kind (€ th)** | **Marc Murtra Chair of the Board of Directors** | |
|---|---|---|
| | 2022 | 2021 |
| Life insurance | 2 | 1 |
| Health insurance | 7 | 5 |
| **TOTAL** | **9** | **6** |

In 2022 and 2021 no options on Company shares were granted to members of the Board of Directors, nor did they exercise any options on the Parent Company's shares during those years. The members of the Board of Directors did not hold any options to the Parent Company's shares at year-end 2022 or 2021.

The Directors did not receive any benefit or remuneration in 2022 or 2021 by reason of their membership of the administrative bodies other than those mentioned above, and neither the Parent Company nor any consolidated group company has entered into any pension commitment or granted any loans or advances in their favour by reason of such membership.

### 1.2 Remuneration of Executive Directors for their management functions

Apart from the remuneration indicated in section 1.1 above, Executive Directors receive additional remuneration by virtue of their contractual relationship with the Company for the performance of their executive duties.

This remuneration includes the same criteria and items as the remuneration pertaining to the rest of the Company's Senior Management. Therefore, for the sake of clarity, it is explained together with their remuneration in section 2 below.

## 2. Senior Management remuneration

### 2.1. Characteristics and components of the remuneration scheme

The remuneration of the Company's Senior Management personnel, comprising the Executive Directors and members of the Management Committee, is determined individually by the Board of Directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee.

It is customary for the Company to determine the Senior Management remuneration framework.

At the proposal of the Appointments, Remuneration and Corporate Governance Committee and of the Board of Directors, the Annual General Meeting in June 2021 approved the Remuneration Policy for the period 2021-2023, which includes a remuneration scheme comprising the following items:

(i) Fixed remuneration (FR). It is received entirely in cash and remains unchanged for the three-year period, other than in exceptional cases where justified.

(ii) Annual Variable Remuneration (AVR). It is determined by assessing target fulfilment. Seventy percent is received in cash and payment of the remaining 30% is deferred in equal parts over three years and is received in full in Company shares, the number of which is determined, based on the average quoted price over the previous thirty calendar days, on the date of accrual of the AVR.

To determine the degree of achievement of each Senior Manager's targets, both the Company's global targets and individual quantitative and qualitative targets are weighted, referring to their respective areas of responsibility, by the corresponding metrics and achievement rates for each of them.

(iii) Medium-term Remuneration (MTR). It is arranged as a performance share plan or Medium-Term Incentive (MTI), with an initial grant of shares of which a percentage ranging from 0% to 150% may be delivered at maturity in 2023, calculated according to the level of fulfilment of the established objectives..

The current MTI was established for the three-year period 2021-2023 and will accrue at the end of this period.

The weighting of the annualised amounts of each of the above remuneration items (for 100% fulfilment of AVR and MTR targets) is as follows:

| | CEO | Executive Director | Senior Managers (average) |
|---|---|---|---|
| FR | 14% | 12% | 12% |
| AVR | 19% | 16% | 16% |
| MTR | 67% | 56% | 56% |

(i) Benefits in kind. This includes three items: life insurance, health insurance and company car.

In addition, the Executive Directors are the beneficiaries of a Long-Term Savings Plan (PALP) consisting of a defined contribution fund externalised under an insurance policy. They are entitled to receive the accumulated plan balance only when they reach 62 years of age, the maximum amount receivable being limited to one year's total annualised target remuneration.

Annual contributions are determined as a percentage of the Executive Directors' total annualised target remuneration (RTTA) (16.76% in the case of the CEO and 5% in the case of the Executive Director IT Managing Director).

Section B of the Annual Remuneration Report explains each of these remuneration items in detail, including, for variable remuneration, information on the objectives set for Executive Directors, as well as the procedure and methodology for measuring compliance.

### 2.2. Amounts of remuneration

In 2022, the composition of Senior Management was as follows:

| | |
|---|---|
| Cristina Ruiz | *CEO (to April 2022)* |
| Ignacio Mataix | *CEO* |
| Luis Abril | Executive Director and IT Managing Director (as from April 2022) |

**Area and market heads**

| | |
|---|---|
| Luis Abril (i) | *Energy, Industry, Consumption & Business Management Solutions* |
| Berta Barrero | *Transport* |
| Manuel Escalante | *Defence & Security* |
| Jorge Estévez | *Corporate Services and Media* |
| Luis de León (ii) | *Defence & Security Operations* |
| Fabiola Gallego | *General Secretary and Legal Counsel* |
| Javier Lázaro (iii) | *Corporate Managing Director and CFO* |
| Borja García-Alarcón (iv) | *CFO* |
| Antonio Mora | *Management Control* |
| Borja Ochoa | *Financial Services* |
| Luis Permuy | *ASOMAF* |
| Raúl Ripio | *Minsait Operations* |

(i) Until April 2022
(ii) As from October 2022
(iii) Until July 2022
(iv) As from July 2022

Set out below is a breakdown of Executive Directors' remuneration:

| **(€ thousand)** | *Fernando Abril-Martorell* | | *Cristina Ruiz* | | *Ignacio Mataix* | | *Luis Abril* | |
|---|---|---|---|---|---|---|---|---|
| | *Chair (to May 2021)* | | *CEO (to April 2022)* | | *CEO* | | *Executive Director IT Managing Director (as from April 2022)* | |
| | ***2022*** | ***2021*** | ***2022*** | ***2021*** | ***2022*** | ***2021*** | ***2022*** | ***2021*** |
| *FR* | -- | *315* | *189* | *583* | *644* | *583* | *406* | -- |
| *AVR* | -- | *524* | *281* | *1008* | *1,063* | *1008* | *590* | -- |
| *MTR* | -- | -- | -- | -- | -- | -- | -- | -- |
| *Benefits in kind* | -- | *11* | *7* | *22* | *55* | *56* | *22* | -- |
| ***Sum*** | **--** | ***850*** | ***477*** | ***1,613*** | ***1,762*** | ***1,647*** | ***1,018*** | **--** |
| *Other* | *1,163* [1] | *5,064* | *3,616* | -- | -- | -- | -- | -- |
| *PALP* | -- | *194* [2] | -- | *161* | *424* | *397* | *73* | -- |
| ***TOTAL*** | ***1,163*** | ***6,108*** | ***4,093*** | ***1,774*** | ***2,186*** | ***2,044*** | ***1,091*** | **--** |

(1) This amount includes the remuneration accrued during the period (€1,163 thousand) to Mr. Abril-Martorell under the non-compete agreement with the Company.

(2) The contribution made was proportional to Mr. Abril-Martorell's time in office and was applied, together with the rest of the accumulated funds, to the payment of his indemnity.

(3) The amount indicated includes the indemnity received by Ms. Ruiz due to the termination of her contractual relationship in April 2022 (€1,800 thousand). This also includes the remuneration accrued under the non-compete agreement with the Company (€1,800 thousand) and the amount reflecting accrued holidays not taken included in the final settlement (€16,000).

The amounts of AVR included in this note follow the approach laid down by the accounting legislation applicable to the Company and therefore take account of the amounts accrued in this respect, regardless of whether the delivery of 30% is deferred over three years by third parties and is received entirely in the form of Company shares. The amounts included in the Annual Directors' Remuneration Report and the Annual Corporate Governance Report follow the approach set out in CNMV Circular 3/2021 of 28 September and therefore do not take into account such deferred amounts as they are subject to further conditions (malus clauses).

The amounts of contributions to the Long-Term Savings Plans (PALP) are disclosed in this note following the criteria established by the accounting legislation applicable to the Company, although their receipt by the Executive Director is contingent. The total remuneration in the Annual Directors' Remuneration Report and the Annual Corporate Governance Report follows the approach set out in CNMV Circular 3/2021 of 28 September and therefore does not include the above-mentioned contributions, as they did not vest during the year.

The MTI for the period 2021-2023 accrues at the end of the period, so no amount is included in 2022 in this respect.

The amounts pertaining to the other **Senior Managers** who are not Executive Directors are as follows:

| **(€ thousand)** | ***2022***(1) | ***2021***(1) |
|---|---|---|
| *FR* | *3,079* | *3,555* |
| *AVR* | *3,532* | *3,670* |
| *MTR* | -- | -- |
| *Benefits in kind* | *247* | *271* |
| ***Sum*** | ***6,858*** | ***7,496*** |
| *Other*(2) | *2,429* | *2,440* |
| *Plan* | -- | *416* |
| ***TOTAL*** | ***9,287*** | ***10,352*** |

(1) Data concerning the Senior Managers listed at the beginning of this section 2.2 (including Luis Abril Mazuelas to April 2022 and excluding the Executive Directors)

(2) In 2022, this includes amounts received by the ex-Senior Manager Mr. Lázaro due to the termination of his employment relationship (€658 thousand) and the amount reflecting accrued holidays not taken included in the final settlement (€24 thousand); the amount paid by the Company (€100 thousand) under the non-compete agreement with the ex-Senior Manager Mr. Gavín and the amount reflecting accrued holidays not taken included in his final settlement (€4 thousand). It also includes the extraordinary incentive (€1,642 thousand) paid in 2022 to the Senior Managers, approved by the Board of Directors at the proposal of the Appointments, Remuneration and Corporate Governance Committee in November 2020 as part of the key personnel retention incentive implemented in the context of Covid-19. In 2021, this included the amount received by Mr. Gallego on termination of his employment relationship, the amount received by Mr. Figueroa under the non-compete agreement and the amount received by Mr. Gavín in respect of accrued holidays not taken, in accordance with the respective contracts.

As indicated, the MTI for the period 2021-2023 accrues at the end of the period, so no amount is included in 2022 in this respect.

The current remuneration system does not provide for the delivery of shares as an independent remuneration item. Neither the Executive Directors nor the Senior Managers received any remuneration in this respect in 2022 or 2021.

In 2022 and 2021, no stock options were granted to Senior Management personnel, nor did they exercise any options on the Parent Company's shares.

Senior Management personnel did not receive any benefits, compensation or remuneration in 2022 or 2021 in addition to those indicated in this Note, and neither the Parent Company nor any of the Group companies have any pension commitments with them nor have they granted any loans or advances to them.

## 2.3 Contractual framework for Executive Directors and Senior Managers

The Chief Executive Officer and Executive Director Managing Director of Minsait have a commercial relationship with the Company under contracts for services containing the terms and conditions applicable to their professional relationship with the Company and the clauses customarily included in contracts of this kind.

The contracts have an open-ended term. Should the contract be terminated on grounds not attributable to them (unilateral decision by the Company or relevant modification of duties or conditions in the provision of services), the Chief Executive Officer is entitled to an indemnity equivalent to one year's total annualised target remuneration (RTTA) and the Executive Director Managing Director of Minsait is entitled to an indemnity of 60% of his RTTA.

Both their contracts also stipulate the obligation on the part of the Company to give three months' notice of termination of the professional relationship. Should the Company fail to give three months' notice, the executives will be entitled to compensation equivalent to the amount of their RTTA for the notice period infringed.

In addition, the contracts include a post-contractual non-compete clause for a one-year period as from the end of their relationship with the Company, compensated by an amount equivalent to 0.75x the CEO's RTTA and 0.60x in the case of the Executive Director Manager Director of Minsait. Furthermore, on terminating the CEO's contract in 2022, the Company triggered the one-year post-contractual non-compete clause, giving rise to compensation of 0.75x her RTTA.

Both executive's contracts also include "malus" and "clawback" clauses recognising the Company's right to reduce, cancel and/or claim reimbursement, within 24 months following payment or recognition, of any variable remuneration settled or recognised, should it be subsequently and objectively verified that it was calculated based on incorrect or inaccurate data.

The current Remuneration Policy describes the situations in which these clauses may be applicable.

In addition, as mentioned in point 2.1 above, both executives are entitled to receive the balance accumulated in the Long-Term Savings Plan (PALP) only on reaching the age of 62 and the maximum amount receivable is limited to one year's total annualised target remuneration.

The contracts of three other Senior Managers include a temporary indemnity for an amount equivalent to between one and two years of their total remuneration, which is extinguished either after a transitional period following their joining the Company or when the compensation legally due to them exceeds the guaranteed minimum amount.

The contracts of three Senior Managers (including the Chief Executive Officer and Executive Director Managing Director of Minsait) provide for a three-month notice period in the event of the termination of their professional relationship by the Company, which, if not observed, must be compensated for by means of an amount equivalent to their total annualised remuneration for the unfulfilled notice period.

The contracts of six Senior Managers include a non-compete agreement enforceable for a period of one year that stipulates compensation of 0.75x their fixed remuneration.

### 3. Other information

As required by Royal Decree 602/2016, it is stated that the amount paid as a premium for third-party liability insurance for Directors and Senior Managers by Indra Sistemas, S.A. and its subsidiaries during 2022 and 2021 amounted to €440 thousand and €279 thousand, respectively.

## 39) Information disclosed by the members of the Board of Directors in relation to Article 229 of the Spanish Companies Act

According to the information reported to the Secretary of the Board of Directors, the Company's Directors and persons related to them have not been and are not involved in any conflict of interest that would need to be reported under Article 229 of the Consolidated Text of the Spanish Companies Act.

## 40) R&D&i activities

Due to their nature, a significant part of the Group's activities involve R&D&i expenses, which are recorded in the Consolidated Income Statement on an accrual basis (Note 4.d.ii).

The total expenditure on projects of this type carried out during 2022, including capitalised projects (Note 9), amounted to €312,485 thousand, equivalent to 8.1% of the Group's total sales for the year. The expenses incurred under this heading by the Parent Company during the year accounted for approximately 57% of the total R&D&i expenses incurred by the Group.

In 2021, expenditure on R&D&i projects amounted to €292,753 thousand, equivalent to 8.6% of the Group's total sales.

## 41) Environment

The Group's lines of business have not changed in qualitative terms with respect to previous years, and therefore they continue not to have an impact on the environment that is worthy of note. The Parent Company's Directors therefore consider that there are no significant contingencies relating to environmental protection and improvement and accordingly it was not considered necessary to record any provision for environmental risks and expenses during the years 2016 to 2022.

For the same reason, there are no significant assets associated with the protection and improvement of the environment and nor have any relevant environmental expenses been incurred during the year. Therefore, the Group has not requested or received any environmental grants in the years ended 31 December 2016 to 2022.

The Company carries out the activities necessary to meet its corporate responsibility commitments, which include taking care of all matters associated with environmental protection in the performance of its activities. Specifically, this entails implementing an environmental management system under the ISO 14001 standard that is applicable to all the Company's activities at its certified work centres in Arroyo de la Vega (Avda. de Bruselas, 35, Alcobendas-Madrid), Torrejón (Ctra. de Loeches, 9, Torrejón de Ardoz - Madrid), Aranjuez (C/ Joaquín Rodrigo, 11, Aranjuez - Madrid), Nave Lean (C/ Guarnicioneros, 3, San Fernando de Henares - Madrid), Guadarrama (C/ Sierra de Guadarrama, 80B, San Fernando de Henares - Madrid), Miguel Yuste (C/ Miguel Yuste, 45, Madrid - Madrid), Edificio Kenya (Av. de Castilla, 2, San Fernando de Henares - Madrid), Edificio 22@-Interface (C/ Roc Boronat, 133 Barcelona - Barcelona), Edificio Inneo (C/ Samontà 25, Sant Joan Despí - Barcelona), Nave Barberá (C/ Marie Curie 2B, Barberá del Vallés - Barcelona), Bollullos (Ctra. Prado de las Torrres, s/n, Bollullos de la Mitación - Sevilla), Ciudad real (Ronda de Toledo, s/n, Ciudad Real - Ciudad Real), Bembibre (C/ La Vega Parcelas K5 y K10, San Román de Bembibre - León), Axpe (C/ Ribera de Axpe, 11, Erandio - Bizkaia), Fuente álamo (Ctra. Estrecho-Lobosillo km. 2. Fuente Álamo – Murcia), Puerto Sta. María II (C/ Pitágoras, 11, Puerto de Santa María - Cádiz), El Ferrol (C/ Estrada do Pavillón Parcela 105C, Narón - A Coruña), La Grela (Av. de Baños de Arteixo, 47, Coruña – A Coruña), Málaga CD (C/ Severo Ochoa, 23, Málaga - Málaga), Valencia (Av Cardenal Benlloch, 67, Valencia - Valencia), Coslada (Av. de Europa, 4, Coslada - Madrid), Edificio Japón 2 (Av. de Castilla, 2, San Fernando de Henares - Madrid), Mejorada del Campo (C/ Tajo, 8, Mejorada del Campo - Madrid) y Vega5 (C/ Francisca Delgado, 9, Alcobendas - Madrid).

The Company is also accredited for compliance with European Parliament and Council Regulation 1221/2009 EMAS (Eco Management and Audit Scheme) at the Arroyo de la Vega work centre.

The Arroyo de la Vega work centre is also ISO 50001 certified, the primary aim being to continuously enhance energy efficiency, energy security, energy use and energy consumption through a certified system.

### Climate-related matters

As described in the Sustainability Report and Non-Financial Information Statement, which form part of Indra's Management Report, in 2022 the Company updated its analysis of climate change risks and opportunities to include various scenarios, in line with the TCFD recommendations.

In view of the Company's activity and business model, no significant risks associated with climate change have been identified that could have affected its financial statements in 2022.

To carry out this analysis, the Company applied the assumptions and suppositions included in the Sustainable Development Scenario (SDS) developed by the International Energy Agency (IEA) and the RCP 2.6 and RCP 8.5 pathways of the Intergovernmental Panel on Climate Change (IPCC). The breadth of these scenarios in terms of global warming reduces the degree of uncertainty concerning the possible consequences of climate change for the Company.

Overall, no significant impacts on the Company's operations, future cash flows or assets associated with the physical risks of climate change are envisaged. Possible countermeasures are part of other policies and procedures already in place and therefore do not represent a cost overrun requiring a provision for expenses. This is the case, for example, of the development of contingency plans, the resilience of infrastructures, the redundancy of operations or the arrangement of insurance. These measures are carried out with the aim of making the Company more resilient to any type of incident, regardless of its origin, be it climate change or any other cause.

The main transition risks identified are related to Indra's market positioning or access to financing, and are also below the materiality threshold. The main response measures are linked to the Company's ordinary environmental management and to the integration of ESG considerations into R&D processes, so there is no cost overrun.

For further information, see the 2022 Sustainability Report available on the Indra Group's website.

## 42) Auditors' remuneration

In 2016, Deloitte was appointed as the new auditor of the Group's Consolidated Annual Accounts and those of the subsidiaries. Net fees for professional services provided by Deloitte, S.L. and other audit firms during the years ended 31 December 2022 and 2021 are as follows:

| | Thousand euro | |
|---|---|---|
| | 2022 | |
| | **Fees of the principal auditor or its network firms (1)** | **Fees of other auditors or their network firms (2)** |
| Audit services | 2,136 | 309 |
| Non-audit services | | |
| Services required by accounting legislation | 55 | 41 |
| Other assurance services | 79 | 60 |
| Tax services | 27 | 60 |
| Other services | 23 | 17 |
| **Total professional services** | **2,320** | **487** |

| | Thousand euro | |
|---|---|---|
| | 2021 | |
| | **Fees of the principal auditor or its network firms (1)** | **Fees of other auditors or their network firms (2)** |
| Audit services | 2,075 | 203 |
| Non-audit services | | |
| Services required by accounting legislation | - | 1 |

| | | |
|---|---|---|
| Other assurance services | 88 | - |
| Tax services | 33 | 21 |
| Other services | 23 | 44 |
| **Total professional services** | **2,219** | **269** |

(1) Includes the services provided by Deloitte, S.L. (auditor of the consolidated accounts), any other company to which the auditor is related through control, common ownership or management and by all the Deloitte network firms to all the consolidated companies, irrespective of country of residence.
(2) Includes both services provided by the individual or component auditor and by entities related to the individual or component auditors through control, common ownership or management.

The amount indicated in the above table includes all fees relating to the audit, irrespective of when they were invoiced, while the non-audit services are included on an invoicing basis.

## 43) Related-party transactions

Related-party transactions were carried out in the ordinary course of the Indra Group's business, at arm's length and approved by the Board of Directors in accordance with the Board Regulations.

During 2022 and 2021, commercial, financial and service provision/receipt transactions were carried out with significant shareholders at that time or with companies related to them.

Transactions and balances with related parties in 2022 and 2021 break down as follows, by nature:

| | 2022 (Thousand euro) | | |
|---|---|---|---|
| **Nature of the transaction** | **With shareholders** | **With Directors** | **Total 31.12.2022** |
| Sales of goods and services | 54,926 | - | 54,926 |
| Purchase of goods and services | 401 | - | 401 |
| Financial service expenses | - | - | - |
| | **55,327** | **-** | **55,327** |

| | 2021 (Thousand euro) | | |
|---|---|---|---|
| **Nature of the transaction** | **With shareholders** | **With Directors** | **Total 31.12.2021** |
| Sales of goods and services | 53,804 | - | 53,804 |
| Purchase of goods and services | 626 | - | 626 |
| Financial service expenses | 195 | - | 195 |
| | **54,625** | **-** | **54,625** |

| | 2022 (Thousand euro) | | |
|---|---|---|---|
| **Year-end balances** | **With shareholders** | **With Directors** | **Total 31.12.2022** |
| Trade and other receivables | 29,917 | - | 29,917 |
| Trade and other payables | 36 | - | 36 |
| | **29,953** | **-** | **29,953** |

| | 2021 (Thousand euro) | | |
|---|---|---|---|
| **Year-end balances** | **With shareholders** | **With Directors** | **Total 31.12.2021** |
| Trade and other receivables | 28,081 | - | 28,081 |
| Trade and other payables | 22 | - | 22 |
| | **28,103** | **-** | **28,103** |

a) Transactions with shareholders

All the transactions completed in 2022 relate to the shareholder SEPI and the 2021 transactions were carried out with SEPI and Corporación Financiera Alba or their related companies.

The breakdown by shareholder is as follows:

| | **2022 (Thousand euro)** | | |
|---|---|---|---|
| | **With shareholders** | | |
| **Nature of the transaction** | **SEPI** | **C.F.A** | **Total 31.12.2022** |
| Sales of goods and services | 54,926 | - | 54,926 |
| Purchase of goods and services | 401 | - | 401 |
| Financial service expenses | - | - | - |
| | **55,327** | **-** | **55,327** |

| | **2021 (Thousand euro)** | | |
|---|---|---|---|
| | **With shareholders** | | |
| **Nature of the transaction** | **SEPI** | **C.F.A** | **Total 31.12.2021** |
| Sales of goods and services | 45,605 | 8,199 | 53,804 |
| Purchase of goods and services | 530 | 96 | 626 |
| Financial service expenses | - | 195 | 195 |
| | **46,135** | **8,490** | **54,625** |

| | **2022 (Thousand euro)** | | |
|---|---|---|---|
| | **With shareholders** | | |
| **Year-end balances** | **SEPI** | **C.F.A** | **Total 31.12.2022** |
| Trade and other receivables | 29,917 | - | 29,917 |
| Trade and other payables | 36 | - | 36 |
| | **29,953** | **-** | **29,953** |

| | **2021 (Thousand euro)** | | |
|---|---|---|---|
| | **With shareholders** | | |
| **Year-end balances** | **SEPI** | **C.F.A** | **Total 31.12.2021** |
| Trade and other receivables | 27,280 | 801 | 28,081 |
| Trade and other payables | 22 | - | 22 |
| | **27,302** | **801** | **28,103** |

"Sales of goods and services" relate to services provided by the Indra Group in the course of business to the above-mentioned shareholders. The figures in the table above relate to amounts already invoiced, since revenue is recognised as explained in Note 4v.

"Purchases of goods and services" pertain to services provided to the Indra Group by the said shareholders that are required for its business activity.

"Financial service expenses" include the costs of managing bank guarantees and interest on the loan referred to below.

In 2020, Indra obtained a loan of €15,000 thousand from Banca March maturing in November 2021. This loan was repaid in 2021.

In addition to the above-mentioned transactions, dividends paid to shareholders represented on the Board of Directors and to Board Directors are set out below:

**2022 (Thousand euro)**

| | With shareholders | With Directors |
|---|---|---|
| SEPI Group | 7,419 | - |
| SAPA | 2,105 | - |
| Board of Directors | - | 35 |

b) Transactions with Directors

No transactions were carried out with Board Directors or parties related to them in 2022 or 2021, besides those indicated previously.

The remuneration of the members of the Board of Directors is detailed in Note 38 to the Consolidated Annual Accounts.

c) Other transactions and balances

Set out below are the Group's balances with Spain's Central Government, given the relationship between SEPI and the Central Government:

| | Thousand euro | |
|---|---|---|
| | **31.12.2022** | **31.12.2021** |
| Total income | 423,006 | 203,862 |
| Total expenses | 2,525 | 1,637 |
| Total receivables | 43,116 | 57,920 |
| Total payables | 255 | 8,707 |

(*) These amounts are in addition to those included in section a).

The revenue figures in the table above relate to amounts already invoiced, since revenue is recognised as explained in Note 4.u.

d) Transactions with members of Senior Management

No transactions were carried out with Senior Managers or parties related to them in 2022 or 2021.

Senior Management remuneration is analysed in Note 38.2.

e) Transactions with associates

| | 2022 (Thousand euro) | | | |
|---|---|---|---|---|
| | **Receivables** | **Payables** | **Income** | **Expenses** |
| Associates | 35,764 | 57,949 | 46,930 | 1,100 |
| | **35,764** | **57,949** | **46,930** | **1,100** |

| | 2021 (Thousand euro) | | | |
|---|---|---|---|---|
| | **Receivables** | **Payables** | **Income** | **Expenses** |
| Associates | 42,417 | 28,895 | 27,456 | 1,351 |
| | **42,417** | **28,895** | **27,456** | **1,351** |

Note: "Trade and other receivables" and "Trade and other payables" include the balances relating to these items at 31 December each year.

f) Transactions with joint operations

Most of the Group's "joint arrangements" are temporary consortia (UTEs). They are classified as "joint operations" due to the joint and several liability involved and consolidated using the proportionate method.

The assets, liabilities, income and expenses of transactions carried out through joint operations in the form of temporary consortia for 2022 and 2021 are as follows:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Non-current assets | 85,105 | 84,206 |
| Current assets | 70,819 | 62,325 |
| Non-current liabilities | (81,560) | (82,413) |
| Current liabilities | (73,867) | (63,340) |
| Revenue | (79,398) | (78,852) |
| Subcontracting and other expenses | 78,900 | 78,075 |

Appendix II lists the temporary consortia in which the Group has been involved.

## 44) Events after the reporting period

- On 17 January 2023, for the fifth year running, Indra renewed the Top Employer certificate, which recognises businesses that offer the best working environment and professional development, acknowledging the commitment to talent made by Indra and Minsait.

- In the meeting of 28 February 2023, Indra's Board of Directors resolved to propose to the next General Shareholders' Meeting the distribution of a gross cash dividend of €0.25 per share out of 2022 profits, payable on 12 July 2023.

- On 6 March 2023, the Company announced to the Spanish National Securities Market Commission (CNMV), in the form of privileged information, the decision made by the Board of Directors, together with the current CEO Ignacio Mataix Entero, to initiate a process of succession to the office of Chief Executive related to the definition of the next strategic plan that the Company intends to define in the coming years. The process is under way at the issuance date of these Annual Accounts.

- As regards the Metro Mumbai One PVT LT ("MMOPL") arbitration proceeding (Note 24), the deadline was reached and MMOPL did not request the annulment of the award, so it is final. This notwithstanding, on 23 February 2023, INDRA and MMOPL signed an agreement whereby MMOPL undertook to pay INDRA the sum of €740 thousand and to release the bank guarantees given, so the legal proceeding is over.

- Recent crisis in international financial institutions. In recent weeks there have been various incidents in the banking system, concentrated to date in highly exposed entities, in regional banks in the US and in Switzerland.

  In this regard, Indra applies a conservative approach to relationships with financial institutions, selecting solvent top-tier banks and diversifying financial products among them. Thanks to this policy, Indra has not been affected by these incidents involving certain institutions in the global markets. Indra will carry on monitoring the situation so as to select the partners best suited to its needs.

## 45) Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (Note 2). Certain accounting pratices applied by the Group that conform with that regulatory framework may not conform with other accepted accounting principles and rules.

**Appendix I**
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**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| **1.- Parent Company** | | |
| Indra Sistemas, S.A. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| **2.- Subsidiaries** | | |
| Indra Sistemas de Seguridad, S.A. | Carrer de Roc Boronat, 133 (Barcelona) | Design, development, integration and maintenance of systems and solutions used in surveillance and security controls at facilities. |
| Indra Sistemas de Comunicaciones Seguras, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Research, engineering, design, manufacture, development, marketing, installation, maintenance and repair of equipment, devices and systems for security in data communications, encryption, beacons and command and control centres. |
| Inmize Capital, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof. |
| Inmize Sistemas, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof. |
| Teknatrans Consultores, S.L. | Portuetxe, 23 (San Sebastián) | Provision of technical architectural and engineering services. |
| Indra SI, S.A. | Buenos Aires (Argentina) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Azertia Tecnologías de la Información Argentina S.A. | Buenos Aires (Argentina) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Computación Ceicom, S.A. | Buenos Aires (Argentina) | Data processing, consulting and technical assistance in systems analysis, development and implementation of software for computer equipment. |
| Minsait Brasil Ltda | Sao Paulo (Brazil) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Brasil Soluçoes e Serviços Tecnologicos, Ltda | Sao Paulo (Brazil) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Tecnología Brasil LTDA | Brasilia (Brazil) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications for the air traffic sector, defence, transport and land, sea and rail traffic, and electoral processes. |
| Indra Colombia LTDA | Bogotá (Colombia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| Indra Sistemas Chile, S.A. | Santiago de Chile (Chile) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Soluziona Guatemala, S.A. | Guatemala (Guatemala) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas México S.A. de C.V. | Mexico City (Mexico) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra BPO México, S.A de C.V | Mexico City (Mexico) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Panamá, S.A. | Panama (Panama) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Minsait Payments Systems Perú | Lima (Peru) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Perú, S.A. | Lima (Peru) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Soluciones y Servicios Indra Company Uruguay, S.A. | Montevideo (Uruguay) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra USA Inc. | Atlanta (USA) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Italia Spa | Rome (Italy) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Czech Republic s.r.o. | Prague (Czech Republic) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Slovensko, s.r.o. | Bratislava (Slovakia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| Indra Sisteme S.R.L. | Chisinau (Moldova) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas Polska S.p.z.o.o | Warsaw (Poland) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas Portugal, S.A. | Lisbon (Portugal) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Elektrica Soluziona S.A. (Romania) | Bucharest (Romania) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Turkey Teknolojileri Çözümleri Anonim Sirketi | Istanbul (Turkey ) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Beijing Information Technology Systems Co. Ltd. | Beijing (China) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Philippines, Inc. | Quezon (Philippines) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Technology Solutions Malaysia Sdn Bhd | Kuala Lumpur (Malaysia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| PT Indra Indonesia | Jakarta (Indonesia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas India Private Limited | New Delhi (India) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Bahrain Consultancy SPC | Manama (Bahrain) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Arabia Company Ltd. | Jeddah (Saudi Arabia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Technology Solutions Co, Ltd. | Riyadh (Saudi Arabia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |

This Appendix should be read together with Notes 1 and 5 to the Consolidated Annual Accounts, of which it forms an integral part.

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| Indra L.L.C. | Muscat (Oman) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Maroc S.A.R.L D´Associé Unique | Rabat (Morocco) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Limited (Kenya) | Nairobi (Kenya) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Soluziona Professional Services (Private) Ltd | Harare (Zimbabwe) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Australia Pty Ltd | Sidney (Australia) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Indra BPO, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Business process outsourcing (BPO) and management, provision of document management and mortgage management services |
| Indra BPO Hipotecario, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | The performance all the requisite formalities for the payment and registration, as appropriate, in public registries, of all kinds of public and private documents, and the performance of all complementary and auxiliary activities considered necessary for the performance of the company's main activities. |
| Indra BPO Servicios, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Digitalization and data capture management. |
| Indra II Business Process Outsourcing Portugal, unipersonal LTD | Lisbon (Portugal) | Business Process Outsourcing (BPO). |
| OUAKHA Services, Saarl AU (Morocco) | Tangier (Morocco) | Back-office process management (BPO) for financial institutions. |
| Indra Business Consulting, S.L. | Calle Tánger, 98 Barcelona | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Europraxis ALG Consulting Maroc, S.A. | Casablanca (Morocco) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| ALG Global Infraestructure Advisor Brasil Ltda | Sao Paulo (Brazil) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Indra Business Consulting ALG México S.A. de C.V. | Mexico City (Mexico) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Europraxis ALG Consulting Andina, S.A.C. (Peru) | Lima (Peru) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |

This Appendix should be read together with Notes 1 and 5 to the Consolidated Annual Accounts, of which it forms an integral part.

## Details of Group companies at 31 December 2022

| Name | Address | Activity |
|---|---|---|
| Prointec Engenharia, Ltda. | Sao Paulo (Brazil) | Provision of civil engineering and consulting services. |
| Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V. | Mérida (Mexico) | Provision of technical architectural and engineering services. |
| Prointec Panamá, S.A. | Ancon (Panama) | Provision of civil engineering and consulting services. |
| Prointec Usa LLc | Sacramento, California (USA) | R&D Autonomous Air Systems and Advanced Solutions in Unmanned Systems. |
| Consis Proiect SRL | Bucharest (Romania) | Provision of civil engineering and consulting services. |
| Indra Advanced Technology, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products. |
| Avitech AG | Friedrichshafen (Germany) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Indra Navia AS (Park Air, Norway) | Oslo (Norway) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Normeka, AS | Rømskog (Norway) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Indra Corporate Services, S.L.U. | Madrid (Spain) | Provision of all kinds of administration, management and support services to companies, such as financial services, human resource services, commercial support and control services or general corporate security services, and management of property and other assets. |
| Indra Corporate Services México, S.A de C.V | Mexico City (Mexico) | Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas. |
| Indra III Soluçoes de Tecnología da Informação Portugal Unipessoal, LDA | Lisbon (Portugal) | IT and outsourcing services |
| Tecnocom Perú S.A.C. | Lima (Peru) | Installation and marketing of telecommunications equipment. |
| Minsait Payments Systems México | Mexico City (Mexico) | Installation and marketing of telecommunications equipment. |
| Tecnocom Colombia, S.A.S. | Bogotá (Colombia) | Installation and marketing of telecommunications equipment. |

This Appendix should be read together with Notes 1 and 5 to the Consolidated Annual Accounts, of which it forms an integral part.

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| Tecnocom Chile, S.A. | Santiago de Chile (Chile) | Installation and marketing of telecommunications equipment. |
| Tecnocom Procesadora de Medios de Pago, S.A. | Santo Domingo (Dominican Republic) | Credit card processing services |
| Minsait Payments Systems Chile, S.A. | Santiago de Chile (Chile) | Credit card processing services |
| Paradigma Digital, S.L. | Spain | Leading consultant in the Spanish digital transformation market, focusing on the design of customer experience solutions in digital channels, as well as their development and implementation (DCX, Front-end, Digital Strategy). |
| North American Transmission & Distribution Group Inc | Atlanta (USA) | To acquire and grow companies whose main mission is to support the Electricity Distribution Network. |
| ACS América Latina, S.A de C.V. | El Salvador | Manufacture of control systems and operation of energy transmission and distribution networks. As well as the manufacture of control systems and operation of energy transport and distribution networks. |
| Minsait ACS, INC | Atlanta (USA) | Manufacture of control systems and operation of energy transmission and distribution networks. |
| Softfobia, S.R.L | Rome (Italy) | Recognised digital agency in Italy with user experience capabilities. Its services cover the value chain from design to development and e-commerce optimisation |
| Unclick, S.R.L | Rome (Italy) | Italian company whose core business is the development, design and marketing of software and digital solutions. |
| Riganera, S.R.L | Rome (Italy) | Italian company whose core business is web communication and marketing tools |
| Indra Holding Tecnologías de la Información, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Acquisition, holding, enjoyment, direction, administration, management and disposal of equity securities; incorporation and promotion of companies. Financial operations to grant funding and take on debt from companies in the same group. |
| Indra Soluciones Tecnologías de la información, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | IT programming activities. IT consultancy activities. Management of IT resources. Other services related to information technology and computing. |
| Indra Producción Software S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration and maintenance of systems, equipment, solutions and products based on the use of information technologies. Provision of business, technology and solutions consulting services. Studies, projects, management, technical assistance, technology transfer; marketing of such studies, projects and activities. |

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| Indra Corporate Services Philippines, INC | Quezon (Philippines) | Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas. |
| Indra Factoría Tecnológica, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | The planning, design, development, integration, operation, maintenance and marketing of information and communication technology systems and solutions |
| Minsait Payment Systems, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Marketing and distribution of systems, software, infrastructure and technological platforms that assist third party issuers of payment instruments in processing transactions made using such payment instruments |
| Indra T&D SAC | Lima (Peru) | Provision of services and development of projects in the administrative, operational and technological areas on a supervision, administration or implementation level. Computer software development. |
| Indra Sistemas Transporte y Defensa, S.A De C.V | Cancun (Mexico) | Design, development, manufacture, supply, assembly, repair, maintenance and installation of products, solutions, applications and systems based on the intensive use of information technology. |
| Sistemas informaticos Abiertos, S.A. | Alcorcón (Madrid) | Provision of cybersecurity services, as well as information management and protection services. |
| Indra Servicios Perú SAC | Lima (Peru) | Provision of services and development of projects in the administrative, operational and technological areas on a supervision level. Computer software development. |
| Morpheus Aiolos, S.L. (Afterbanks) | Calle San Andrés, 8. (Madrid) | Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines. |
| ALG Global Infraestructure Advisors, S.L. | Madrid (Spain) | Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products based on the use of information technologies. Provision of business consultancy and management services. Preparation and execution of all kinds of studies and projects. Management, technical assistance, technology transfer, marketing and administration of such studies, projects and activities. Provision of activity and process outsourcing services in any field or industry. |
| SmartPaper, S.P.A. | Potenza, Basilicata (Italy) | Design, application and management of solutions for the storage and digital processing of documents. |
| SmartTest, S.R.L. | Treviso, Italy | BPO (document management, recovery and commercial back office outsourcing) for the energy market. |
| Baltik IT, S.I.A. | Riga, Latvia | BPO (document management, recovery and commercial back office outsourcing) for the energy market. |

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| Managed Security Services GmbH | Germany | Services related to the management of security services, such as security audits, installation and management of firewall systems and other related services. Cybersecurity |
| Arcopay, S, de R.L de c.V | Mexico | Design, development and implementation of all types of private computer communication networks and websites, in which marketing, advertising and consulting for goods or services is carried out through the Internet. |
| Afterbanks Ltd | UK | Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines. |
| Flat 101, S.L. | Spain | Business development and optimisation through digital consultancy services. The main services relate to the web optimisation programme (CRO), web traffic, digital analytics and user experience. |
| The Overview Effect, SL | Madrid | Provision of all kinds of advisory services and work within the field of business and/or company management consultancy and, in particular, work related to sustainability and social impact consultancy. |
| Consultoría Organizacional, S.A.S. | Colombia | Design and implementation, consultancy and administration of applications for work and publication on the Internet or any other computer network; creation, administration and marketing of websites, intranets, extranets and/or any type of software entailing electronic data transmission; development of information and computer systems and information networks; sale and marketing of all kinds of Internet-related services. |
| Net Studio, S.P.A. | Italy | Operating in the field of cybersecurity, its core business is to provide integrated risk management, cybersecurity services and solutions, as well as focusing on digital identification. |
| Credimatic, S.A. | Ecuador | Activities auxiliary to NCP financial services, such as financial transaction processing and settlement, including credit card transactions. |
| Indra Gestión de Usuarios, S.L. | Madrid | Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products based on the use of information technologies. |
| Mobbeel Solutions, S.L. | Cáceres | Design, development, integration, production, operation, maintenance and marketing of systems, solutions and products based on the use of information technologies. |
| Mobbeel Innovations Labs, S.L. | Cáceres | Programming, consulting and other IT-related activities. |
| Operadora de Tarjetas de Crédito Nexus, S.A. | Chile | Credit card and payment processing, including account and transaction processing services, fraud prevention and security in means of payment. Back office, business intelligence, customer loyalty-building. Delivery and collation. |
| Minsait Payment Systems Portugal, Unipessoal, LDA | Portugal | Marketing and distribution of systems, software, infrastructure and technological platforms that assist third party issuers of payment instruments in processing transactions made using such payment instruments |
| Indra Air Traffic INC | USA | Design, production and marketing of air navigation assistance systems (navaids). |

This Appendix should be read together with Notes 1 and 5 to the Consolidated Annual Accounts, of which it forms an integral part.

**Details of Group companies at 31 December 2022**

| Name | Address | Activity |
|---|---|---|
| **3.- Associates** | | |
| Saes Capital, S.A. | Paseo de la Castellana 55, Madrid | Through associated companies, design, development, production, integration, maintenance and operation of electronic, computer and communication systems, mainly related to naval systems and underwater acoustics. |
| Eurofighter Simulation System GmbH | Munich (Germany) | Development and production of EF-2000 aircraft simulators |
| Euromids SAS | Paris (France) | Development, manufacture and marketing of tactical communications systems. |
| Tower Air Traffic Services, S.L. | Carretera de Loeches 9, Torrejon de Ardoz (Madrid) | Provision of aerodrome air traffic services, for the management of aircraft traffic. |
| A4 Essor, S.A.S. | Paris (France) | Development of a radio communications security program. |
| Societat Catalana Per a la Mobilitat, S.A. | Calle Roc Boronat, nº 133, Barcelona | T-Mobilitat project for the implementation of a new technological, fare and management system for the Metropolitan Transport Authority |
| Iniciativas Bioenergéticas, S.L. | Gran Vía Juan Carlos I nº9, Logroño (La Rioja) | Study, promotion, development and implementation of innovative projects in environmental and energy production. |
| Logística marítima de Tuxpan S.A.P.I. de C.V. | Veracruz (Mexico) | Provision of civil engineering and consulting services for port infrastructures. |
| Global Training Aviation | Madrid (Spain) | Consulting, learning and training services for airlines and initiation and recycling courses for pilots. |
| TESS Defence, S.A. | Madrid (Spain) | Manufacture, development, marketing, maintenance and life cycle support for the 8x8 Dragón wheeled combat vehicle. |
| Tagsonomy, S.L. | Llanera - Asturias | Operation of a unique technology solution named "Dive", which is an application that allows decisions to be made automatically by interpreting images in which people and objects are identified in order to distinguish situations and contexts. |
| Satelio Iot Services, S.L. | Barcelona (Spain) | Provision of Narrowband IoT communications services with global coverage by means of low earth orbit satellite infrastructures. |
| Startical | Spain | Air traffic management from space. Development of new air navigation, surveillance and communication, voice and data services from a satellite platform. |
| **Indra Mexico** | | |
| Indra Isolux México SA de CV | México DF | Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems. |
| Visión Inteligente Aplicada S.A de C.V | México DF | Services provided |
| EFI Túneles Necaxa SA de CV | Munich (Germany) | Study, consultancy, project development and construction of public works, and any type of civil, hydraulic, electrical, infrastructure and similar works in the public and private sectors, acquisition of construction materials and inputs and the transport thereof and, in general, all matters related to construction. |

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**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| **1.- Parent Company** | | |
| Indra Sistemas, S.A. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| **2.- Subsidiaries** | | |
| Indra Sistemas de Seguridad, S.A. | Carrer de Roc Boronat, 133 (Barcelona) | Design, development, integration and maintenance of systems and solutions used in surveillance and security controls at facilities. |
| Indra Sistemas de Comunicaciones Seguras, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Research, engineering, design, manufacture, development, marketing, installation, maintenance and repair of equipment, devices and systems for security in data communications, encryption, beacons and command and control centres. |
| Inmize Capital, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof. |
| Inmize Sistemas, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof. |
| Teknatrans Consultores, S.L. | Portuetxe, 23 (San Sebastián) | Provision of technical architectural and engineering services. |
| Indra SI, S.A. | Buenos Aires (Argentina) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Azertia Tecnologías de la Información Argentina S.A. | Buenos Aires (Argentina) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Computación Ceicom, S.A. | Buenos Aires (Argentina) | Data processing, consulting and technical assistance in systems analysis, development and implementation of software for computer equipment. |
| Minsait Brasil, Ltda. | Sao Paulo (Brazil) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Brasil Soluçoes e Serviços Tecnologicos, Ltda | Sao Paulo (Brazil) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Tecnología Brasil LTDA | Brasilia (Brazil) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications for the air traffic sector, defence, transport and land, sea and rail traffic, and electoral processes. |
| Indra Colombia LTDA | Bogotá (Colombia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |

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**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| Indra Sistemas Chile, S.A. | Santiago de Chile (Chile) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Soluziona Guatemala, S.A. | Guatemala (Guatemala) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas México S.A. de C.V. | Mexico City (Mexico) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra BPO México, S.A de C.V | Mexico City (Mexico) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Software Labs México, S.A de C.V | Mexico City (Mexico) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Panamá, S.A. | Panama (Panama) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Minsait Payment Systems Peru | Lima (Peru) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Perú, S.A. | Lima (Peru) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Soluciones y Servicios Indra Company Uruguay, S.A. | Montevideo (Uruguay) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra USA Inc. | Atlanta (USA) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Italia Spa | Rome (Italy) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Czech Republic s.r.o. | Prague (Czech Republic) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |

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**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| Indra Eslovakia, a.s. | Bratislava (Slovakia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Slovensko, s.r.o. | Bratislava (Slovakia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sisteme S.R.L. | Chisinau (Moldova) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas Polska S.p.z.o.o | Warsaw (Poland) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas Portugal, S.A. | Lisbon (Portugal) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Elektrica Soluziona S.A. (Romania) | Bucharest (Romania) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Turkey Teknolojileri Çözümleri Anonim Sirketi | Istanbul (Turkey ) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Beijing Information Technology Systems Co. Ltd. | Beijing (China) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Philippines, Inc. | Quezon (Philippines) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Technology Solutions Malaysia Sdn Bhd | Kuala Lumpur (Malaysia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| PT Indra Indonesia | Jakarta (Indonesia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Sistemas India Private Limited | New Delhi (India) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Bahrain Consultancy SPC | Manama (Bahrain) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |

**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| Indra Arabia Company Ltd. | Jeddah (Saudi Arabia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Technology Solutions Co, Ltd. | Riyadh (Saudi Arabia) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra L.L.C. | Muscat (Oman) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Maroc S.A.R.L D´Associé Unique | Rabat (Morocco) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Limited (Kenya) | Nairobi (Kenya) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Soluziona Professional Services (Private) Ltd | Harare (Zimbabwe) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Indra Australia Pty Ltd | Sidney (Australia) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Indra BPO, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Business process outsourcing (BPO) and management, provision of document management and mortgage management services |
| Indra BPO Hipotecario, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | The performance all the requisite formalities for the payment and registration, as appropriate, in public registries, of all kinds of public and private documents, and the performance of all complementary and auxiliary activities considered necessary for the performance of the company's main activities. |
| Indra BPO Servicios, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Digitalization and data capture management. |
| Indra II Business Process Outsourcing Portugal, unipersonal LTD | Lisbon (Portugal) | Business Process Outsourcing (BPO). |
| OUAKHA Services, Saarl AU (Morocco) | Tangier (Morocco) | Back-office process management (BPO) for financial institutions. |
| Indra Business Consulting, S.L. | Calle Tánger, 98 Barcelona | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Europraxis ALG Consulting Maroc, S.A. | Casablanca (Morocco) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Indra Consultoría de Negocios Brasil LTDA | Sao Paulo (Brazil) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Indra Business Consulting ALG Mexico S.A. de C.V. | Mexico City (Mexico) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |

**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| Europraxis ALG Consulting Andina, S.A.C. | Lima (Peru) | Provision of professional services covering the areas of business consulting and technology and solutions consulting. |
| Prointec, S.A. | Avda. de Burgos 12, Madrid | Provision of engineering and consultancy services mainly in the environment, transport, construction, water and industry areas. |
| Prointec Engenharia, Ltda. | Sao Paulo (Brazil) | Provision of civil engineering and consulting services. |
| Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V. | Mérida (Mexico) | Provision of technical architectural and engineering services. |
| Prointec Panamá, S.A. | Ancon (Panama) | Provision of civil engineering and consulting services. |
| Prointec Usa LLc | Sacramento, California (USA) | R&D Autonomous Air Systems and Advanced Solutions in Unmanned Systems. |
| Consis Proiect SRL | Bucharest (Romania) | Provision of civil engineering and consulting services. |
| Indra Advanced Technology, S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products. |
| AC-B air Traffic Control & Business Systems GmbH (Germany) | Markdorf (Germany) | Design, development, production and maintenance of systems, solutions and services based on the use of information technologies, as well as navigation and landing assistance systems and air traffic control systems. |
| Avitech AG | Friedrichshafen (Germany) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Indra Navia AS (Park Air, Norway) | Oslo (Norway) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Normeka, AS | Rømskog (Norway) | Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems. |
| Indra Corporate Services, S.L.U. | Madrid (Spain) | Provision of all kinds of administration, management and support services to companies, such as financial services, human resource services, commercial support and control services or general corporate security services, and management of property and other assets. |
| Indra Corporate Services México, S.A de C.V | Mexico City (Mexico) | Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas. |

**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| Indra III Soluçoes de Tecnología da Informação Portugal Unipessoal, LDA | Lisbon (Portugal) | IT and outsourcing services |
| Tecnocom Perú S.A.C. | Lima (Peru) | Installation and marketing of telecommunications equipment. |
| Minsait Payments Systems México | Mexico City (Mexico) | Installation and marketing of telecommunications equipment. |
| Tecnocom Colombia, S.A.S. | Bogotá (Colombia) | Installation and marketing of telecommunications equipment. |
| Tecnocom Chile, S.A. | Santiago de Chile (Chile) | Installation and marketing of telecommunications equipment. |
| Tecnocom Procesadora de Medios de Pago, S.A. | Santo Domingo (Dominican Republic) | Credit card processing services |
| Minsait Payments Systems Chile, S.A. | Santiago de Chile (Chile) | Credit card processing services |
| Paradigma Digital, S.L. | Spain | Leading consultant in the Spanish digital transformation market, focusing on the design of customer experience solutions in digital channels, as well as their development and implementation (DCX, Front-end, Digital Strategy). |
| North American Transmission & Distribution Group Inc | Atlanta (USA) | To acquire and grow companies whose main mission is to support the Electricity Distribution Network. |
| ACS América Latina, S.A de C.V. | El Salvador | Manufacture of control systems and operation of energy transmission and distribution networks. As well as the manufacture of control systems and operation of energy transport and distribution networks. |
| Minsait ACS, INC | Atlanta (USA) | Manufacture of control systems and operation of energy transmission and distribution networks. |
| Softfobia, S.R.L | Rome (Italy) | Recognised digital agency in Italy with user experience capabilities. Its services cover the value chain from design to development and e-commerce optimisation |
| Unclick, S.R.L | Rome (Italy) | Italian company whose core business is the development, design and marketing of software and digital solutions. |
| Riganera, S.R.L | Rome (Italy) | Italian company whose core business is web communication and marketing tools |

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**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| Indra Holding Tecnologías de la Información, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Acquisition, holding, enjoyment, direction, administration, management and disposal of equity securities; incorporation and promotion of companies. Financial operations to grant funding and take on debt from companies in the same group. |
| Indra Soluciones Tecnologías de la información, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | IT programming activities. IT consultancy activities. Management of IT resources. Other services related to information technology and computing. |
| Indra Producción Software S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration and maintenance of systems, equipment, solutions and products based on the use of information technologies. Provision of business, technology and solutions consulting services. Studies, projects, management, technical assistance, technology transfer; marketing of such studies, projects and activities. |
| Indra Corporate Services Philippines, INC | Quezon (Philippines) | Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas. |
| Indra Factoría Tecnológica, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | The planning, design, development, integration, operation, maintenance and marketing of information and communication technology systems and solutions |
| Minsait Payments Systems, S.L.U. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Marketing and distribution of systems, software, infrastructure and technological platforms that assist third party issuers of payment instruments in processing transactions made using such payment instruments |
| Indra T&D SAC | Lima (Peru) | Provision of services and development of projects in the administrative, operational and technological areas on a supervision, administration or implementation level. Computer software development. |
| Indra Sistemas Transporte y Defensa, S.A De C.V | Cancun (Mexico) | Design, development, manufacture, supply, assembly, repair, maintenance and installation of products, solutions, applications and systems based on the intensive use of information technology. |
| Sistemas informaticos Abiertos, S.A. | Alcorcón (Madrid) | Provision of cybersecurity services, as well as information management and protection services. |
| Indra Servicios Perú SAC | Lima (Peru) | Provision of services and development of projects in the administrative, operational and technological areas on a supervision level. Computer software development. |
| Morpheus Aiolos, S.L. (Afterbanks) | Calle San Andrés, 8. (Madrid) | Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines. |

**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| ALG Global Infraestructure Advisors, S.L. | Madrid (Spain) | Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products based on the use of information technologies. Provision of business consultancy and management services. Preparation and execution of all kinds of studies and projects. Management, technical assistance, technology transfer, marketing and administration of such studies, projects and activities. Provision of activity and process outsourcing services in any field or industry. |
| SmartPaper, S.P.A. | Potenza, Basilicata (Italy) | Design, application and management of solutions for the storage and digital processing of documents. |
| SmartTest, S.R.L. | Treviso, Italy | BPO (document management, recovery and commercial back office outsourcing) for the energy market. |
| Baltik IT, S.I.A. | Riga, Latvia | BPO (document management, recovery and commercial back office outsourcing) for the energy market. |
| Managed Security Services GmbH | Germany | Services related to the management of security services, such as security audits, installation and management of firewall systems and other related services. Cybersecurity |
| Arcopay, S, de R.L de c.V | Mexico | Design, development and implementation of all types of private computer communication networks and websites, in which marketing, advertising and consulting for goods or services is carried out through the Internet. |
| Afterbanks Ltd | UK | Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines. |
| Flat 101 | Spain | Business development and optimisation through digital consultancy services. The main services relate to the web optimisation programme (CRO), web traffic, digital analytics and user experience. |
| The Overview Effect, SL | Madrid | Provision of all kinds of advisory services and work within the field of business and/or company management consultancy and, in particular, work related to sustainability and social impact consultancy. |
| Consultoría Organizacional, S.A.S. | Colombia | Design and implementation, consultancy and administration of applications for work and publication on the Internet or any other computer network; creation, administration and marketing of websites, intranets, extranets and/or any type of software entailing electronic data transmission; development of information and computer systems and information networks; sale and marketing of all kinds of Internet-related services. |
| Net Studio, S.P.A. | Italy | Operating in the field of cybersecurity, its core business is to provide integrated risk management, cybersecurity services and solutions, as well as focusing on digital identification. |
| Credimatic, S.A. | Ecuador | Activities auxiliary to NCP financial services, such as financial transaction processing and settlement, including credit card transactions. |

**Details of Group companies at 31 December 2021**

| Name | Address | Activity |
|---|---|---|
| **3.- Associates** | | |
| IRB Riesgo Operacional S.L. | Avenida de Bruselas, 35 Alcobendas (Madrid) | Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications. |
| Saes Capital, S.A. | Paseo de la Castellana 55, Madrid | Through associated companies, design, development, production, integration, maintenance and operation of electronic, computer and communication systems, mainly related to naval systems and underwater acoustics. |
| Eurofighter Simulation System GmbH | Munich (Germany) | Development and production of EF-2000 aircraft simulators |
| Euromids SAS | Paris (France) | Development, manufacture and marketing of tactical communications systems. |
| TESS Defence, S.A. | Madrid (Spain) | Manufacture, development, marketing, maintenance and life cycle support for the 8x8 Dragón wheeled combat vehicle. |
| Tower Air Traffic Services, S.L. | Carretera de Loeches 9, Torrejon de Ardoz (Madrid) | Provision of aerodrome air traffic services, for the management of aircraft traffic. |
| A4 Essor, S.A.S. | Paris (France) | Development of a radio communications security program. |
| Societat Catalana Per a la Mobilitat, S.A. | Calle Roc Boronat, nº 133, Barcelona | T-Mobilitat project for the implementation of a new technological, fare and management system for the Metropolitan Transport Authority |
| Iniciativas Bioenergéticas, S.L. | Gran Vía Juan Carlos I nº9, Logroño (La Rioja) | Study, promotion, development and implementation of innovative projects in environmental and energy production. |
| Logística marítima de Tuxpan S.A.P.I. de C.V. | Veracruz (Mexico) | Provision of civil engineering and consulting services for port infrastructures. |
| Tagsonomy, S.L. | Llanera - Asturias | Operation of a unique technology solution named "Dive", which is an application that allows decisions to be made automatically by interpreting images in which people and objects are identified in order to distinguish situations and contexts. |
| Satelio Iot Services, S.L. | Barcelona (Spain) | Provision of Narrowband IoT communications services with global coverage by means of low earth orbit satellite infrastructures. |
| Global Training Aviation | Madrid (Spain) | Consulting, learning and training services for airlines and initiation and recycling courses for pilots. |
| **Indra Mexico** | | |
| Indra Isolux México SA de CV | México DF | Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems. |
| Visión Inteligente Aplicada S.A de C.V | México DF | Services provided |
| EFI Túneles Necaxa SA de CV | Munich (Germany) | Study, consultancy, project development and construction of public works, and any type of civil, hydraulic, electrical, infrastructure and similar works in the public and private sectors, acquisition of construction materials and inputs and the transport thereof and, in general, all matters related to construction. |

***Financial data of Group companies at 31 December 2022***

| Name | Shareholdings |  |  | Equity | Total operating income | Individual result after taxes |
|---|---|---|---|---|---|---|
|  | Direct | Indirect | Total |  |  |  |
| **INDRA GROUP** |  |  |  | **1,004,581** | **3,874,662** | **175,589** |
| **1.- Parent Company** |  |  |  |  |  |  |
| **Indra Sistemas, S.A.** |  |  |  | **835,919** | **1,214,867** | **44,400** |
| **2.- Subsidiaries** |  |  |  |  |  |  |
| Indra Sistemas de Seguridad, S.A.U. | 100% | - | 100% | 3,186 | 3,383 | (1,183) |
| Indra Sistemas de Comunicaciones Seguras, S.L.U. | - | 100% | 100% | 7,265 | 3,872 | (1,101) |
| Inmize Capital, S.L. | 80% | - | 80% | 1,630 | - | 2,587 |
| Inmize Sistemas, S.L. | - | 50% | 40% | 3,328 | 180 | 128 |
| Teknatrans Consultores, S.L.U. | 100% | - | 100% | 745 | 2,279 | 267 |
| **Indra Holding TI Group** | **100%** | **-** | **100%** | **1,265,220** | **2,354,935** | **82,638** |
| **Prointec Group** | **100%** | **-** | **100%** | **(13,072)** | **29,482** | **(127)** |
| **Indra Advanced Technology, S.L. Group** | **100%** | **-** | **100%** | **50,898** | **27,881** | **1,729** |
| Indra Tecnología Brasil LTDA | 99.99% | 0.01% | 100% | 246 | 74 | (58) |
| Indra Sistemas Chile, S.A. | 100% | - | 100% | 22,436 | 40,507 | 3,797 |
| Azertia Tecnologías de la Información Argentina, S.A. | 99.94% | 0.06% | 100% | (244) | - | (124) |
| Indra SI, S.A. | 82.90% | 17.10% | 100% | 8,729 | 24,107 | 5,342 |
| Computación Ceicom, S.A. | 95% | 5% | 100% | (7) | - | (15) |
| Indra USA, Inc | 100% | - | 100% | 57,032 | 28,724 | 2,831 |
| Minsait ACS, INC | - | 100% | 100% | 2,136 | 17,415 | (4,930) |
| Indra Panamá, S.A. | 100% | - | 100% | (691) | 12,245 | (1,152) |
| Indra Sistemas Portugal, S.A. | 100% | - | 100% | 11,177 | 27,505 | 1,285 |
| Indra Navia A.S. (Norway) | 100% | - | 100% | 14,822 | 67,481 | 5,196 |
| Normeka, A.S. | - | 66% | 66% | 3,927 | 7,593 | 649 |
| Indra Turkey | 100% | - | 100% | 46 | 38 | 7 |
| Indra Maroc S.A.R.L.U. | 100% | - | 100% | (1,014) | 431 | (44) |
| PT Indra Indonesia | 99.99% | 0.01% | 100% | 129 | 62 | (135) |
| Indra Arabia Company LTD. (Arabia) | 95% | 5% | 100% | 20,648 | 27,441 | 10,582 |
| Indra Technology Solutions Co Ltd (Arabia) | 95% | 5% | 100% | (201) | 4,016 | (539) |
| Indra Beijing Information Technology Systems Ltd. (China) | 100% | - | 100% | 1,085 | 1,978 | (219) |
| Indra Australia PTY Limited | 100% | - | 100% | 7,864 | 35,771 | 1,340 |
| Indra Sistemas India Private Limited | 100% | - | 100% | 1,294 | 964 | 774 |
| Indra Technology Solutions Malaysia Sdn. Bhd | 100% | - | 100% | (806) | 1,451 | 21 |
| Indra L.L.C. (Oman) | 99% | 1% | 100% | 4,051 | 9,796 | 1,143 |
| Indra Corporate Services, S.L.U. | 100% | - | 100% | 1,152 | 12,286 | (389) |
| Indra Corporate Services México S.A de C.V. | - | 100% | 100% | (213) | 2,182 | (103) |
| Indra Corporate Services Philippines, INC | - | 100% | 100% | 44 | 446 | (56) |
| Indra Sistemas Transporte y Defensa, S.A. de C.V (Mexico) | 100% | - | 100% | 2,365 | 16,246 | 1,087 |
| Indra T&D SAC | 99.90% | 0.10% | 100% | (384) | 3,393 | (365) |
| Indra Factoria Tecnología | 100% | - | 100% | 135 | 18,066 | (493) |
| ALG Global Infraestructure Advisors, S.L. | 100% | - | 100% | 10,917 | 23,813 | 4,943 |
| Sistemas Informáticos Abiertos, S.A. | 100% | - | 100% | 24,832 | 105,704 | 5,349 |
| Cesce Soluções Informáticas, S.A. | 0.01% | 99.99% | 100% | 1,950 | 10,754 | 765 |
| Mss Managed Security Services Gmbh | - | 100% | 100% | 373 | 939 | 161 |
| Net Studio, S.P.A. | - | 100% | 100% | 2,586 | 8,545 | 227 |
| Mobbeel Solutions, S.L. | - | 100% | 100% | 590 | 989 | 81 |
| Mobbeel Innovation Labs, S.L. | - | 100% | 100% | 14 | 410 | (12) |
| Aplicaciones de Simulación Simtec, S.L. | 100% | - | 100% | 2,677 | 5,483 | 648 |

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Financial data of Group companies at 31 December 2022***

| Name | Shareholdings | | | Equity | Total operating income | Individual result after taxes |
|---|---|---|---|---|---|---|
| | Direct | Indirect | Total | | | |
| **3.- Associates** | | | | | | |
| Saes Capital, S.A. | 49% | - | 49% | - | - | - |
| Eurofighter Simulation System, GmbH | 26% | - | 26% | - | - | - |
| Euromids SAS | 25% | - | 25% | - | - | - |
| A4 Essor SAS | 23% | - | 23% | - | - | - |
| Tower Air Traffic Services, S.L. | 50% | - | 50% | - | - | - |
| Societat Catalana per a la Mobilitat, S.A. | 16.80% | - | 17% | - | - | - |
| Green Border OOD | 50% | - | 50% | - | - | - |
| Global Training Aviation, S.L. | 35.06% | - | 35% | - | - | - |
| Startical | 50.00% | - | 50% | - | - | - |
| Tess Defence, S.A. | 25.00% | - | 25% | | | |
| Satelio Iot Services, S.L. | 10.50% | - | 10.50% | | | - |
| **Indra Mexico** | | | | | | |
| Indra Isolux México SA de CV | 50% | - | 50% | - | - | - |
| Visión Inteligente Aplicada S.A de C.V | 50% | - | 50% | - | - | - |
| EFI Túneles Necaxa SA de CV | 10% | - | 10% | - | - | - |

| Name | Direct | Indirect | Total | Equity | Total operating income | Individual result after taxes |
|---|---|---|---|---|---|---|
| **TI Holding Group composition** | | | | **1,265,220** | **2,354,935** | **82,638** |
| **1.- Parent Company** | | | | | | |
| Indra Holding Tecnologia de la Información, S.L.U. | | | | 1,125,796 | 392 | (12,926) |
| **2.- Subsidiaries** | | | | | | |
| **Indra Soluciones TI Group** | **100%** | **-** | **100%** | **940,333** | **1,927,995** | **73,254** |
| **BPO Group** | **100%** | **-** | **100%** | **67,619** | **135,149** | - **3,725** |
| **Business Consulting Group** | **100%** | **-** | **100%** | **40,287** | **73,515** | **1,769** |
| **Minsait Group** | **92%** | **8%** | **100%** | **59,278** | **146,111** | **14,811** |
| Paradigma Digital, SI | 100% | - | 100% | 13,260 | 59,277 | 719 |
| Flat 101 | 100% | - | 100% | 6,361 | 11,743 | 1,907 |
| The Overview Effect, SL | - | 75% | 75% | 1,109 | 753 | (146) |
| **3.- Associates** | | | | | | |
| Tagsonomy (DIVE) | 10.38% | - | 10% | - | - | - |

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

### *Financial data of Group companies at 31 December 2022*

| | **Shareholdings** | | | | | |
|---|---|---|---|---|---|---|
| **Name** | **Direct** | **Indirect** | **Total** | **Equity** | **Total operating income** | **Individual result after taxes** |
| **Indra Soluciones TI Group composition** | | | | **940,333** | **1,927,995** | **73,254** |
| 1.- Parent Company | | | | | | |
| Indra Soluciones Tecnologia de la Información, S.L.U. | | | | **852,658** | **1,194,684** | **6,097** |
| **2.- Subsidiaries** | | | | | | |
| Indra III Soluções de Tecnologia da Informação Portugal | 100% | - | 100% | 4,610 | 23,170 | 72 |
| Indra Producción de Software, S.L.U. | 100% | - | 100% | 26,967 | 116,499 | 9,897 |
| Indra Italia S.P.A. (Italy) | 100% | - | 100% | 65,113 | 176,350 | 12,003 |
| Softfobia | - | 100% | 100% | 2,512 | 3,375 | (33) |
| Unclick Srl | - | 100% | 100% | 166 | 481 | 87 |
| Riganera Srl | - | 100% | 100% | 169 | 355 | 54 |
| Smart Paper | - | 70% | 70% | 13,126 | 24,458 | (54) |
| Smart Test | - | 100% | 100% | 3,052 | 8,438 | 991 |
| Baltik IT | - | 100% | 100% | 1,816 | 3,605 | 916 |
| Indra Czech Republic S.R.O. | 100% | - | 100% | 2,060 | 2,630 | 18 |
| Indra Sistemas Polska Sp.z.o.o. | 100% | - | 100% | (513) | 355 | 24 |
| Indra Sisteme S.R.L. (Moldova) | 100% | - | 100% | 372 | 875 | 119 |
| Indra Slovakia, A.S. | 100% | - | 100% | | | 61 |
| Indra LTDA (Kenya) | 100% | - | 100% | 5,819 | 6,406 | 474 |
| Tecnocom Peru, S.A.C. | 100% | - | 100% | 9,454 | 1,499 | 574 |
| Tecnocom Colombia, S.A. | 100% | - | 100% | 239 | 17 | (181) |
| Tecnocom Chile, S.A. | 100% | - | 100% | 5,946 | 8,592 | 1,113 |
| Indra Colombia LTDA | 100% | - | 100% | 21,904 | 111,647 | 3,121 |
| Soluciones y Servicios Indracompany Uruguay, S.A. | 100% | - | 100% | 429 | 5,439 | (274) |
| Indra Brasil Soluçoes e Serviços Tecnologicos S/A | 100% | - | 100% | 34,053 | 53,775 | (3,048) |
| Minsait Brasil Ltda | 100% | - | 100% | 20,777 | 155,414 | 4,977 |
| Indra Perú, S.A. | 100% | - | 100% | 9,849 | 71,901 | 3,792 |
| Indra Sistemas México, S.A. de C.V. | 99.99% | 0.01% | 100% | 15,886 | 99,799 | 954 |
| Electrica Soluziona S.A. (Romania) | 51% | - | 51% | 2,428 | 1,655 | 381 |
| Indra Bahrain Consultancy SPC | 100% | - | 100% | 14,098 | 1,766 | (141) |
| Indra Philippines INC | 50% | - | 50% | 25,960 | 49,106 | 5,465 |
| Morpheus Aiolos, S.L. (Afterbanks) | 100% | - | 100% | 851 | 1,433 | 101 |
| Arcopay, S. de R.L de C.V. | 100% | - | 100% | (18) | - | (26) |
| Afterbanks Ltd | 100% | - | 100% | (34) | - | (1) |
| Consultoría Organizacional, S.A.S. | 100% | - | 100% | 2,509 | 9,788 | 742 |
| Gestión de Usuarios, S.L. | 100% | - | 100% | 39,865 | 95,832 | 9,915 |
| **BPO Group composition** | | | | **67,619** | **135,149** | **3,725** |
| 1.- Parent Company | | | | | | |
| Indra BPO, S.L.U. | | | | 73,004 | 27,912 | 11,758 |
| **2.- Subsidiaries** | | | | | | |
| Indra BPO Servicios, S.L.U. | 100% | - | 100% | 41,303 | 101,853 | 1,390 |
| Indra II Business Outsourcing Portugal, Unipessoal, Limitada | - | 100% | 100% | 907 | 1,856 | 235 |
| OUAKHA Services, Sarl AU (Morocco) | 100% | - | 100% | (362) | - | (10) |
| Indra BPO Hipotecario, S.L.U. | 100% | - | 100% | 3 | - | |
| Indra BPO México, S.S. de C.V. | 99.99% | 0.01% | 100% | 10,551 | 4,065 | 462 |
| Indra Servicios Perú SAC | 99.90% | 0.10% | 100% | (56) | 767 | (185) |
| **Business Consulting Group composition** | | | | **40,287** | **73,515** | **1,769** |
| 1.- Parent Company | | | | | | |
| Indra Business Consulting, S.L.U. | | | | 31,158 | 54,001 | 353 |
| **2.- Subsidiaries** | | | | | | |
| Alg Global Infraestructure Advisor Brasil Ltda | 98.90% | 1.10% | 100% | 817 | 2,046 | |
| Indra Business Consulting ALG Mexico S.A. de C.V. | 99.99% | 0.01% | 100% | 5,573 | 19,623 | 1,855 |
| Europraxis-ALG Consulting Andina, S.A.C. (Peru) | 100% | - | 100% | 265 | - | (3) |
| Europraxis ALG Consulting Maroc, S.A. (Morocco) | 65.71% | 34.29% | 100% | (42) | - | 15 |

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

*Financial data of Group companies at 31 December 2022*

| Name | Shareholdings | | | Equity | Total operatin g income | Individual result after taxes |
|---|---|---|---|---|---|---|
| | Direct | Indirect | Total | | | |
| **Minsait Group composition** | | | | **59,278** | **146,111** | **14,811** |
| 1.- Parent Company | | | | | | |
| Minsait Payments Systems, SL | | | | 36,313 | 65,950 | (754) |
| **2.- Subsidiaries** | | | | | | |
| Minsait Payment Systems Chile, S.A. | 99.90% | 0.10% | 100% | 13,187 | 22,516 | 3,508 |
| Minsait Payment Systems México | 100% | - | 100% | 9,286 | 20,199 | 2,736 |
| Tecnocom Procesadora de Medios de Pago, S.A. | 100% | - | 80% | 2,590 | 6,643 | 2,318 |
| Minsait Payment Systems Peru | 100% | - | 100% | 2,970 | 4,432 | 1,518 |
| Credimatic | 100% | - | 100% | 6,357 | 9,567 | 1,757 |
| Operadora de Tarjetas de Crédito Nexus, S.A. | 100% | - | 100% | 16,877 | 16,805 | 1,663 |
| Minsait Payment Systems Portugal, Unipessoal, LDA | 100% | - | 100% | - | - | - |
| **Prointec Group composition** | | | | **(13,072)** | **29,482** | **(127)** |
| 1.- Parent Company | | | | | | |
| Prointec, S.A.U. | | | | (9,446) | 22,503 | 262 |
| **2.- Subsidiaries** | | | | | | |
| Consis Proiect SRL (Romania) | 100% | - | 100% | 1,540 | 2,093 | 290 |
| Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de | 100% | - | 100% | 4,707 | 3,012 | 754 |
| Prointec Engenharia, Ltda. (Brazil) | 100% | - | 100% | 310 | 1,554 | 90 |
| Prointec Panama, S.A. | 75% | - | 75% | (127) | - | - |
| Prointec USA LLC | 100% | - | 100% | 368 | 664 | 62 |
| **3.- Associates** | | | | | | |
| Iniciativas Bioenergéticas, S.L. | 20% | - | 20% | - | - | - |
| Logistica Portuaria de Tuxpan , S.A.P.I de C.V. | 25% | - | 25% | - | - | - |
| **Indra Advanced Technology SL Group composition** | | | | **50,898** | **27,881** | **1,729** |
| 1.- Parent Company | | | | | | |
| Indra Advanced Technology, S.L.U. | | | | 49,445 | - | 573 |
| 2.- Subsidiaries | | | | | | |
| Avitech GmbH (Germany) | 100% | - | 100% | 11,547 | 27,881 | 1,156 |

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Financial data of Group companies at 31 December 2021***

| Name | Shareholdings | | | Equity | Total operating income | Individual result after taxes |
|---|---|---|---|---|---|---|
| | Direct | Indirect | Total | | | |
| **INDRA GROUP** | | | | **841,142** | **3,390,425** | **146,033** |
| **1.- Parent Company** | | | | | | |
| **Indra Sistemas, S.A.** | | | | **811,815** | **1,029,524** | **26,880** |
| **2.- Subsidiaries** | | | | | | |
| Indra Sistemas de Seguridad, S.A.U. | 100% | - | 100% | 4,369 | 3,611 | 568 |
| Indra Sistemas de Comunicaciones Seguras, S.L.U. | - | 100% | 100% | 8,366 | 3,574 | 545 |
| Inmize Capital, S.L. | 80% | - | 80% | 1,514 | - | (3) |
| Inmize Sistemas, S.L. | - | 40% | 40% | 8,444 | 5 | 99 |
| Teknatrans Consultores, S.L.U. | 100% | - | 100% | 496 | 264 | 17 |
| **Indra Holding TI Group** | **100%** | **-** | **100%** | **1,182,627** | **1,972,957** | **100,287** |
| **Prointec Group** | **100%** | **-** | **100%** | **(13,516)** | **28,870** | **(2,870)** |
| **Indra Advanced Technology, S.L. Group** | **100%** | **-** | **100%** | **53,551** | **19,695** | **1,663** |
| Indra Tecnología Brasil LTDA | 100% | - | 100% | 273 | 69 | (48) |
| Indra Sistemas Chile, S.A. | 100% | - | 100% | 17,737 | 38,056 | 3,345 |
| Azertia Tecnologías de la Información Argentina, S.A. | 99.33% | 0.67% | 100% | (199) | 655 | (125) |
| Indra SI, S.A. | 87.16% | 12.84% | 100% | 5,199 | 30,070 | 3,268 |
| Computación Ceicom, S.A. | 100% | - | 100% | 3 | - | (250) |
| Indra USA, Inc | 100% | - | 100% | 50,872 | 28,076 | 3,816 |
| Minsait ACS, INC | - | 100% | 100% | 6,695 | 15,964 | (906) |
| Indra Panamá, S.A. | 100.00% | - | 100% | 416 | 10,682 | 387 |
| Indra Sistemas Portugal, S.A. | 100% | - | 100% | 9,892 | 24,884 | 366 |
| Indra Navia A.S. (Norway) | 100% | - | 100% | 15,712 | 58,495 | 4,676 |
| Normeka, A.S. | - | 66% | 66% | 3,429 | *6,540* | 492 |
| Indra Turkey | 100% | - | 100% | 29 | *82* | (72) |
| Indra Maroc S.A.R.L.U. | 100% | - | 100% | (525) | *728* | (559) |
| PT Indra Indonesia | 99.99% | 0.01% | 100% | 284 | 78 | (241) |
| Indra Arabia Company LTD. (Arabia) | 95% | 5% | 100% | 18,570 | 19,278 | 8,148 |
| Indra Technology Solutions Co Ltd (Arabia) | 95% | 5% | 100% | 322 | 2,223 | (139) |
| Indra Beijing Information Technology Systems Ltd. (China) | 100% | - | 100% | 1,360 | 1,554 | (437) |
| Indra Australia PTY Limited | 100% | - | 100% | 8,049 | 35,293 | 806 |
| Indra Sistemas India Private Limited | 100% | - | 100% | 551 | 393,489 | (222) |
| Indra Technology Solutions Malasya Sdn. Bhd | 100% | - | 100% | (824) | 1,561 | 4 |
| Indra L.L.C. (Oman) | 99% | 1% | 100% | 2,708 | 7,220 | 736 |
| Indra Corporate Services, S.L.U. | 100% | - | 100% | 1,541 | 13,364 | (427) |
| Indra Corporate Services México S.A de C.V. | 0.01% | 99.99% | 100% | (99) | 1,854 | 1 |
| Indra Corporate Services Philippines, INC | 0.01% | 99.99% | 100% | 103 | 520 | 8 |
| Indra Sistemas Transporte y Defensa, S.A De C.V | 100% | - | 100% | 1,130 | 9,889 | 563 |
| Indra TyD SAC | 100% | - | 100% | (8) | 1,080 | (565) |
| Indra Factoria Tecnología | 100% | - | 100% | 1,168 | 14,592 | 540 |
| Indra Servicios Perú SAC | 99.96% | 0.04% | 100% | 119 | 395 | (214) |
| ALG Global Infraestructure Advisors, S.L. | 100.00% | - | 100% | 8,268 | 14,422 | 1,993 |
| Sistemas Informáticos Abiertos, S.A. | 100.00% | - | 100% | 19,316 | 96,045 | 2,219 |
| Cesce Soluções Informáticas, S.A. | 0.01% | 99.99% | 100% | 1,934 | 10,492 | 566 |
| Mss Managed Security Services Gmbh | 100.0% | | 100% | 212 | 471 | 36 |

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

***Financial data of Group companies at 31 December 2021***

| Name | Shareholdings | | | Equity | Total operating income | Individual result after taxes |
|---|---|---|---|---|---|---|
| | Direct | Indirect | Total | | | |
| **3.- Associates** | | | | | | |
| Saes Capital, S.A. | 49% | - | 49% | - | - | - |
| Eurofighter Simulation System, GmbH | 26% | - | 26% | - | - | - |
| Euromids SAS | 25% | - | 25% | - | - | - |
| A4 Essor SAS | 21% | - | 21% | - | - | - |
| Tower Air Traffic Services, S.L. | 50% | - | 50% | - | - | - |
| Societat Catalana per a la Mobilitat, S.A. | 23.50% | - | 23.50% | - | - | - |
| Green Border OOD | 50% | - | 50% | - | - | - |
| Global Training Aviation, S.L. | 35.06% | - | 35% | - | - | - |
| Startical | 50.00% | - | 50% | - | - | - |
| Tess Defence, S.A. | 25.00% | - | 25% | | | |
| Satelio Iot Services, S.L. | 10.50% | - | 10.50% | - | - | - |
| **Indra Mexico** | | | | | | |
| Indra Isolux México SA de CV | 50% | - | 50% | - | - | - |
| Visión Inteligente Aplicada S.A de C.V | 50% | - | 50% | - | - | - |
| EFI Túneles Necaxa SA de CV | 10% | - | 10% | - | - | - |
| **TI Holding Group composition** | | | | **1,182,627** | **1,972,957** | **100,287** |
| **1.- Parent Company** | | | | | | |
| Indra Holding Tecnologia de la Información, S.L.U. | | | | 1,138,721 | 434 | (8,642) |
| **2.- Subsidiaries** | | | | | | |
| **Indra Soluciones TI Group** | **100%** | **-** | **100%** | **962,892** | **1,516,657** | **89,017** |
| **BPO Group** | **100%** | **-** | **100%** | **79,790** | **139,624** | **13,692** |
| **Business Consulting Group** | **100%** | **-** | **100%** | **35,606** | **67,297** | **988** |
| **Minsait Group** | **100%** | **-** | **100%** | **47,127** | **77,576** | **4,358** |
| Paradigma Digital, SI | 100% | - | 100% | 12,541 | 57,545 | 981 |
| Flat 101 | 100% | - | 100% | 4,454 | 5,253 | 1,134 |
| The Overview Effect, SL | - | 75% | 75% | 1,255 | 126 | (196) |
| **3.- Associates** | | | | | | |
| Tagsonomy (DIVE) | 29.74% | - | 29.74% | - | - - | - |

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***Financial data of Group companies at 31 December 2021***

| Name | Shareholdings | | | Equity | Total operating income | Individual result after |
|---|---|---|---|---|---|---|
| | Direct | Indirect | Total | | | |
| **Indra Soluciones TI Group composition** | | | | **962,892** | **1,516,657** | **89,017** |
| 1.- Parent Company | | | | | | |
| Indra Soluciones Tecnologia de la Información, S.L.U. | | | | 847,095 | 1,090,450 | (5,245) |
| **2.- Subsidiaries** | | | | | | |
| Indra III Soluções de Tecnologia da Informação Portugal | 100% | - | 100% | 6,038 | 18,171 | 479 |
| Indra Producción de Software, S.L.U. | 100% | - | 100% | 24,407 | 104,931 | 7,749 |
| Indra Italia S.P.A. (Italy) | 100% | - | 100% | 60,110 | 164,609 | 15,623 |
| Softfobia | - | 100% | 100% | 2,545 | 2,972 | 647 |
| Unclick Srl | - | 100% | 100% | 79 | 465 | 68 |
| Riganera Srl | - | 100% | 100% | 116 | 308 | 58 |
| Smart Paper | | 70% | 70% | 13,180 | 22,780 | 327 |
| Smart Test | | 100% | 100% | 2,061 | 9,062 | 212 |
| Baltik IT | | 100% | 100% | 3,088 | 3,968 | 1,354 |
| Indra Czech Republic S.R.O. | 100% | - | 100% | 1,982 | 2,421 | 98 |
| Indra Sistemas Polska Sp.z.o.o. | 100% | - | 100% | (547) | 180 | 2 |
| Indra Sisteme S.R.L. (Moldova) | 100% | - | 100% | 375 | 758 | 128 |
| Indra Slovakia, A.S. | 100% | - | 100% | 187 | 1,411 | (490) |
| Indra LTDA (Kenya) | 100% | - | 100% | 5,488 | 5,719 | 121 |
| Tecnocom Peru, S.A.C. | 100% | - | 100% | 7,980 | 5,162 | 753 |
| Tecnocom Colombia, S.A. | 100% | - | 100% | 478 | 393 | 191 |
| Tecnocom Chile, S.A. | 100% | - | 100% | 4,571 | 7,282 | 489 |
| Indra Colombia LTDA | 100% | - | 100% | 21,170 | 83,153 | 2,602 |
| Soluciones y Servicios Indracompany Uruguay, S.A. | 100% | - | 100% | 587 | 3,589 | 1 |
| Indra Software Labs México, S.A. de C.V. | 99% | 0.99% | 100% | (1,523) | 26,967 | 1,151 |
| Indra Brasil Soluçoes e Serviços Tecnologicos S/A | 100% | - | 100% | 33,116 | 54,679 | 3,294 |
| Minsait Brasil Ltda | 100% | - | 100% | 14,062 | 104,064 | 5,101 |
| Indra Perú, S.A. | 100% | - | 100% | 5,442 | 56,602 | 516 |
| Indra Sistemas México, S.A. de C.V. | 100% | - | 100% | 16,155 | 71,075 | 818 |
| Electrica Soluziona S.A. (Romania) | 51% | - | 51% | 2,251 | 1,758 | 387 |
| Indra Bahrain Consultancy SPC | 100% | - | 100% | 13,415 | 208 | (78) |
| Indra Philippines INC | 50% | - | 50% | 27,923 | 42,279 | 4,602 |
| Morpheus Aiolos, S.L. (Afterbanks) | 100% | - | 100% | 750 | 1,267 | 87 |
| Arcopay, S. de R.L de C.V. | 100% | - | 100% | 7 | - | (1) |
| Afterbanks Ltd | - | - | 0% | (34) | 1 | (52) |
| Consultoría Organizacional, S.A.S. | 100% | - | 100% | 1,988 | 1,773 | 154 |
| Net Studio, S.P.A. | 100% | - | 100% | 2,360 | 2,063 | 127 |
| **BPO Group composition** | | | | **79,790** | **139,624** | **13,692** |
| 1.- Parent Company | | | | | | |
| Indra BPO, S.L.U. | | | | 63,026 | 30,952 | 1,780 |
| **2.- Subsidiaries** | | | | | | |
| Indra BPO Servicios, S.L.U. | 100% | - | 100% | 48,079 | 110,641 | 8,166 |
| Indra II Business Outsourcing Portugal, Unipessoal, Limitada | - | 100% | 100% | 1,473 | 1,885 | 366 |
| OUAKHA Services, Sarl AU (Morocco) | 100% | - | 100% | (373) | - | (23) |
| Indra BPO Hipotecario, S.L.U. | 100% | - | 100% | 3 | - | 44 |
| Indra BPO México, S.S. de C.V. | 100% | - | 100% | 10,394 | 3,971 | 936 |
| **Business Consulting Group composition** | | | | **35,606** | **67,297** | **988** |
| 1.- Parent Company | | | | | | |
| Indra Business Consulting, S.L.U. | - | - | 0% | 32,264 | 52,087 | 928 |
| **2.- Subsidiaries** | | | | | | |
| Alg Global Infraestructure Advisor Brasil Ltda | 99% | 1.10% | 100% | 601 | 1,687 | 321 |
| Indra Business Consulting ALG Mexico S.A. de C.V. | 100% | - | 100% | 3,284 | 15,208 | 1,830 |
| Europraxis-ALG Consulting Andina, S.A.C. (Peru) | 100% | - | 100% | 241 | - | 2 |
| Europraxis ALG Consulting Maroc, S.A. (Morocco) | 79.40% | 20.60% | 100% | (61) | - | (20) |

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***Financial data of Group companies at 31 December 2021***

| **Name** | **Shareholdings** | | | **Equity** | **Total operating income** | **Individual result after taxes** |
|---|---|---|---|---|---|---|
| | **Direct** | **Indirect** | **Total** | | | |
| **Minsait Group composition** | | | | **47,127** | **77,576** | **4,358** |
| 1.- Parent Company | | | | | | |
| Minsait Payments Systems, SL | | | | 37,282 | 53,889 | (4,942) |
| **2.- Subsidiaries** | | | | | | |
| Minsait Payments Systems Chile, S.A. | 99.98% | 0.02% | 100% | 9,243 | 9,461 | 2,183 |
| Minsait Payment Systems México | 100% | - | 100% | 5,823 | 8,904 | 2,174 |
| Tecnocom Procesadora de Medios de Pago, S.A. | 80% | - | 80% | 1,675 | 5,323 | 1,326 |
| Minsait Payments Systems Perú | 100% | - | 100% | 1,293 | 3,920 | 844 |
| Credimatic | 100% | - | 100% | 4,421 | - | `- |
| **Prointec Group composition** | | | | **(13,516)** | **28,870** | **(2,870)** |
| 1.- Parent Company | | | | | | |
| Prointec, S.A.U. | | | | (8,714) | 23,926 | (3,418) |
| **2.- Subsidiaries** | | | | | | |
| Consis Proiect SRL (Romania) | 100% | - | 100% | 1,251 | 1,902 | 233 |
| Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de C.V. | 100% | - | 100% | 3,561 | 1,326 | 38 |
| Prointec Engenharia, Ltda. (Brazil) | 100% | - | 100% | 196 | 1,361 | 5 |
| Prointec Panama, S.A. | 75% | - | 75% | (119) | - | - |
| Prointec USA LLC | 100% | - | 100% | 1,706 | 582 | 95 |
| **3.- Associates** | | | | | | |
| Iniciativas Bioenergéticas, S.L. | 20% | - | 20% | - | - | - |
| Logistica Portuaria de Tuxpan , S.A.P.I de C.V. | 25% | - | 25% | - | - | - |
| **Indra Advanced Technology SL Group composition** | | | | **53,551** | **19,695** | **1,663** |
| 1.- Parent Company | | | | | | |
| Indra Advanced Technology, S.L.U. | | | | 48,871 | - | 556 |
| 2.- Subsidiaries | | | | | | |
| Avitech GmbH (Germany) | 100% | - | 100% | 10,391 | 19,695 | 1,107 |

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Details of activities jointly-controlled with third parties at 31.12.22***

| Name | Direct interest |
|---|---|
| **Spanish Group companies** | |
| **Indra Sistemas, SA** | |
| UTE PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX) | 50.58% |
| UTE INDRA EWS/ STN ATLAS | 60.00% |
| UTE INDRA - SAINCO | 64.00% |
| UTE 2 INDRA - UNITRONICS | 50.00% |
| UTE 3 INDRA - UNITRONICS | 85.00% |
| UTE INDRA SISTEMAS, S.A. - EUROCOPTER ESPAÑA, SA | 62.50% |
| UTE GISS 11 | 35.00% |
| UTE INDRA - NOVASOFT - SADIEL | 33.33% |
| UTE CEIDECOM | 60.00% |
| UTE INDRA - CESSER | 80.00% |
| UTE LINEA 9 TRAMO I Y II | 64.00% |
| UTE LINEA 9 MANTENIMIENTO TRAMO IV | 64.00% |
| UTE INDRA - SALLEN | 70.00% |
| UTE ACCESOS NOROESTE | 30.00% |
| UTE MANTENIMIENTO RONDES 2012 | 30.00% |
| UTE CONTROL MOGAN | 33.34% |
| UTE INDRA-TECDOA | 50.00% |
| UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011 | 50.00% |
| UTE INDRA-EADS CASA | 50.00% |
| UTE JAÉN | 52.12% |
| UTE SEGURIDAD PEAJES | 50.00% |
| UTE INDRA-PUENTES Y CALZADAS INFRAESTRUCTURAS | 80.00% |
| UTE INSTALACIONES MADRID ESTE | 7.50% |
| UTE ABI CORREDOR NORTE | 10.42% |
| UTE TUNELES DE PAJARES | 35.15% |
| UTE INDRA-IECISA M-14-059 | 75.00% |
| UTE TUNELES ANTEQUERA | 33.66% |
| UTE ITS MADRID 15 | 60.00% |
| UTE VCR 8X8 | 37.94% |
| UTE PROTEC 110 | 66.02% |
| UTE IRST F-110 | 50.00% |
| UTE INDRA-ACISA | 50.00% |
| UTE TSOL-INDRA IV SITEL | 35.00% |
| UTE ABI EXTREMADURA - CORREDOR OESTE | 15.00% |
| UTE ZONA NORTE GC | 20.00% |
| UTE tdE-INDRA | 50.00% |
| UTE INDRA-DEITEL | 55.00% |
| UTE GESTIO DE TRANSIT RONDES | 80.00% |
| UTE GESTIO VIARIA GVA SICE-INDRA | 50.00% |
| UTE INDRA - ITP | 50.00% |
| UTE INDRA-THALES BMS | 50.00% |
| 20175305 UTE INDRA - ITP | 50.00% |
| UTE MTTO. TELEBILLETICA RODALIES BCN 2 | 60.00% |
| UTE MTTO. TELEBILLETICA RODALIES BCN 3 | 60.00% |
| UTE SITRAPLUS | 50.00% |
| UTE CGT LEVANTE | 50.00% |
| UTE MAR-2 | 60.00% |
| UTE INDRA - ITP 201862A4 | 50.00% |
| UTE INDRA - ITP 2018/1612 | 50.00% |
| UTE MTTO.TELEBILLETICA PAIS VASCO 5 | 50.00% |
| UTE TUNELES VILARIÑO-TABOADELA | 52.00% |
| UTE MAESAL AIRBUS DS INDRA | 34.35% |

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***Details of activities jointly-controlled with third parties at 31.12.22***

| **Name** | **Direct interest** |
|---|---|
| UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A. | 88.00% |
| UTE MTTO.TELEBILLETICA BCN VII | 61.35% |
| UTE INDRA-COMSA | 63.00% |
| UTE TUNELES DE GUADARRAMA III | 50.00% |
| UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A. | 88.00% |
| UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A. | 88.00% |
| UTE INDRA AEROPUERTOS SEGUROS | 50.00% |
| UTE INDRA-ITP (20195324) | 50.00% |
| UTE INDRA - ITE - 201853A1 | 50.00% |
| UTE CENTRO ESTRADA | 33.00% |
| UTE INDRA-AIRBUS DE MAESE 201952A2 | 90.84% |
| UTE INDRA-INTEL ASFA DIGITAL | 74.92% |
| UTE MTTO.TELEBILLETICA BCN IX | 61.35% |
| UTE TUNEL DE PAJARES II | 35.00% |
| UTE MINDTRADE PLATFORM | 86.44% |
| CONSORCIO INDRA COMPONENTE PORTUARIO | 48.00% |
| UTE IRST F-110 PRODUCCION | 48.41% |
| UTE INDRA SIST-SIA BIOMETRICO 2020-2021 | 50.00% |
| UTE MTO. MADRID, BCN, PV | 67.71% |
| UTE ABI EXTREMADURA CORREDOR OESTE II | 21.98% |
| UTE RONDES INDRA-ISC | 77.03% |
| UTE SISCAP FASE 1B | 64.99% |
| UTE PRS DE GALILEO | 33.00% |
| UTE INDRA-DEITEL 2022 | 42.00% |
| UTE MTO.REDES Y CONTROL METRO MALAGA 2022 | 63.00% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Details of activities jointly-controlled with third parties at 31.12.22***

| Name | Direct interest |
|---|---|
| **Indra Soluciones Tecnológicas de la Información** | |
| UTE INDRA - ALVENTO | 50.00% |
| UTE AEAT 03/07 | 26.54% |
| UTE INDRA-COMPAÑÍA VASCA DE INGENIERIA | 60.00% |
| UTE INDRA SISTEMAS, S.A. - SIA, S.p.A. | 50.00% |
| UTE  AEAT 10/2011 | 26.54% |
| UTE INDRA-TELEFONICA S.I.C.(SLAE) | 50.00% |
| UTE INDRA - TECNOCOM | 50.00% |
| UTE INDRA-ALTIA-R. CABLE | 33.34% |
| UTE INDRA SISTEM | 64.26% |
| UTE INDRA-BABEL Me y SS lote 3 | 90.00% |
| UTE INDRA-ALTIA | 48.67% |
| UTE INDRA-SUMAINFO | 71.00% |
| UTE INDRA BPO-INDRA-TELEFONICA | 9.33% |
| UTE AMTEGA 2017/PA/0027 | 38.12% |
| UTE AMTEGA 2017/PA/0039 | 41.50% |
| UTE AYESA TECNOCOM | 50.00% |
| UTE SOLTEL GETRONICS | 50.00% |
| UTE GLOBAL ROSETTA T | 50.00% |
| UTE GISS 7201/17G LOTE 2 | 43.00% |
| UTE INDRA - AYESA 17-00234 | 65.00% |
| UTE INDRA-SOLTEL | 80.00% |
| UTE IC AV 22/2017 LOTE 2 | 52.00% |
| UTE SCI AV 22/2017 LOTE 3 | 32.00% |
| UTE INDRA-COINTEC LABSES | 86.00% |
| UTE CIS AV 22/2017 LOTE 1 | 32.00% |
| UTE ALFATEC-INDRA | 46.00% |
| UTE INDRA-SATOCAN | 70.00% |
| UTE TECNOCOM -SOPRA | 53.00% |
| UTE E1L4 INDRA - ALFATEC | 70.00% |
| UTE E4L4 INDRA - ALFATEC | 50.00% |
| UTE COREMAIN-INDRA | 45.57% |
| UTE SOPRA - TECNOCOM | 40.00% |
| UTE IBERMATICA-TECNOCOM | 45.00% |
| UTE E1L1 ALFATEC-INDRA | 50.00% |
| UTE LUGO SMART | 52.27% |
| UTE MINSAIT-IECISA MINECO | 52.61% |
| UTE MINSAIT- EVERIS DAH | 62.00% |
| UTE IBERMATICA-INDRA-BILBOMATICA | 21.83% |
| UTE T-SYSTEMS - MINSAIT, ARXIUS | 43.00% |
| UTE MINSAIT-SDG | 52.00% |
| UTE MINSAIT-ISOTROL | 75.00% |
| UTE MINSAIT-ECNA (LK4201) | 76.00% |
| UTE ALTIA-MINSAIT (AMT-2020-0007) | 36.40% |
| UTE MINSAIT-SOLTEL | 80.00% |
| UTE MINSAIT-LEQUALI | 23.00% |
| UTE LUGO SMART | 52.27% |
| UTE MINSAIT-IECISA MINECO | 52.61% |
| UTE MINSAIT- EVERIS DAH | 62.00% |
| UTE IBERMATICA-INDRA-BILBOMATICA | 21.83% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

***Details of activities jointly-controlled with third parties at 31.12.22***

| **Name** | **Direct interest** |
|---|---|
| UTE T-SYSTEMS - MINSAIT, ARXIUS | 43.00% |
| UTE MINSAIT-SDG | 52.00% |
| UTE MINSAIT-ISOTROL | 75.00% |
| UTE MINSAIT-ECNA (LK4201) | 76.00% |
| UTE ALTIA-MINSAIT (AMT-2020-0007) | 36.40% |
| UTE MINSAIT-SOLTEL | 80.00% |
| UTE MINSAIT-LEQUALI | 23.00% |
| UTE INDRA-SEMANTIC | 50.00% |
| UTE MINDTRADE PLATFORM | 13.56% |
| UTE MINSAIT-TELEFONICA (SMS) | 50.00% |
| UTE MINSAIT-AYESA AT CEIS | 65.00% |
| UTE MNEMO-INDRA 2021 | 49.70% |
| UTE BPO-ISTI | 2.50% |
| UTE CPDI AMTEGA 3 | 47.02% |
| UTE MINSAITL-BABEL 2021/7201 | 53.50% |
| UTE MINSAIT-SISTEM | 64.00% |
| ECOSISTEMA CONSULAR UTE | 78.27% |
| UTE MINSAIT-AYESA AT CEMS | 50.00% |
| UTE MINSAIT-SISTEM | 66.23% |
| UTE MINSAIT-CIBERNOS-BABEL LOTE 2 | 40.00% |
| UTE MINSAIT-CIBERNOS-BABEL LOTE 6 | 42.00% |
| UTE MINSAIT-CIBERNOS Lote 1 | 53.00% |
| UTE MINSAIT-BABEL Lote 5 | 60.00% |
| UTE MINSAIT-INDRA DTEC112-2021 | 50.00% |
| UTE TSOL-INDRA COC | 49.00% |
| UTE MINSAIT-T-SYSTEMS LOTE B 2 | 62.32% |
| UTE CIBERNOS-MINSAIT IV 27_2021 LOTE 3 | 48.00% |
| UTE T-SYSTEMS-MINSAIT, LOTE B.4 | 33.00% |
| UTE IBERMATICA-INDRA-BILBOMATICA 2021-01842 | 21.83% |
| UTE EY-MINSAIT | 49.00% |
| UTE GLOBAL ROSETTA-INDRA | 47.00% |
| UTE SIA INDRA L3 | 40.00% |
| UTE MINSAIT-LABERIT 581/2021 bis | 75.00% |
| UTE ISTI-IPS-INFORMANCE | 20.00% |
| UTE COREMAIN-MINSAIT (AMT 2022-0052) | 44.33% |
| UTE MINSAIT-AYESA FACTORIA SOCIAL | 55.00% |
| UTE ICASS | 52.56% |
| UTE MINSAIT-CLINISYS LABCYL | 79.21% |
| UTE TELEFONI-MINSAIT I2CAT | 70.72% |
| UTE ALTIA-MINSAIT EDUCACIÓN AMTEGA 3 | 37.13% |
| **Prointec** | |
| UTE PROINTEC-TYPSA-CEMOSA ALICANTE | 34.00% |
| UTE PROINTEC-BLOM | 50.00% |
| GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA | 50.00% |
| UTE PROINTEC-EUSKONTROL | 50.00% |
| UTE CEMOSA-TYPSA-PROINTEC | 34.00% |
| UTE INOCSA-PROSER-PROINTEC | 33.34% |

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***Details of activities jointly-controlled with third parties at 31.12.22***

| **Name** | **Direct interest** |
|---|---|
| UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO) | 50.00% |
| UTE PAYMA COTAS S.A.U-PRO | 50.00% |
| UTE CEMOSA-TYPSA-PROINTEC | 33.00% |
| PROINTEC-ESTUDIO 7 VARIANTE BAÑADEROS | 50.00% |
| UTE PROINTEC-ESTUDIO 7 CALDERETA | 50.00% |
| PyG ESTRUCTURAS AMBIENTALES, S.L. – PROINTEC, S.A. (U.T.E. LODOS) | 50.00% |
| AGUA Y ESTRUCTURAS, S.A. - PROINTEC (UTE AYEPRO) | 50.00% |
| UTE CEMOSA-TYPSA-PROINTEC | 33.00% |
| UTE PROINTEC-GIUR LP-2 | 50.00% |
| CONSORCIO P & B COLOMBIA | 85.00% |
| UTE INOCSA-PROINTEC (TUNEL O CAÑIZO) | 50.00% |
| UTE PROINTEC-ACCIONA-ASMATU | 50.00% |
| UTE PROINTEC-VIGUECONS ESTEVEZ | 50.00% |
| CONSORCIO GMQ | 40.00% |
| UTE CIESA-PROINTEC | 50.00% |
| UTES REDES VIARIAS | 51.00% |
| UTE PROINTEC SAU E2F SL | 70.00% |
| UTE AT METRO | 60.00% |
| UTE PROINTEC ATECSUR | 60.00% |
| UTE INCOSA-PROINTEC LOTE 2 | 50.00% |
| UTE SANEAMIENTO ALBACETE | 50.00% |
| UTE PM CANARIAS | 50.00% |
| UTE CORREDOR MEDITERRANEO | 50.00% |
| CONSORCIO PROINTEC-CONSENSO-PBLM | 3.00% |
| CONSORCIO PPA | 5.00% |
| UTE AL KHOBAR 2 | 25.00% |
| UTE ATECSUR-PROINTEC | 50.00% |
| CONSORCIO PROINTEC-PBLM AL JAMARIS | 2.00% |
| UTE PROINTEC-AC2 BIM | 50.00% |
| CONSORCIO AVANÇEA SAÚDE | 4.00% |
| UTE MANTENIMIENTO LOTE 2 | 37.00% |
| UTE PROINTEC-ICYFSA | 80.00% |
| UTE PROINTEC-AR2V II | 50.00% |
| UTE PORRIÑO PROINTEC-GOC | 50.00% |
| UTE COM 20-22 | 51.00% |
| CONSORCIO PROINTEC-LBR-GERIBELLO | 2.00% |
| UTE LOTE B VSFB | 35.00% |
| UTE BUÑOL-UTIEL | 75.00% |
| UTE LP1-TIJARAFE | 50.00% |
| UTE MANTENIMIENTO MADRID - SEVILLA | 25.00% |
| UTE PROINTEC-TRN APARTADEROS | 60.00% |
| UTE PROINTEC-ESTEYCO LOTE 1 | 50.00% |
| UTE PROINTEC-NTT DATA SEGURIDAD VIARIA LOTE 3 | 50.00% |
| UTE CONSULTRANS-PROINTEC-E2F | 40.00% |
| UTE PROINTEC, S.A.-ESTEYCO LOTE 4 | 60.00% |
| UTE PROINTEC-ATECSUR 2022 | 50.00% |
| UTE LP 1 TIJARAFE (ISLA DE LA PALMA) | 50.00% |
| UTE PROINTEC AERTEC AIRIA LOTE 2 | 37.50% |
| UTE PROINTEC-AR2V III | 50.00% |
| UTE CONEXIÓN CASTELLDEFELS | 53.65% |
| UTE MANTENIMIENTO ALTA VELOCIDAD | 20.00% |
| CONSORCIO PROINTEC LETONIA | 50.00% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Details of activities jointly-controlled with third parties at 31.12.22***

| **Name** | **Direct interest** |
|---|---|
| **Indra Business Consulting** | |
| CONSORCIO ALG ANDINA | 90.00% |
| **Indra BPO Servicios** | |
| UTE INDRA BPO-INDRA-TELEFONICA | 79.79% |
| UTE CAYMASA-MAILING | 50.00% |
| UTE BPO-ISTI | 97.50% |
| INDRA + LKS KZ2019 UTE | 64.00% |
| INDRA+LKS -EJIE 018 - 2021 UTE | 64.00% |
| **Indra BPO** | |
| UTE INDRA BMB - T.SOLUCIONES | 69.42% |
| AIE FORMALIZACIÓN ALCALA 265 | 20.00% |
| **Indra Sistemas de Seguridad** | |
| UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011 | 50.00% |
| UTE SEGURIDAD PEAJES | 50.00% |
| UTE TUNELES DE PAJARES | 17.10% |
| UTE TUNELES ANTEQUERA | 16.34% |
| UTE INDRA SISTEMAS DE SEGURIDAD - MONTAJES ELÉCTRICOS ELECTRISUR | 80.00% |
| UTE INDRA AEROPUERTOS SEGUROS | 50.00% |
| **Sistemas Informáticos Abiertos** | |
| UTE ALTIA-CONNECTIS-GESEIN-SIA P4/16 | 26.96% |
| UTE SIA-ITCONIC | 61.80% |
| UTE SAYOS CARRERA-SIA EXP. 17/182 | 22.65% |
| UTE VIEWNEXT-GESEIN-SOFTWARE AG-SIA | 6.93% |
| UTE VIEWNEXT-AXIANS-SIA | 15.47% |
| UTE SISTEMAS INFORMATICOS ABIERTOS SA- GESEIN SL- CESCE SOLUÇOES INFORMATICAS SA | 60.00% |
| UTE INDRA - XERIDIA | 60.10% |
| UTE MINSAIT-VODAFONE | 75.00% |
| UTE SIRT-SIA | 30.00% |
| UTE BABEL-KYNDRYL-SIA-GESEIN GISS 2022-7201 Lote 2 | 18.00% |
| **Indra Producción Software** | |
| UTE ISTI-IPS-INFORMANCE | 40.00% |
| **Indra Gestión de Usuarios** | |
| UTE IECISA-INDRA-ZENSANIA-EMTE | 37.50% |
| UTE INETUM-INDRA-ZEMSANIA-COMSA CTTI-2021-50 | 50.07% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

***Details of activities jointly-controlled with third parties at 31.12.22***

| Name | Direct interest |
|---|---|
| **Prointec Engenharia** | |
| CONSORCIO PPA | 45.00% |
| CONSORCIO Prointec - PBLM | 58.00% |
| CONSORCIO Prointec - Consenso - PBLM | 47.10% |
| CONSORCIO PROINTEC - LBR - GERIBELLO | 23.00% |
| **Indra SI** | |
| Indra SI SA-Retesar SA UTE | 80.00% |
| Deloitte y Co. SRL-Indra SI SA UTE | 50.00% |
| Deloitte y Co. SRL-Indra Mant. Anses UTE | 50.00% |
| **Indra Peru** | |
| CONSORCIO INGORMATICA EL CORTE INGLES | 50.00% |
| CONSORCIO GMD | 50.00% |
| CONSORCIO LYNX LOTE 2 | 56.00% |
| CONSORCIO LYNX LOTE 3 | 78.00% |
| CONSORCIO MINCETUR | 98.00% |
| CONSORCIO FABRICA DE SOFTWARE | 50.00% |
| CONSORCIO REAPRO | 85.00% |
| CONSORCIO SOLUCIONES DIGITALES | 25.00% |
| CONSORCIO INDRA PETROLEO | 95.00% |
| CONSORCIO PROCOM AGUA | 49.00% |
| CONSORCIO MINEDU | 95.00% |
| CONSORCIO GESTION INDRA SMART | 100.00% |
| CONSORCIO MANTENIMIENTO INDRA | 100.00% |
| CONSORCIO GESTION DE INFORMACIÓN | 44.00% |
| CONSORCIO AULAS SMART | 100.00% |
| CONSORCIO SISTEMAS PREVISIONALES | 50.00% |
| CONSORCIO INDRA TRIBUTOS | 100.00% |
| CONSORCIO INDRA COMPONENTE WEB | 100.00% |
| **Colombia** | |
| CONSORCIO COMSA INDRA ITS COVIANDINA | 49.00% |
| CONSORCIO COMSA INDUSTRIAL INDRA ITS CONPACIFICO | 49.00% |
| CONSORCIO COMSA INDUSTRIAL INDRA ITS PROINORIENTE S.A.S | 49.00% |

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***Details of activities jointly-controlled with third parties at 31.12.21***

| Name | Direct interest |
|---|---|
| **Spanish Group companies** | |
| **Indra Sistemas, SA** | |
| UTE INDRA-ETRA | 55.00% |
| UTE INDRA - SAINCO | 64.00% |
| ETRALUX SA SICE INDRA (UTE PUCELA) | 20.00% |
| UTE 2 INDRA - UNITRONICS | 50.00% |
| UTE 3 INDRA - UNITRONICS | 85.00% |
| UTE INDRA - ETRA | 51.00% |
| UTE INDRA SISTEMAS, S.A. - EUROCOPTER ESPAÑA, SA | 62.50% |
| UTE INDRA SISTEMAS, S.A. - TELVENT TRAF.Y TRANS. | 50.00% |
| UTE GISS 11 | 35.00% |
| UTE INDRA - NOVASOFT - SADIEL | 33.33% |
| UTE AVIONICA | 50.00% |
| UTE CEIDECOM | 60.00% |
| UTE INDRA - CESSER | 80.00% |
| UTE LINEA 9 TRAMO I Y II | 64.00% |
| UTE LINEA 9 MANTENIMIENTO TRAMO IV | 64.00% |
| UTE ACCESOS CGT MADRID | 50.00% |
| UTE CONTROL ACCESOS DONOSTIA | 50.00% |
| UTE INDRA - SALLEN | 70.00% |
| UTE ACCESOS NOROESTE | 30.00% |
| UTE AVIONICA DE HELICOPTEROS | 50.00% |
| UTE MANTENIMIENTO RONDES 2012 | 30.00% |
| UTE INDRA - ALBATROS | 60.00% |
| UTE CONTROL MOGAN | 33.34% |
| UTE INDRA-TECDOA | 50.00% |
| UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011 | 50.00% |
| UTE INDRA-EADS CASA | 50.00% |
| UTE JAÉN | 52.12% |
| UTE SIVE II INDRA-AMPER | 50.00% |
| UTE SEGURIDAD PEAJES | 50.00% |
| UTE INDRA-PUENTES Y CALZADAS INFRAESTRUCTURAS | 80.00% |
| UTE INSTALACIONES MADRID ESTE | 7.50% |
| INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E. | 50.00% |
| UTE ABI CORREDOR NORTE | 10.42% |
| UTE TUNELES DE PAJARES | 35.15% |
| UTE INDRA-IECISA M-14-059 | 75.00% |
| UTE CETRADA | 33.00% |
| UTE TUNELES ANTEQUERA | 33.66% |
| UTE ITS MADRID 15 | 60.00% |
| UTE VCR 8X8 | 37.94% |
| UTE PROTEC 110 | 66.02% |
| UTE IRST F-110 | 50.00% |
| UTE INDRA-ACISA | 50.00% |
| UTE TSOL-INDRA IV SITEL | 35.00% |
| UTE ABI EXTREMADURA - CORREDOR OESTE | 15.00% |
| UTE ZONA NORTE GC | 20.00% |
| UTE tdE-INDRA | 50.00% |
| UTE INDRA-DEITEL | 55.00% |
| UTE GESTIO DE TRANSIT RONDES | 80.00% |
| UTE GESTIO VIARIA GVA SICE-INDRA | 50.00% |
| UTE INDRA - ITP | 50.00% |

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***Details of activities jointly-controlled with third parties at 31.12.21***

| **Name** | **Direct interest** |
|---|---|
| UTE DGT ITS SURESTE 2017 | 60.00% |
| UTE SOCIEDAD IBERICA DE CONST EL E INDRA SISTEMAS | 88.00% |
| UTE DGT ITS NOROESTE 2017 | 60.00% |
| UTE INDRA-THALES BMS | 50.00% |
| UTE INTERCOPTERS-INDRA | 50.00% |
| UTE SISCAP | 66.00% |
| 20175305 UTE INDRA - ITP | 50.00% |
| UTE MTTO. TELEBILLETICA RODALIES BCN 2 | 60.00% |
| UTE MTTO. TELEBILLETICA RODALIES BCN 3 | 60.00% |
| UTE LINEA 9 REPOSICION EQUIPAMIENTO | 64.00% |
| UTE SITRAPLUS | 50.00% |
| UTE MTTO.TELEBILLETICA BCN IV | 60.00% |
| UTE CGT LEVANTE | 50.00% |
| UTE MTTO.TELEBILLETICA BCN V | 60.00% |
| UTE MAR-2 | 60.00% |
| UTE INDRA - ITP 201862A4 | 50.00% |
| UTE INDRA - ITP 2018/1612 | 50.00% |
| UTE MTTO.TELEBILLETICA PAIS VASCO 5 | 50.00% |
| UTE TUNELES VILARIÑO-TABOADELA | 52.00% |
| UTE MAESAL AIRBUS DS INDRA | 34.35% |
| UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A. | 88.00% |
| UTE MTTO.TELEBILLETICA BCN VI | 60.26% |
| UTE MTTO.TELEBILLETICA BCN VII | 61.35% |
| UTE INDRA-COMSA | 63.00% |
| UTE TUNELES DE GUADARRAMA III | 50.00% |
| UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A. | 88.00% |
| UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A. | 88.00% |
| UTE INDRA AEROPUERTOS SEGUROS | 50.00% |
| UTE INDRA-ITP (20195324) | 50.00% |
| UTE INDRA - ITE - 201853A1 | 50.00% |
| UTE CENTRO ESTRADA | 33.00% |
| UTE MTO TICKETING MADRID 5 | 78.43% |
| UTE MTTO.TELEBILLETICA BCN VIII | 61.35% |
| UTE INDRA-AIRBUS DE MAESE 201952A2 | 90.84% |
| UTE INDRA-INTEL ASFA DIGITAL | 74.92% |
| UTE MTTO.TELEBILLETICA BCN IX | 61.35% |
| UTE TUNEL DE PAJARES II | 35.00% |
| UTE MINDTRADE PLATFORM | 86.44% |
| CONSORCIO INDRA COMPONENTE PORTUARIO | 48.00% |
| UTE IRST F-110 PRODUCCION | 48.41% |
| UTE INDRA SIST-SIA BIOMETRICO 2020-2021 | 50.00% |
| UTE MTO. MADRID, BCN, PV | 67.71% |
| UTE ABI EXTREMADURA CORREDOR OESTE II | 21.98% |
| UTE RONDES INDRA-ISC | 77.03% |
| UTE SISCAP FASE 1B | 64.99% |
| UTE PRS DE GALILEO | 33.00% |
| UTE PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX) | 50.58% |
| UTE INDRA EWS/ STN ATLAS | 60.00% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Details of activities jointly-controlled with third parties at 31.12.21***

| **Name** | **Direct interest** |
|---|---|
| Indra Soluciones Tecnológicas de la Información | |
| UTE INDRA - ALVENTO | 50.00% |
| UTE AEAT 03/07 | 26.54% |
| UTE INDRA-COMPAÑÍA VASCA DE INGENIERIA | 60.00% |
| UTE INDRA AM 26/2011 | 50.00% |
| UTE INDRA SISTEMAS, S.A. - SIA, S.p.A. | 50.00% |
| UTE AEAT 10/2011 | 26.54% |
| UTE IECISA-INDRA-ZENSANIA-EMTE | 37.50% |
| UTE INDRA-TELEFONICA S.I.C.(SLAE) | 50.00% |
| UTE INDRA-OESIA | 87.00% |
| UTE INDRA - TECNOCOM | 50.00% |
| UTE IMD INDRA.TELEF | 69.76% |
| UTE AV 20/2014 | 35.18% |
| UTE INDRA-ALTIA-R. CABLE | 33.34% |
| UTE INDRA-XERIDIA | 76.30% |
| UTE INDRA SISTEM | 64.26% |
| UTE INDRA-BABEL Me y SS lote 3 | 90.00% |
| UTE INSS 7201/16G LOTE 1 | 22.00% |
| UTE INDRA-TELEFONICA | 50.00% |
| UTE INDRA-ALTIA | 48.67% |
| UTE MNEMO-INDRA | 48.19% |
| UTE INDRA-SUMAINFO | 71.00% |
| UTE INDRA BPO-INDRA-TELEFONICA | 8.49% |
| UTE AMTEGA 2017/PA/0027 | 38.12% |
| UTE AMTEGA 2017/PA/0039 | 41.50% |
| UTE AYESA TECNOCOM | 50.00% |
| UTE SOLTEL GETRONICS | 50.00% |
| UTE GLOBAL ROSETTA T | 50.00% |
| UTE GISS 7201/17G LOTE 2 | 43.00% |
| UTE INDRA - AYESA 17-00234 | 65.00% |
| UTE INDRA-SOLTEL | 80.00% |
| UTE IB AV 22/2017 LOTE 4 | 95.00% |
| UTE IC AV 22/2017 LOTE 2 | 52.00% |
| UTE SCI AV 22/2017 LOTE 3 | 32.00% |
| UTE INDRA-ALTIA 362/2017 | 55.00% |
| UTE INDRA-PLEXUS 362/2017 | 40.00% |
| UTE INDRA-COINTEC LABSES | 86.00% |
| UTE CIS AV 22/2017 LOTE 1 | 32.00% |
| UTE ALFATEC-INDRA | 46.00% |
| UTE INDRA-SATOCAN | 70.00% |
| UTE TECNOCOM -SOPRA | 53.00% |
| UTE E1L4 INDRA - ALFATEC | 70.00% |
| UTE E4L4 INDRA - ALFATEC | 50.00% |
| UTE COREMAIN-INDRA | 45.57% |
| UTE SOPRA - TECNOCOM | 40.00% |
| UTE IBERMATICA-TECNOCOM | 45.00% |
| UTE E1L1 ALFATEC-INDRA | 50.00% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

***Details of activities jointly-controlled with third parties at 31.12.21***

| **Name** | **Direct interest** |
|---|---|
| UTE LUGO SMART | 52.27% |
| UTE MINSAIT-IECISA MINECO | 52.61% |
| UTE MINSAIT- EVERIS DAH | 62.00% |
| UTE IBERMATICA-INDRA-BILBOMATICA | 21.83% |
| UTE T-SYSTEMS - MINSAIT, ARXIUS | 43.00% |
| UTE MINSAIT-SDG | 52.00% |
| UTE MINSAIT-ISOTROL | 75.00% |
| UTE MINSAIT-ECNA (LK4201) | 76.00% |
| UTE ALTIA-MINSAIT (AMT-2020-0007) | 36.40% |
| UTE MINSAIT-SOLTEL | 80.00% |
| UTE MINSAIT-LEQUALI | 23.00% |
| UTE INDRA-SEMANTIC | 50.00% |
| UTE MINDTRADE PLATFORM | 13.56% |
| UTE MINSAIT-TELEFONICA (SMS) | 50.00% |
| UTE MINSAIT-AYESA AT CEIS | 65.00% |
| UTE MNEMO-INDRA 2021 | 49.70% |
| UTE BPO-ISTI | 2.50% |
| UTE CPDI AMTEGA 3 | 47.02% |
| UTE MINSAIT-EMALCSA | 42.00% |
| UTE INETUM-INDRA-ZEMSANIA-COMSA CTTI-2021-50 | 50.07% |
| UTE MINSAITL-BABEL 2021/7201 | 53.50% |
| UTE MINSAIT-SISTEM | 64.00% |
| ECOSISTEMA CONSULAR UTE | 78.27% |
| UTE MINSAIT-AYESA AT CEMS | 50.00% |
| UTE MINSAIT-SISTEM | 66.23% |
| UTE MINSAIT-CIBERNOS-BABEL LOTE 2 | 40.00% |
| UTE MINSAIT-CIBERNOS-BABEL LOTE 6 | 42.00% |
| UTE MINSAIT-CIBERNOS Lote 1 | 53.00% |
| UTE MINSAIT-BABEL Lote 5 | 60.00% |

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### *Details of activities jointly-controlled with third parties at 31.12.21*

| **Name** | **Direct interest** |
|---|---|
| **Prointec** | |
| UTE PROINTEC-TYPSA-CEMOSA ALICANTE | 34.00% |
| PROINTEC-CIVILPORT-ENRIQUE AMIGO (UTE TRAMO 2 TREN DEL SUR) | 80.00% |
| MECSA-ESTUDIO TORRE ELORDUY | 70.00% |
| PROINTEC-ALAUDA | 70.00% |
| UTE PROINTEC-UG 21 (COIN-ALHAURIN) | 60.00% |
| UTE PROINTEC-BLOM | 50.00% |
| GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA | 50.00% |
| UTE PROINTEC-TALHER-GEOCISA-DRAGADOS | 10.00% |
| UTE PROINTEC-EUSKONTROL | 50.00% |
| UTE CEMOSA-TYPSA-PROINTEC | 34.00% |
| UTE INOCSA-PROSER-PROINTEC | 33.34% |
| UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO) | 50.00% |
| UTE PAYMA COTAS S.A.U-PRO | 50.00% |
| UTE CEMOSA-TYPSA-PROINTEC | 33.00% |
| PROINTEC-ESTUDIO 7 VARIANTE BAÑADEROS | 50.00% |
| UTE PROINTEC-ESTUDIO 7 CALDERETA | 50.00% |
| PyG ESTRUCTURAS AMBIENTALES, S.L. – PROINTEC, S.A. (U.T.E. LODOS) | 50.00% |
| PROINTEC, S.A.-INTEMAC, S.A.-PAYMA COTAS, S.A.U., UTE (UTE AEROPUERTO VALENCIA) | 33.30% |
| AGUA Y ESTRUCTURAS, S.A. - PROINTEC (UTE AYEPRO) | 50.00% |
| UTE CEMOSA-TYPSA-PROINTEC | 33.00% |
| UTE PROINTEC-GIUR LP-2 | 50.00% |
| CONSORCIO P & B COLOMBIA | 85.00% |
| UTE INOCSA-PROINTEC (TUNEL O CAÑIZO) | 50.00% |
| UTE PROINTEC-ACCIONA-ASMATU | 50.00% |
| UTE PROINTEC-BPG UTE PTL2016 | 50.00% |
| UTE PROINTEC-VIGUECONS ESTEVEZ | 50.00% |
| CONSORCIO GMQ | 40.00% |
| UTE CIESA-PROINTEC | 50.00% |
| UTES REDES VIARIAS | 51.00% |
| UTE PROINTEC SAU E2F SL | 70.00% |
| UTE AT METRO | 60.00% |
| UTE ESTACION SANTIAGO | 29.00% |
| UTE PROINTEC ATECSUR | 60.00% |
| UTE INCOSA-PROINTEC LOTE 2 | 50.00% |
| UTE SANEAMIENTO ALBACETE | 50.00% |
| UTE PM CANARIAS | 50.00% |
| UTE PROINTEC-AR2V | 50.00% |
| UTE CORREDOR MEDITERRANEO | 50.00% |
| CONSORCIO PROINTEC-CONSENSO-PBLM | 7.40% |
| CONSORCIO PPA | 5.00% |
| UTE AL KHOBAR 2 | 25.00% |
| UTE ATECSUR-PROINTEC | 50.00% |
| CONSORCIO PROINTEC-PBLM AL JAMARIS | 2.00% |
| UTE PROINTEC-AC2 BIM | 50.00% |
| CONSORCIO AVANÇEA SAÚDE | 4.00% |
| UTE MANTENIMIENTO LOTE 2 | 37.00% |
| UTE PROINTEC-ICYFSA | 80.00% |
| UTE PROINTEC-AR2V II | 50.00% |
| UTE PORRIÑO PROINTEC-GOC | 50.00% |

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***Details of activities jointly-controlled with third parties at 31.12.21***

| **Name** | **Direct interest** |
|---|---|
| UTE COM 20-22 | 51.00% |
| CONSORCIO PROINTEC-LBR-GERIBELLO | 2.00% |
| UTE LOTE B VSFB | 35.00% |
| UTE BUÑOL-UTIEL | 75.00% |
| UTE LP1-TIJARAFE | 50.00% |
| UTE MANTENIMIENTO MADRID - SEVILLA | 25.00% |
| **Indra Business Consulting** | |
| CONSORCIO ALG ANDINA | 90.00% |
| **Indra BPO Servicios** | |
| UTE INDRA BPO-INDRA-TELEFONICA | 78.04% |
| UTE CAYMASA-MAILING | 50.00% |
| INDRA + LKS KZ2019 UTE | 64.00% |
| INDRA+LKS -EJIE 018 - 2021 UTE | 64.00% |
| **Indra BPO** | |
| UTE INDRA BMB - T.SOLUCIONES | 69.42% |
| AIE FORMALIZACIÓN ALCALA 265 | 20.00% |
| **Indra Sistemas de Seguridad** | |
| UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011 | 50.00% |
| UTE SEGURIDAD PEAJES | 50.00% |
| INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E. | 50.00% |
| UTE TUNELES DE PAJARES | 17.10% |
| UTE TUNELES ANTEQUERA | 16.34% |
| UTE INDRA SISTEMAS DE SEGURIDAD - MONTAJES ELÉCTRICOS ELECTRISUR | 80.00% |
| UTE INDRA AEROPUERTOS SEGUROS | 50.00% |
| **Sistemas Informáticos Abiertos** | |
| UTE ALTIA-CONNECTIS-GESEIN-SIA P4/16 | 26.96% |
| UTE SIA-ITCONIC | 61.80% |
| UTE SAYOS CARRERA-SIA EXP. 17/182 | 22.65% |
| UTE VIEWNEXT-GESEIN-SOFTWARE AG-SIA | 6.93% |
| UTE VIEWNEXT-AXIANS-SIA | 15.47% |
| UTE SISTEMAS INFORMATICOS ABIERTOS SA- GESEIN SL- CESCE SOLUÇOES INFORMATICAS SA | 60.00% |
| UTE INDRA - XERIDIA | 60.10% |
| UTE MINSAIT-VODAFONE | 75.00% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

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***Details of activities jointly-controlled with third parties at 31.12.21***

| Name | Direct interest |
|---|---|
| **Prointec Engenharia** | |
| CONSORCIO PPA | 45.00% |
| CONSORCIO Prointec - PBLM | 58.00% |
| CONSORCIO Prointec - Consenso - PBLM | 47.10% |
| **Indra SI** | |
| Indra SI SA-Retesar SA UTE | 80.00% |
| Indra SI SA-DCM Solution SA UTE | 90.00% |
| Deloitte y Co. SRL-Indra SI SA UTE | 45.00% |
| Deloitte y Co. SRL-Indra Mant. Anses UTE | 39.15% |
| **Indra Peru** | |
| CONSORCIO INGORMATICA EL CORTE INGLES | 50.00% |
| CONSORCIO GMD | 50.00% |
| CONSORCIO LYNX LOTE 2 | 56.00% |
| CONSORCIO LYNX LOTE 3 | 78.00% |
| CONSORCIO MINCETUR | 98.00% |
| CONSORCIO FABRICA DE SOFTWARE | 50.00% |
| CONSORCIO REAPRO | 85.00% |
| CONSORCIO SOLUCIONES DIGITALES | 25.00% |
| CONSORCIO INDRA PETROLEO | 95.00% |
| CONSORCIO PROCOM AGUA | 49.00% |
| CONSORCIO MINEDU | 95.00% |
| CONSORCIO GESTION INDRA SMART | 100.00% |
| CONSORCIO MANTENIMIENTO INDRA | 100.00% |
| CONSORCIO AULAS SMART | 100.00% |
| CONSORCIO SISTEMAS PREVISIONALES | 50.00% |
| CONSORCIO INDRA TRIBUTOS | 100.00% |
| CONSORCIO INDRA COMPONENTE WEB | 100.00% |
| CONSORCIO INDRA PLATAFORMA | 100.00% |
| CONSORCIO INDRA MESA DE AYUDA | 100.00% |
| CONSORCIO INDRA MANTENIMIENTO SAP | 100.00% |
| CONSORCIO INDRA GESTIÓN DE APLICACIONES SAP | 100.00% |
| CONSORCIO INDRA SISTEMAS FONAFE V | 74.00% |
| CONSORCIO INDRA EAM | 100.00% |
| CONSORCIO INDRA SISTEMAS COMERCIAL | 55.00% |
| **Colombia** | |
| CONSORCIO COMSA INDRA ITS COVIANDINA | 49.00% |
| CONSORCIO COMSA INDUSTRIAL INDRA ITS CONPACIFICO | 49.00% |

This Appendix should be read together with Notes 1, 5 and 45 to the Consolidated Annual Accounts, of which it forms an integral part.

### *Group's foreign exchange exposure*

***Appendix III page 1 of 4***

| 2022 | US dollar | Pound sterling | Mexican peso | Argentine peso | Chilean peso | Brazilian real | Peruvian sol | Canadian dollar | Norwegian krone |
|---|---|---|---|---|---|---|---|---|---|
| Other financial assets | 45 | - | - | - | - | - | - | - | |
| Total non-current assets | 45 | - | - | - | - | - | - | - | |
| NON-GROUP trade and other receivables | 14,943 | 6,045 | - | - | 353 | 1,085 | 523 | 173 | 237 |
| Non-Group other financial assets | 3,671 | - | - | - | - | - | - | - | - |
| Total current assets | 18,614 | 6,045 | - | - | 353 | 1,085 | 523 | 173 | 237 |
| Total assets | 18,659 | 6,045 | - | - | 353 | 1,085 | 523 | 173 | 237 |
| Other financial liabilities | 918 | - | - | - | - | - | - | - | - |
| Total non-current financial liabilities | 918 | - | - | - | - | - | - | - | - |
| Other financial liabilities | - | - | - | - | - | - | - | - | - |
| NON-GROUP trade and other payables | 36,823 | 48,052 | 48 | - | 44 | 94 | - | 53 | 2 |
| Total current liabilities | 36,823 | 48,052 | 48 | - | 44 | 94 | - | 53 | 2 |
| Total liabilities | 37,741 | 48,052 | 48 | - | 44 | 94 | - | 53 | 2 |
| **Gross balance sheet exposures** | **(19,082)** | **(42,007)** | **(48)** | **-** | **309** | **991** | **523** | **120** | **235** |
| Sales coverage | 116,150 | 26,671 | 3,590 | - | 2,811 | 141 | 1,597 | 1,762 | 127 |
| Purchase coverage | 46,647 | 8,670 | - | - | - | - | 284 | 527 | 1,909 |
| Net derivative financial instruments - hedging | 69,503 | 18,001 | 3,590 | - | 2,811 | 141 | 1,313 | 1,235 | (1,782) |

This Appendix should be read together with Note 37) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

### *Group's foreign exchange exposure*

***Appendix III Page 2 of 4***

| 2022 | Colombian peso | Moroccan dirham | Polish zloty | Bahraini dinar | Malaysian ringgit | Australian dollar | Other currencies | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Other financial assets | - | - | - | - | - | - | - | 45 |
| Total non-current assets | - | - | - | - | - | - | - | 45 |
| NON-GROUP trade and other receivables | 7,304 | 3,182 | 393 | 611 | 2,658 | 685 | 49,562 | 89,145 |
| Non-Group other financial assets | - | - | - | - | - | - | - | 3,671 |
| Total current assets | 7,304 | 3,182 | 393 | 611 | 2,658 | 685 | 49,562 | 92,816 |
| Total assets | 7,304 | 3,182 | 393 | 611 | 2,658 | 685 | 49,562 | 92,861 |
| Other financial liabilities | - | - | - | - | - | - | - | 918 |
| Total non-current financial liabilities | - | - | - | - | - | - | - | 918 |
| Other financial liabilities | - | - | - | - | - | - | - | - |
| NON-GROUP trade and other payables | 4,884 | 142 | - | 504 | 961 | - | 37,246 | 135,195 |
| Total current liabilities | 4,884 | 142 | - | 504 | 961 | - | 37,246 | 135,195 |
| Total liabilities | 4,884 | 142 | - | 504 | 961 | - | 37,246 | 136,113 |
| **Gross balance sheet exposures** | **2,420** | **3,040** | **393** | **107** | **1,697** | **685** | **12,316** | **(43,252)** - |
| Sales coverage | 4,930 | - | 390 | - | 788 | 1,763 | 107,098 | - |
| Purchase coverage | 566 | - | - | - | 365 | 6,033 | 20,544 | - |
| Net derivative financial instruments - hedging | 4,364 | - | 390 | - | 423 | (4,270) | 86,554 | - |

This Appendix should be read together with Note 37) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

## *Group's foreign exchange exposure*

***Appendix III Page 3 of 4***

| 2021 | US dollar | Pound sterling | Mexican peso | Argentine peso | Chilean peso | Brazilian real | Peruvian sol | Canadian dollar | Norwegian krone |
|---|---|---|---|---|---|---|---|---|---|
| Other financial assets | 68 | - | 262 | 96 | 95 | 5,887 | 123 | - | 6 |
| Total non-current assets | 68 | - | 262 | 96 | 95 | 5,887 | 123 | - | 6 |
| NON-GROUP trade and other receivables | 35,498 | 3,176 | 35,819 | 8,077 | 17,819 | 43,283 | 18,180 | 114 | 17,242 |
| Non-Group other financial assets | 413 | - | 55 | 15 | 184 | - | 221 | - | - |
| Total current assets | 35,911 | 3,176 | 35,874 | 8,092 | 18,003 | 43,283 | 18,401 | 114 | 17,242 |
| Total assets | 35,979 | 3,176 | 36,136 | 8,188 | 18,098 | 49,170 | 18,524 | 114 | 17,248 |
| Other financial liabilities | 246 | - | 3,926 | - | 1,330 | 1,201 | 1,100 | - | - |
| Total non-current financial liabilities | 246 | - | 3,926 | - | 1,330 | 1,201 | 1,100 | - | - |
| Other financial liabilities | - | - | - | - | - | - | - | - | - |
| NON-GROUP trade and other payables | 22,615 | 28,340 | 20,675 | 6,603 | 6,244 | 25,061 | 10,282 | 99 | 9,461 |
| Total current liabilities | 22,615 | 28,340 | 20,675 | 6,603 | 6,244 | 25,061 | 10,282 | 99 | 9,461 |
| Total liabilities | 22,861 | 28,340 | 24,601 | 6,603 | 7,574 | 26,262 | 11,382 | 99 | 9,461 |
| **Gross balance sheet exposures** | **13,118** | **(25,164)** | **11,535** | **1,585** | **10,524** | **22,908** | **7,142** | **15** | **7,787** |
| Sales coverage | 105,099 | 18,572 | 3,129 | - | 2,921 | 367 | 2,033 | 3,295 | 3,121 |
| Purchase coverage | 21,374 | 1,455 | - | - | - | - | 101 | 492 | 17,348 |
| Net derivative financial instruments - hedging | 83,725 | 17,117 | 3,129 | - | 2,921 | 367 | 1,932 | 2,803 | (14,227) |

This Appendix should be read together with Note 37) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

### *Group's foreign exchange exposure*

*Appendix III Page 4 of 4*

| 2021 | Colombian peso | Moroccan dirham | Polish zloty | Bahraini dinar | Malaysian ringgit | Australian dollar | Other currencies | TOTAL |
|---|---|---|---|---|---|---|---|---|
| Other financial assets | - | 12 | - | - | - | - | 274 | 6,823 |
| Total non-current assets | - | 12 | - | - | - | - | 274 | 6,823 |
| NON-GROUP trade and other receivables | 46,626 | 3,907 | 959 | 10,134 | 6,207 | 2,208 | 103,982 | 353,231 |
| Non-Group other financial assets | 6 | - | - | - | 31 | 6 | 337 | 1,268 |
| Total current assets | 46,632 | 3,907 | 959 | 10,134 | 6,238 | 2,214 | 104,319 | 354,499 |
| Total assets | 46,632 | 3,919 | 959 | 10,134 | 6,238 | 2,214 | 104,593 | 361,322 |
| Other financial liabilities | 149 | - | - | - | - | - | 4,066 | 12,018 |
| Total non-current financial liabilities | 149 | - | - | - | - | - | 4,066 | 12,018 |
| Other financial liabilities | - | - | - | - | - | - | - | - |
| NON-GROUP trade and other payables | 21,126 | 2,044 | 21 | 1,368 | 813 | 1,018 | 86,640 | 242,410 |
| Total current liabilities | 21,126 | 2,044 | 21 | 1,368 | 813 | 1,018 | 86,640 | 242,410 |
| Total liabilities | 21,275 | 2,044 | 21 | 1,368 | 813 | 1,018 | 90,706 | 254,428 |
| **Gross balance sheet exposures** | **25,357** | **1,875** | **938** | **8,766** | **5,425** | **1,196** | **13,887** | **106,894** |
| Sales coverage | 9,414 | - | - | - | 238 | 4,772 | 115,415 | - |
| Purchase coverage | 223 | - | - | - | - | 4,586 | 585 | - |
| Net derivative financial instruments - hedging | 9,191 | - | - | - | 238 | 186 | 114,830 | - |

This Appendix should be read together with Note 37) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

***Appendix IV***

***Information on significant non-controlling interests at 31 December 2022 and 2021***

**2022**

| **Thousand euro** | Indra Philippines | Inmize Sistemas | Electrica Soluziona | Normeka | Other immaterial interests | **Total** |
|---|---|---|---|---|---|---|
| % non-controlling interest | 49.9% | 50% | 49.3% | 34.0% | | |
| **Statement of financial position information** | | | | | | |
| Non-current assets | 4,957 | - | 21 | 411 | - | 5,389 |
| Non-current liabilities | (3,608) | - | - | - | - | (3,608) |
| Total net non-current assets | 1,349 | - | 21 | 411 | - | 1,781 |
| Current assets | 40,507 | 3,698 | 2,822 | 4,498 | - | 51,525 |
| Current liabilities | (15,896) | (370) | (414) | (983) | - | (17,663) |
| Total net current assets | 24,611 | 3,328 | 2,408 | 3,515 | - | 33,862 |
| Net assets | 25,960 | 3,328 | 2,429 | 3,926 | - | 35,643 |
| **Carrying amount of non-controlling interests (*)** | **12,954** | **1,664** | **1,197** | **1,335** | **327** | **17,477** |
| **Income statement information** | | | | | | |
| Total comprehensive income | 5,465 | 128 | 381 | 649 | - | 6,623 |
| **Consolidated profit/(loss) allocated to non-controlling interests** | **2,727** | **64** | **188** | **221** | **-** | **3,200** |

(*) Excluding currency translation differences

**2021**

| **Thousand euro** | Indra Philippines | Inmize Sistemas | Electrica Soluziona | Normeka | Other immaterial interests | Total |
|---|---|---|---|---|---|---|
| % non-controlling interest | 49.9% | 50% | 49.3% | 34.0% | | |
| **Statement of financial position information** | | | | | | |
| Non-current assets | 6,198 | - | 23 | 229 | - | 6,450 |
| Non-current liabilities | (4,327) | - | - | - | - | (4,327) |
| Total net non-current assets | 1,871 | - | 23 | 229 | - | 2,123 |
| Current assets | 40,504 | 8,708 | 2,666 | 6,728 | - | 58,606 |
| Current liabilities | (14,409) | (265) | (438) | (3,528) | - | (18,640) |
| Total net current assets | 26,095 | 8,443 | 2,228 | 3,200 | - | 39,966 |
| Net assets | 27,966 | 8,443 | 2,251 | 3,429 | - | 42,089 |
| **Carrying amount of non-controlling interests (*)** | **13,955** | **4,222** | **1,110** | **1,166** | **520** | **20,973** |
| **Income statement information** | | | | | | |
| Total comprehensive income | 4,602 | 99 | 387 | 492 | - | 5,580 |
| **Consolidated profit/(loss) allocated to non-controlling interests** | **2,296** | **50** | **191** | **167** | **-** | **2,704** |

(*) Excluding currency translation differences

This Appendix should be read together with Note 19 to the Consolidated Annual Accounts, of which it forms an integral part.

**Appendix V**

***Information on significant ownership interests in associates at 31 December 2022 and 2021***

| **2022** | A4 Essor | Saes Capital | Euromids | Global Training Aviation | Eurofighter Simulation Systems | Iniciativas Bio-energéticas | Societat Catalana per la Mobilitat | Tagsonomy | Tess Defence | Startical | Satelio Iot Services, S.L | Other immaterial interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Thousand euro** | | | | | | | | | | | | | |
| % non-controlling interest | 23% | 49% | 25% | 35% | 26% | 20% | 17% | 29% | 25% | 50% | 10.5% | | |
| Non-current assets | - | 4,020 | 51 | 30,452 | 49 | 24,582 | 88,779 | 3,367 | 193 | 9,882 | 8,005 | 3 | 169,383 |
| Current assets | 64,627 | 240 | 43,165 | 4,822 | 11,744 | 20,131 | 52,798 | 2,274 | 485 | 14,657 | 7,701 | 5,077 | 227,721 |
| Equity | 1,130 | 4,253 | 3,598 | 1,321 | 6,133 | 25,623 | 18,568 | (277) | 524 | 13,770 | 13,495 | 1,554 | 89,692 |
| Non-current liabilities | 40 | - | | 28,987 | 5,071 | 4,932 | 111,767 | 5,320 | 547,000 | 12,788 | 1,195 | 1,726 | 718,826 |
| Current liabilities | 63,457 | 7 | 39,618 | 4,966 | 589 | 17,908 | 11,242 | 598 | (62,498) | 1,461 | 1,016 | 1,800 | 80,164 |
| Income | 14,636 | 237 | 19,873 | 4,628 | 2,243 | 58,090 | 13,059 | 488 | 82,062 | 2,530 | 3,429 | - | 201,275 |
| Profit/(loss) for the year | 126 | 216 | (710) | 421 | 1,243 | (3,750) | 222 | (1,635) | (318) | (3,480) | 1,378 | (261) | (6,548) |

| **2021** | A4 Essor | Saes Capital | Euromids | Global Training Aviation | Eurofighter Simulation Systems | Iniciativas Bio-energéticas | Societat Catalana per la Mobilitat | Tagsonomy | Tess Defence | Startical | Satelio Iot Services, S.L | Other immaterial interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Thousand euro** | | | | | | | | | | | | | |
| % non-controlling interest | 23% | 49% | 25% | 35% | 26% | 20% | 24% | 29% | 25% | 50% | 11% | | |
| Non-current assets | - | 4,020 | 62 | 31,583 | 96 | 27,185 | 120,169 | 4,463 | 215 | 4,504 | 4,312 | 1 | 196,610 |
| Current assets | 70,230 | 24 | 34,766 | 3,779 | 16,687 | 24,498 | 8,097 | 2,287 | 68,000 | 10,923 | 7,365 | 3,867 | 250,523 |
| Equity | 1,003 | 4,040 | 3,253 | 745 | 6,769 | 13,460 | 9,516 | 2,438 | 1,074 | 8,795 | 8,896 | 738 | 60,727 |
| Non-current liabilities | 47 | - | - | 31,711 | 8,956 | 20,228 | 84,666 | 2,661 | 49,999 | - | 569 | 1,465 | 200,302 |
| Current liabilities | 69,180 | 4 | 31,575 | 2,906 | 1,058 | 17,995 | 34,084 | 1,651 | 17,142 | 6,632 | 2,212 | 1,665 | 186,104 |
| Income | 14,715 | 6 | 18,446 | 4,450 | 11,617 | 88,326 | 8,616 | 1,538 | 35,039 | 4,504 | - | - | 187,257 |
| Profit/(loss) for the | 178 | (12) | (104) | (943) | 841 | 3,587 | 622 | (165) | 272 | (1,155) | - | 9 | 3,130 |

This Appendix should be read together with Note 11 to the Consolidated Annual Accounts, of which it forms an integral part.

## 1) 2022 Highlights

The order backlog exceeded €6,300 million (+16% v. 2021), with order intake growing by +29% v. 2021, driven by Transport & Defence.

Revenues stood at €3,851 million in 2022 (+14% v. 2021), with steady growth in both Minsait (+18%) and Transport & Defence (+6%).

Reported EBIT for 2022 reached a record high of €300 million, increasing +18% year-on-year, thanks to improved profitability in both divisions compared with the previous year.

The EBIT margin in 2022 stood at 12.2% for T&D and 5.5% for Minsait.

Basic earnings per share (EPS) rose by +20% against 2021. Net income stood at €172 million in 2022 v. €143 million in 2021.

Free cash flow (FCF) in 2022 was €253 million, bringing the Net Debt/EBITDA ratio down to 0.1x.

Net debt fell to €43 million in December 2022 against €240 million in 2021.

| Main figures | 2022 (€M) | 2021 (€M) | Variation (%) Reported/Local Currency |
|---|---:|---:|---:|
| Order backlog | 6,309 | 5,459 | 15.6 / 14.0 |
| Net order intake | 4,778 | 3,714 | 28.7 / 26.9 |
| Revenues | 3,851 | 3,390 | 13.6 / 11.6 |
| EBITDA | 400 | 349 | 14.7 / 13.3 |
| EBITDA Margin % | 10.4% | 10.3% | 0.1 pp |
| Operating Margin | 354 | 284 | 24.8 |
| Operating Margin % | 9.2% | 8.4% | 0.8 pp |
| EBIT | 300 | 256 | 17.6 / 16.2 |
| EBIT Margin (%) | 7.8% | 7.5% | 0.3 pp |
| Net profit/(loss) | 172 | 143 | 19.9 |
| Basic EPS (€) | 0.97 | 0.81 | 19.8 |
| Free Cash Flow | 253 | 289 | (12.5) |
| Net Debt Position | 43 | 240 | (82.3) |

## 2) Analysis of the consolidated financial statements

### Income statement

| CONSOLIDATED INCOME STATEMENT (€M) | 2022 | 2021 |
|---|---|---|
| Revenue | 3,851 | 3,390 |
| Other operating income | 23 | 21 |
| Changes in inventories | 85 | -75 |
| Own work capitalised | 29 | 34 |
| Raw materials and consumables | -882 | -762 |
| Staff costs | -2,147 | -1,872 |
| Other operating expenses | -515 | -406 |
| Changes in trade provision | -43 | 6 |
| Fixed asset depreciation | -100 | -94 |
| Other gains/(losses) on fixed assets | -1 | 13 |
| ***Operating profit/(loss)*** | **300** | **256** |
| Financial income | 15 | 5 |
| Financial expenses | -58 | -46 |
| Change in fair value of financial instruments | 6 | -4 |
| Results from financial assets carried at amortised cost | -5 | 0 |
| ***Net financial income/(expense)*** | **-42** | **-45** |
| Results of companies carried under the equity method | -2 | 1 |
| ***Profit/(loss) before tax*** | **256** | **211** |
| Corporate income tax | -80 | -65 |
| ***Profit/(loss) for the year*** | **176** | **146** |
| ***Profit/(loss) attributed to the Parent Company*** | **172** | **143** |
| Profit/(loss) attributed to non-controlling interests | 4 | 3 |
| Basic earnings per share (euro) | 0.97 | 0.81 |
| Diluted earnings per share (euro) | 0.90 | 0.75 |

### Statement of Financial Position and Cash Flow Statement

| CONSOLIDATED CASH FLOW STATEMENT (€M) | 2022 | 2021 |
|---|---|---|
| Operating profit before changes in working capital | 432 | 335 |
| Cash from operating activities | (26) | 55 |
| Corporate income tax paid | (56) | (46) |
| Payments for acquisition of fixed assets (excluding financial assets) | 54 | (9) |
| Interest received | 11 | 3 |
| Grant collections | 15 | 21 |
| Interest paid | (37) | (37) |
| Other flows from financing activities | (32) | (34) |
| ***Free cash flow (FCF)*** | ***253*** | ***289*** |

## 3) Human Resources

| Final workforce | 2022 | % | 2021 | % | Variation (%) |
|---|---|---|---|---|---|
| Spain | 30,316 | 53 | 28,414 | 55 | 6.7 |
| America | 20,756 | 37 | 18,140 | 35 | 14.4 |
| Europe | 3,550 | 6 | 3,522 | 7 | 0.8 |
| Asia, Middle East & Africa | 2,113 | 4 | 2,008 | 4 | 5.2 |
| **Total** | 56,735 | 100 | 52,083 | 100 | 8.9 |

| Average Workforce | 2022 | % | 2021 | % | Variation (%) |
|---|---|---|---|---|---|
| Spain | 29,530 | 54 | 27,835 | 55 | 6.1 |
| America | 19,688 | 36 | 17,232 | 34 | 14.3 |
| Europe | 3,545 | 6 | 3,431 | 7 | 3.3 |
| Asia, Middle East & Africa | 2,052 | 4 | 2,041 | 4 | 0.5 |
| **Total** | 54,816 | 100 | 50,539 | 100 | 8.5 |

## 4) Analysis by vertical market

### TRANSPORT AND DEFENCE

| Transport and Defence | 2022 (€M) | 2021 (€M) | Variation (%) | |
|---|---|---|---|---|
| | | | Reported | Local Currency |
| Net order intake | 2,198 | 1,529 | 43.8 | 43.0 |
| Sales | 1,335 | 1,257 | 6.2 | 5.4 |
| - Defence & Security | 662 | 636 | 4.1 | 4.1 |
| - Transport & Traffic | 672 | 621 | 8.3 | 6.7 |
| *- Transport* | *359* | *332* | *8.0* | *5.6* |
| *- Air Traffic* | *314* | *289* | *8.6* | *8.1* |
| Book-to-bill | 1.65 | 1.22 | 35.4 | |
| Backlog/Rev. 12m | 3.44 | 3.07 | 11.9 | |

Transport & Defence division revenues increased by +5% in local currency in 2022. The Transport & Traffic vertical grew by +7% and the Defence & Security vertical by +4%.

Transport & Defence division order intake increased by +43% in local currency in 2022, driven by growth in both Defence & Security (+52% in local currency) and Transport & Traffic (+30% in local currency).

The backlog/revenue ratio for the last 12 months improved to 3.44x v. 3.07x in the same period of the previous year and the book-to-bill ratio also improved, standing at 1.65x v. 1.22x in the same period of the previous year.

## Defence & Security

- Defence & Security sales in 2022 increased by +4% in local currency, mainly driven by the Platforms area (A400M, Naval Systems in Saudi Arabia, 8x8 Vehicle, among others) and Security Systems (Kuwait project), a good performance for the year as a whole considering that this vertical grew by +22% in 2021 and additionally that the contribution by the Eurofighter project in 2022 was lower than in the previous year.
- By geography, all regions grew in 2022 except Europe, due to the lower activity in the Eurofighter project and also to the significant contribution by the Air Defence Systems project in Lithuania in 2021.
- Order intake in 2022 grew by +52% in local currency, driven by the conclusion of phase 1B of the FCAS project (c. €600 million).

## Transport & Traffic

- Transport & Traffic sales rose by +7% in local currency in 2022, with the Air Traffic segment growing by +8% and Transport by +6%.
- Air Traffic sales grew by +8% in local currency in 2022, exceeding pre-pandemic levels (€314 million in 2022 v. €300 million in 2019). Sales growth in 2022 was due to the good performance in Spain (increased business with Enaire), European programmes (Belgium and Norway) and international programmes (United Arab Emirates, Cambodia and Oman, among others).
- Transport sales grew by +6% in local currency in 2022 thanks to increased activity in the T-Mobilitat intercity project and in various rail projects in Spain, as well as major projects in the Control Systems and Tolls areas in Ireland, Mexico, Colombia and Peru, among others. Annual revenues fell in AMEA due to the completion in the previous year of the implementation phase of the Mecca-Medina high-speed rail project in Saudi Arabia.
- Order intake in 2022 grew by +30% in local currency driven by the Air Traffic segment, with strong performances in Spain (new contracts with Enaire), Europe (DFS in Germany and Avinor in Norway) and AMEA (India and Australia).

## INFORMATION TECHNOLOGY

| Minsait | 2022 (€M) | 2021 (€M) | Variation (%) | |
|---|---|---|---|---|
| | | | Reported | Local Currency |
| Net order intake | 2,580 | 2,185 | 18.1 | 15.7 |
| Sales | 2,517 | 2,133 | 18.0 | 15.3 |
| - Energy & Industry | 759 | 648 | 17.2 | 14.0 |
| - Financial Services | 811 | 719 | 12.8 | 9.1 |
| - Telecom & Media | 286 | 253 | 12.9 | 10.1 |
| - Public Administrations & Healthcare | 660 | 513 | 28.7 | 28.0 |
| Book-to-bill | 1.03 | 1.02 | 0.1 | |
| Backlog/Rev. 12m | 0.68 | 0.75 | (8.8) | |

Minsait division sales in 2022 grew by +15% in local currency, with all verticals performing very well, particularly Public Administrations & Healthcare (+28% in local currency) and Energy & Industry (+14% in local currency).

Minsait order intake in 2022 grew by +16% in local currency, with particularly strong growth in Public Administrations & Healthcare (+35% in local currency) and Telecom & Media (+19% in local currency).

The backlog/revenue ratio for the last 12 months was 0.68x v. 0.75x in the same period of the previous year. The book-to-bill ratio stood at 1.03x v. 1.02x in the same period of the previous year.

## Energy & Industry

- Energy & Industry sales in 2022 increased by +14% in local currency, with double-digit growth in both segments.
- Revenues in 2022 posted double digit growth in all geographies, particularly in Spain in the Industry segment (greater activity with the leading company in the Retail sector) and America in the Energy segment in Brazil.
- Order intake in 2022 grew by +12% in local currency, driven mainly by growth in Spain, Brazil, Colombia and Italy.

## Financial Services

- Financial Services sales in 2022 increased by +9% in local currency, with growth in both the banking and insurance sectors.
- Revenues grew in all geographies in 2022, with double-digit growth in America, primarily in Chile, Mexico and Ecuador in the Means of Payment area. Spain continued to grow, though at a slower rate, due to increased activity with certain major banks.
- Order intake in 2022 grew by +5% in local currency driven by Spain (signing of major contracts with large customers) and America (Chile, Mexico and Ecuador, mainly in the payment processor business).

## Telecom & Media

- Telecom & Media sales in 2022 increased +10% in local currency, driven by increased activity with the main Telecom operators.
- Sales in 2022 were supported by growth in America (primarily in Colombia) and Spain (greater activity with the main operator).
- Order intake in 2022 grew +19%, driven by Spain (renewal of major contracts with the leading operator) and America (major contracts in Colombia and Brazil).

## Public Administrations & Healthcare

- Public Administrations & Healthcare sales in 2022 rose +28% in local currency, being the company's best performing vertical.
- By geography, sales growth in 2022 was particularly strong in AMEA (Angola Elections project), Spain (increased activity with Public Administration) and Europe (subsidiary in Italy).
- Order intake in 2022 grew by +35% in local currency, primarily driven by the Elections business (project in Angola).

## 5) Analysis by geographical area

| Revenues by Region | 2022 | 2021 | Variation (%) | |
|---|---|---|---|---|
| | (€M) | (€M) | Reported | Local Currency |
| Spain | 1,910 | 1,719 | 11.1 | 11.0 |
| America | 753 | 603 | 24.9 | 15.1 |
| Europe | 656 | 649 | 1.1 | 1.1 |
| Asia, Middle East & Africa | 533 | 420 | 27.0 | 25.1 |
| **Total** | 3,851 | 3,390 | 13.6 | 11.6 |

(*) Revenue reported in the "Europe" area in the notes to the accounts and in this Management Report, differs from the sales figure in the annual report to the CNMV in the "European Union" area, since the latter only includes the Member States of the European Union.

Sales rose in all geographies in 2022, with double-digit growth in AMEA (+25% in local currency; 14% of total sales), America (+15% in local currency; 20% of sales) and Spain (+11%; 50% of sales). Meanwhile, Europe showed some growth (+1% in local currency; 17% of sales).

## 6) Research and development activities

The Group has continued to make a considerable effort in terms of both the human and financial resources channelled into the development of services and solutions, enabling it to position itself as a technological leader in the various sectors and markets in which it operates. The amount allocated to research, development and technological innovation activities was €312,485 thousand which is equivalent to 8.1% of the Group’s total sales in that year (€292,753 thousand, equivalent to 8.6% of the Group’s total sales in the previous year).

## 7) Average supplier payment period

Final Provision Two of Law 31/2014 amended the Spanish Companies Act in order to improve corporate governance, amending Additional Provision Three of Law 15/2010 which laid down measures to combat late payment in commercial transactions, to require that all companies must expressly disclose their average supplier payment period in the notes to the annual accounts. The Institute of Accountants and Auditors (ICAC) is also authorised to issue the calculation rules and methodology.

This ruling is mandatory for all Spanish companies that draw up Consolidated Annual Accounts, although only for companies based in Spain that are consolidated using the full or proportionate consolidation method.

On this basis, under a ruling dated 29 January 2016, the ICAC established the method for calculating the average supplier payment period for 2015 and subsequent periods.

The average supplier payment period is calculated using the following formula, in line with the ICAC ruling of 29 January 2016:

$$\text{Average supplier payment period} = \frac{\text{Ratio of transactions paid x amount of payments made + Ratio of transactions pending payment x total amount of payments due}}{\text{Total amount of payments made + Total amount of payments due}}$$

The data for the Spanish companies for 2022 and 2021 are as follows:

| | 2022 | 2021 |
|---|---|---|
| | Days | Days |
| Average supplier payment period | 53 | 55 |
| Transactions paid ratio | 54 | 57 |
| Transactions pending payment ratio | 44 | 43 |
| | Amount in € th | Amount in € th |
| Total payments made | 1,086,809 | 1,060,763 |
| Total payments outstanding | 138,395 | 128,823 |

The monetary volume and the number of invoices paid within the legally prescribed deadline are as follows.

| | 2022 |
|---|---|
| Monetary volume | 600,050 |
| Percentage of total payments | 55.24% |
| Number of invoices | 87,051 |
| Percentage of total invoices | 52.75% |

The Group has confirming lines available to its suppliers that allow them, at their option, to advance the collection of their invoices as specified in the notes to the Group's annual accounts.

## 8) Main business risks

The risks associated with the Group, its activity, the sector in which it operates and the environment in which it operates, which could adversely affect the achievement of the Group's objectives, are listed below.

These are not the only risks that the Group could face in the future. It could occur that future financial or non-financial risks, currently unknown or not considered to be relevant, might have an effect on the Group's business, results or financial or economic situation or on the market price of its shares or other securities issued by the Group.

It should also be borne in mind that these risks could have an adverse effect on the price of the Parent Company's shares or other securities issued by the Group, which could lead to a partial or total loss of the investment made due to various factors, as well as harming its reputation and image.

### *(A) FINANCIAL RISKS*

The Group is exposed to various financial risks, including credit and liquidity risk, market risk (including foreign exchange risk and interest rate risk) and other specific risks arising from its financing structure. The Group's risk management model seeks to anticipate and minimise the adverse effects that the materialisation of such risks could have on the Group's financial profitability.

However, the management model might not operate adequately, or could even be insufficient. The Group is also subject to external risks that are beyond its internal control and that may adversely affect the Group's business, results or financial situation.

**Market risks**

o *Foreign exchange risk*

The Group's international presence, with projects in over 150 countries in different geographical areas such as Spain, the Americas, Europe, Asia, the Middle East and Africa, means that the Group is exposed to the risk of fluctuations in the exchange rates of the currencies in the countries in which it operates against the euro. At 31 December 2022, approximately 51% of the Group's total sales derived from international markets (49% in the previous year).

The Group monitors the impact of adverse exchange rate movements on the Group income statement and balance sheet, and analyses the possible use of hedging instruments on a case by case basis.

The main transactions carried out by the Group in currencies other than the euro during 2022 and 2021 are detailed below:

| | Thousand euro | |
|---|---|---|
| | **2022** | **2021** |
| Sales | 1,273,051 | 1,014,527 |
| Purchases | 669,560 | 462,337 |

The main transactions in currencies other than the Euro have been carried out in US Dollars, Brazilian Reals, Mexican Pesos and Colombian Pesos.

In the recent past, various macroeconomic and/or geopolitical events have led to sharp movements in exchange rates against the euro in the various functional currencies with which the Group operates. In this respect, the Group's activity is exposed mainly to the following risks:

- *Translation exposure of accounting items*

The Group's main foreign subsidiaries account for all items in their income statements and balance sheets in each country's local currency (local functional currency). When preparing the Group's consolidated accounts, each of these items is translated to euros at the relevant rate in each case (average or spot rate as appropriate), and any necessary consolidation adjustments are made.

At 31 December 2022, the Group has not used financial instruments to hedge exchange rate fluctuations against the euro in any item in the income statement or balance sheets of these foreign subsidiaries, leaving the Group exposed to the effect of translating these accounting items on consolidation.

The following table reflects the sensitivity at 31 December 2022 and 2021 of the Group's equity and results, expressed in million euros, to changes of +/-10% in the exchange rate against the euro of the foreign subsidiaries' main functional currencies.

Variation in equity 2022

| +10% | Thousand euro |
|---|---|
| Saudi Riyal | 1,040 |
| Mexican Peso | 3,417 |
| Chilean Peso | 4,558 |
| Brazilian Real | 5,133 |
| Colombian Peso | 1,488 |

Variation in equity 2021

| +10% | Thousand euro |
|---|---|
| Saudi Riyal | 1,088 |
| Mexican Peso | 2,685 |
| Chilean Peso | 2,418 |
| Brazilian Real | 3,663 |
| Colombian Peso | 1,515 |

Variation in results 2022

| +10% | Thousand euro |
|---|---|
| Saudi Riyal | 1,004 |
| Mexican Peso | 1,160 |
| Chilean Peso | 1,287 |

Variation in results 2021

| +10% | Thousand euro |
|---|---|
| Saudi Riyal | 801 |
| Mexican Peso | 1,075 |
| Chilean Peso | 737 |

| | | | |
|---|---|---|---|
| Brazilian Real | 487 | Brazilian Real | 1,161 |
| Colombian Peso | 977 | Colombian Peso | 848 |

The exchange rates used in the analysis are the exchange rates used for the Group's consolidation.

At 31 December 2022 and 2021, the Group's equity and consolidated results were most sensitive to changes in the Euro exchange rates of the Saudi Arabian Riyal, the Mexican Peso, the Chilean Peso, the Brazilian Real and the Columbian Peso. However, it could be that in the future the Group's profits or equity will be more sensitive to changes in the euro exchange rates of the functional currencies of the Group's foreign subsidiaries other than those included in the above tables, depending on the relative importance of the business of the Group's foreign subsidiaries.

- *Revenue and expense risk in currencies other than the functional currencies*

The Group is also exposed to foreign exchange risk in projects where revenues and expenses are in currencies other than the functional currency of each Group country.

To mitigate this risk, at 31 December 2022 the Group applies a policy of entering into foreign currency hedge agreements with financial institutions that replicate the expected net flow patterns derived from collections and payments in each project, although in some cases these hedges may not be effective or available.

However, delays or variations in project cash flow can lead to hedge renewals which can have a significant impact on project profitability, and losses on projects might even arise in highly volatile currency scenarios.

- *Risk of delay or changes in the scope of projects*

There is an additional risk related to the fulfilment of collection and payment forecasts in the projects when they are delayed or when changes in their scope take place. In such cases, the Group would be obliged to renegotiate the term or amount of the exchange rate insurance associated with the insured flows, which could give rise to additional financial costs or the generation of losses or profits in the event of a reduction in the project scope, depending on the performance of the currency concerned.

- *Risk of a lack of competitiveness due to specific currency fluctuations*

A significant part of the costs associated with the Group's export activity are denominated in euros. An appreciation of the euro (against certain currencies) could make the commercial proposals submitted by the Group less competitive compared with the Group's international competitors whose cost base is denominated in weaker currencies, which may undermine the Group's competitiveness in international markets.

- *Risk of exposure to non-convertible or non-repatriable currencies*

The Group's international presence in more than 150 countries entails specific financial risks in terms of exchange rate variations, possible currency depreciation or devaluation, a possible freeze on payments abroad or the escalation of political problems specific to the countries in which the Group is present. Such factors, if they materialise, can plunge currencies into a period of instability and generate sharp fluctuations in their exchange rates.

In particular, the Group may be exposed to markets whose currencies may be subject to existing or emerging legal restrictions limiting their availability and transfer outside the country, normally imposed by local governments, and whose price is not determined by the free play of supply and demand.

- *Country credit risk exposure*

The Group operates in countries with limited solvency or high country risk according to the standards of international organisations such as the OECD (Organization for Economic Co-operation and Development), IMF (International Monetary Fund) or World Bank, mainly in public projects such as Defence, Air Traffic and Transport.

To reduce this risk, whenever possible, the Group considers the use of Confirmed Letters of Credit and insurance coverage offered by international insurance companies and bodies such as CESCE (Compañía Española de Seguros de Crédito a la Exportación) and other ECAs (Export Credit Agencies) to mitigate country risk in those geographical areas with limited financial solvency.

However, it may not always be possible to obtain such coverage in high risk countries where the Group might operate.

- *Interest rate risk*

A considerable part of the cost of the group's financing is linked to variable interest rates, which are updated on a quarterly, half-yearly or annual basis depending on the contract in question and on changes in the reference rates on the interbank markets (normally the Euribor rate for the reference term). Therefore, a rise in the associated reference rates implies a higher cost of financing for the Group, with the consequent impact on the Group's profitability.

To partially limit this impact, the Group issues fixed-rate debt instruments and periodically assesses the advisability of arranging derivative financial instruments with financial institutions to manage these risks and hedge against interest rate fluctuations when market conditions so require.

At 31 December 2022, 58% of the Group's gross debt bears interest at fixed rates, including €489 million in bonds issued.

Additionally, in accordance with generally accepted accounting principles, the Group carries out exercises to verify the value of the assets included in its balance sheet which, to a large extent, involve rate references to discount the associated flows in order to calculate these values. An increase in these rates may give rise to value adjustments in part of the Group's asset and liability portfolio.

The following table sets out the sensitivity of the Group's consolidated profits, expressed in thousand euro, to changes in interest rates at 31 December 2022 and 2021:

| | **2022** | | **2021** | |
|---|---|---|---|---|
| | Variation in interest rates | | Variation in interest rates | |
| | +0.5% | (0.5)% | +0.5% | (0.5)% |
| Effect on profit/(loss) before tax | (676) | 795 | (2,696) | (322) |

## Credit risks

- *Customer counterparty risk*

The Group is exposed to credit risk insofar as any customer fails to meet its contractual payment obligations, resulting in losses for the Group. The Group has a broad customer portfolio, maintaining commercial relations with business groups, governments and public and public-private entities, which expose it to trade debts arising from ordinary commercial transactions both in Spain and abroad.

In order to minimise the possible impact of these factors, the Group regularly assesses the use of operational measures (letters of credit, collection insurance), accounting measures (doubtful debt provisions) and financial measures (use of non-recourse factoring lines to advance payment from certain customers).

Despite this, the Group remains exposed to credit risk due to default or delays in collection from its customers, which may result in impairment of balance sheet items (trade receivables) and a reduction in the income already reported (if the impact occurs in the same year), with the consequent impact on the Group's income statement and/or equity.

At 31 December 2022, trade and other receivables in the consolidated balance sheet totalled €1,120 million (€988 million in 2021), of which €43 million (€32 million in 2021) is outstanding for over 12 months. The above amount recorded under trade and other receivables includes trade provisions amounting to €86 million

(€82 million in 2021) and, depending on how the projects in progress develop, the Group cannot rule out the possibility of additional impairment.

**Liquidity risk**

- *Risk of access to funding sources*

The Group's cash generation capacity may not be sufficient to meet its operating payments and financial commitments, which could imply the need to obtain additional financial resources from alternative funding sources.

At 31 December 2022, the Group's gross borrowing position was €976 million (€1,475 million in 2021), including financing from Spanish and foreign financial institutions, capital markets (convertible bonds), institutional investors (private debt placements) and financing lines from non-banking entities, such as the CDTI (Centre for Technological and Industrial Development).

Despite the diversification in the Group's funding sources, the existence of factors that may make it difficult for the Group to access these sources (due to factors external to or associated with the Group), or non-compliance with ESG strategy, or regulations related to worsening financial terms (maturity, cost, repayment profile, etc.) or contractual (covenants, guarantees, etc.) terms on which this financing is available, may have a significant impact on the Group's strategic and financial flexibility and may even affect the Group's solvency.

- *Risk of access to funding sources for R&D activities*

The Group uses funding from R&D project financing entities, such as the CDTI, among others, which are important for the implementation of certain R&D projects. These loans have special characteristics in terms of duration, cost and repayment flexibility, sometimes linked to the commercial success of the product. At 31 December 2022, these loans represented 6% (4% in 2021) of the Group's gross borrowings.

A reduction in the availability or possible changes in the characteristics of such loans could limit the Group's ability to obtain resources for its R&D projects in said conditions, which would correlatively determine the need to resort to alternative sources of financing to a greater extent.

- *Liquidity risk*

The Group is exposed to the risk of not being able to meet its financial commitments on time via payment in cash or other equivalent financial assets.

At 31 December 2022 and 2021, the Group's long-term gross borrowings amounted to €700 million and €1,436 million, respectively (72% and 97% of the Group's gross borrowings, respectively), while short-term gross borrowings stood at €275 million and €39 million, respectively (28% and 3% of the Group's gross borrowings, respectively). The Group's cash and cash equivalents at 31 December 2022 amounted to €933 million (€1,235 million in 2021). As a result, at 31 December 2022 the Group's net borrowings amounted to €43 million (€240 million in 2021). In the short term, the Group depends on the generation of cash from its own operations and/or on obtaining additional financial resources from financial institutions to meet its obligations with respect to:

*a.* its commercial and operational payments, and

*b.* the repayment of amounts lent by financial institutions and the interest accrued on their respective due dates.

The Group makes cash flow forecasts to ensure that it has access to the necessary resources to meet its operational and financial needs. The Group also has undrawn financing lines amounting to €181 million in 2022 (€75 million in 2021).

However, these forecasts are based on the best estimates made by the Group at a given time on the foreseeable evolution of cash inflows and outflows and, as such, are subject to fluctuations due to the development of the business or the conditions in which the Group companies operate. Deviations from forecasts have been frequent in the past for the reasons explained above.

- *Risks arising from the seasonality of the Group's cash flow*

The nature of the budgetary and payment processes of some of the Group's customers (mainly customers associated with the public sector) means that project-related receipts may be concentrated around certain dates, mainly in the last weeks of the calendar year. During 2022, positive free cash flow of €253 million was generated (€289 million in 2021). In addition, public sector customers sometimes follow payment management processes that are conditional on review by other authorities or government entities, which can lead to delays or adjustments to their own payment schedules. This dynamic creates seasonality in the cash flows generated by the Group which could give rise to liquidity pressures in periods during which project-related receipts are structurally lower.

- *Risks arising from the availability of guarantees*

In the ordinary course of its business, the Group is required to provide guarantees to third parties as security for the performance of contracts and the receipt of advances. These guarantees are mainly issued by banks and insurance companies. In view of the Group's geographical diversification, these guarantees must be issued in many different geographical areas and currencies.

At 31 December 2022, the Group had provided guarantees to third parties issued by various banks and insurance companies mainly for the purpose of ensuring compliance with contracts, totalling €1,075 million (€1,040 million in 2021).

In this context, there is a risk that these banking and insurance entities could increase the cost and/or reduce the amounts or even cancel the lines granted to the Group for issuing these guarantees. Likewise, there is a risk that certain countries, currencies or customers with limited solvency or associated risk will be excluded, which would limit their commercial capacity and ability to attract business.

In addition, these guarantees are mostly linked to the successful execution of the projects and therefore any problems in the delivery of these projects could entail the risk of the guarantees being enforced, which could affect the availability or cost of such guarantees in the future, with the consequent impact on the Group's commercial and financial capacity.

- *Risk of non-compliance with financial ratios*

Group companies are required to comply with certain solvency ratios, accumulated losses, current asset and liability liquidity ratios in relation to their activities and tenders with public administrations in certain geographical areas.

Regulatory, tax and legal changes or financial developments and/or changes in business could affect these ratios, which could have a financial impact and affect the Company's capacity to do business or meet its financial obligations.

Moreover, at 31 December 2022, the Group's financing is not subject to compliance with financial ratios.

- *Risk of supplier payment management using confirming lines*

The Group has confirming lines with financial institutions so that suppliers who wish to bring forward the collection of current invoices due may do so. These lines allow suppliers to effectively manage their collections. These lines allow suppliers to effectively manage their collections. A reduction in the limits of these lines could lead to liquidity pressures at some of the Group's suppliers, which could be detrimental to the level of service or even the timely availability of contracted products. The Group maintains an appropriate policy of diversifying the number of its suppliers, but an adverse effect on some of them cannot be ruled out in the case described.

## Solvency risk

- *Solvency*

Poor credit quality vis-à-vis third parties caused by excessive leverage or the business's incapacity to generate the funds required to meet its commitments towards third parties could lead to higher financing costs, difficulties in accessing such sources or even bankruptcy.

The Group's general approach is to proactively manage the financial risks relating to the Indra Group's debt, liquidity and financing levels, ensuring that they remain within thresholds which, even in adverse economic conditions, guarantee its viability and strategic flexibility within a framework of reasonable profitability.

## Accounting and reporting risks

- *Risks derived from changes in accounting standards*

The absence or non-application of accounting policies and the absence of stable and defined processes, lack of internal control mechanisms or lower-than-expected level of disclosure could lead to inadequate economic and financial information being obtained.

The accounting and financial reporting standards governing the preparation of the Group's consolidated financial statements are subject to review and amendment by international accounting standards bodies and other regulatory authorities. Such regulatory changes may have a significant impact on the way the Group accounts for and presents its financial information.

- *Risks derived from the presentation of non-financial information*

The absence or non-application of internal control criteria, as well as the absence of stable and defined processes or a lower-than-expected level of disclosure, may lead to the reporting of non-financial information that is not adequate, balanced, understandable, error-free or oriented towards interested parties. In particular, in the current year Group management has included the disclosures required by Article 8 of the European Taxonomy Regulation.

In addition, on 16 December 2022 Directive (EU) 2022/2464 of the European Parliament and of the Council on corporate sustainability reporting was published. This directive forms part of the European Green Deal policies and amends the previous regulations in this area. It will be applicable to the Group from 1 January 2024.

## (B) *OPERATIONAL RISKS*

### Risks related to project management

- *Risks arising from price definition and scope in proposals*

An inadequate analysis of the scope of the project (including temporary consortia), the complexity of the systems and specific technical tasks to be performed, as well as a lack of previous experience, could lead to incorrect price estimates, a lack of specification and/or deficient contractual formalisation, as well as the inclusion of abusive clauses, penalties or the failure to reflect changes in the scope of the proposal, resulting in operations with lower than expected profitability or affecting compliance with product and deliverable requirements. In addition, inaccuracies in requirements and deliverables could lead to continuous changes resulting in non-acceptance of deliveries and non-payment or even cancellation of the contract on the grounds of non-performance.

There is a risk that the Group may not be able to deliver the solution offered or that the scope offered may require greater costs or that technological restrictions may prevent the delivery of the agreed scope in due time and form, which could be seriously detrimental to profitability and cash flow in such projects, with a significant impact on the Group's financial position.

- *Risks arising from project execution*

Refers to the increase in costs with respect to those planned or delays with respect to the initial project plan due, among other reasons, to force majeure, failures in the coordination and management of the projects derived from the lack of sufficient experience of responsible employees, inadequate planning of the necessary resources, difficulty in defining roles and responsibilities of the persons involved, communication failures, non-compliance with standards, procedures and methods and failures in the Group's project management systems.

Furthermore, deviations in the implementation of a project could lead to contractual penalties and even the cancellation of certain projects. Such situations could affect the Group's reputation and commercial solvency not only with respect to the customer involved but also with respect to other customers in the same or other sectors and regions where the Group operates. In any event, no single project represents more than 10% of the Group's consolidated revenues.

The Group performs ongoing analyses of the expected future profitability of projects in progress with the best information available at any given time, which may give rise to significant provisions after completing this analysis if as a result of this process a higher cost than initially foreseen is expected.

In addition, the Group periodically reviews its project portfolio, identifying projects whose current development shows signs of potential losses, and provisions are made for these as they are identified.

Finally, the Group's contracts with its customers usually contain provisions designed to limit its liability for damages caused or for defects or faults in its products or services. However, it cannot be guaranteed that these provisions will always, and effectively, protect the Group against legal claims, nor that, where appropriate, the liability insurance will be sufficient to cover all costs arising from such legal claims.

- *Customer-related risks*

Lack of knowledge of the customer or an unstable/complex organisation could imply poor customer management resulting in a demand for additional scopes or non-acceptance of the product/service, lack of involvement, reticence or lack of interest on the part of the customer, delays by the customer in internal work necessary for the project, or customer expectations higher than those established contractually, which may trigger payment delay or failure, project delays, penalties, additional costs, loss of contracts or customer dissatisfaction, among other consequences.

- *Product quality risk*

The absence of adequate instruments for ensuring and controlling the product and service quality through all phases of their production could increase their cost due to failure to detect and manage variances early, leading to additional work or contractual non-compliance. Additionally, the lack of systematic quality management could limit the organisation's capacity to prevent the repetition of known errors and continuous improvement.

- *Order intake and backlog risk*

The positive evolution of the Group's order backlog in a given year depends on both the orders accumulating until the beginning of that year and the new orders generated during that year.
The cumulative order intake is affected by variables outside the Group such as exchange rate fluctuations (for contracts denominated in foreign currency), project scope adjustments, delays in the start-up of services or projects and even contract termination.
Obtaining new projects is conditional on the Group's capacity to adapt to the market's evolution in terms of competition, supply and product development.

All these events may have a material impact on the Group's order backlog and therefore on the Group's future revenues.

- *International expansion risk*

Due to its significant international presence, the Group is exposed to risks related to its adaptation to environments or markets in the regions in which it operates, as well as to risks derived from a lack of knowledge and experience in the geographical markets it intends to develop. This means that the Group may be exposed to reductions in demand or diminished productivity as a result of unfavourable conditions, as well as to changes in national policies and regulations applicable to the sectors in which it operates, all of which could affect the Group's financial and economic situation.

Exposure to this type of risk may increase in those countries and emerging markets where political and good practice standards are less stable or less developed.

- *Risk derived from involvement in joint ventures, temporary consortia and associations*

The Group operates with more than 400 Temporary Consortia (UTEs) in different geographical areas (mainly Spain). Carrying out projects with Temporary Consortia or in Association implies risks that could materialise in an incorrect distribution of responsibilities, lack of capacity among associates, lack of solvency among associates that would force the Group to assume their operational commitments, or previous negative experiences. In addition, if the partners in the Temporary Consortium failed to meet their contractual obligations on a timely basis, the Group would have to comply with the obligations arising from such contracts due to the unlimited joint and several liability of the Consortium members towards third parties.

Furthermore, since a significant part of the Group's business is in the Public Administrations sector, the Group frequently takes part in tenders grouped into Temporary Consortia. In this context, there is a risk that the Group's involvement in a Temporary Consortium to take part in a tender may be considered by the competition authorities (specifically the Spanish National Commission for Markets and Competition) as a way of concealing, under the legal appearance of a Temporary Consortium, the existence of collusive behaviour, particularly in cases where the agreement among the Consortium members is not duly supported from a business standpoint or includes covenants that have the aim or effect of distorting competition.

The Group sometimes takes part in consortia where it has a minority interest and is therefore exposed to the risk of changes in the conditions and/or scope of these projects.

- *Risk of loss of certification and accreditation*

Non-compliance with the requirements associated with third-party certifications or accreditations to which the Group has adhered could result in these being forfeited, jeopardising the current contracts related to them, access to and competitiveness in the markets in which they are required or valued, and generating a negative reputational impact.

- *Risk of disqualification from contracting with Public Administrations*

The Group operates with Public Administrations of differing characteristics and with very diverse regulatory and legal requirements and compliance standards in numerous markets and geographical areas. Possible litigation, disputes or claims with some of these Administrations could lead to the Group's disqualification from contracting with the Public Administration in the country concerned, impacting the Group in both economic and reputational terms. In addition, any failure to comply with certain balance sheet ratios could prevent the Group from taking part in tenders or even make it ineligible to enter into contracts with the Public Administrations.

- *Risk of damage to tangible fixed assets*

Physical damage to the Company's property and assets at any stage of the project, produced by any cause: weather/natural causes, accidents in the Group's operations, attacks by third parties or inappropriate actions on manoeuvring elements could lead to cost overruns or additional unplanned investments, or could require repairs, replacements or even jeopardise the continuity of the business.

o *Information security risk*

The possible existence of vulnerabilities and threats that could undermine or result in the loss of confidentiality, availability and integrity of the information contained in the systems could have detrimental impacts on the Group. Cyber-risk is understood as the materialisation of threats that jeopardise the information that is processed, stored and transmitted by information systems that are interconnected.

o *System availability risk*

The lack of or reduction in availability of Indra's systems could generate delays or interruptions in processes, which could make it difficult to achieve objectives, place the company at a competitive disadvantage or affect the Group's image.

o *Risk due to insufficient insurance coverage*

Although the Group seeks to insure the risks to which it is reasonably exposed and considers that its insurance coverage meets normal market standards, it cannot guarantee that its policies will cover all its liabilities or damages in the event of an incident.

In this respect, the Group could be required to bear significant costs in the event that (i) its insurance policies do not cover a given loss; (ii) the amounts insured by those policies are insufficient; or (iii) the insurance company is unable to pay the amounts insured, notwithstanding the increase in the insurance premiums.

**Risks related to support processes**

o *Supplier management risk*

Risks associated with suppliers such as operational and quality deviations, delays, dependencies, geographical concentration of critical suppliers, supply chain interruption, risks associated with technological obsolescence and legal compliance.

From a social viewpoint, it implies not taking on suppliers through business procedures that guarantee sustainable purchases under social and environmental criteria, prioritising purchases from local suppliers and ensuring transparency and equal conditions and opportunities for the different bidders.

The creation of long-term relationships with suppliers is a key factor in the successful development of the Group's business. However, greater dependence on any of these suppliers in the Group's operations could result in a reduction in its flexibility when dealing with unexpected adverse circumstances that could arise in relation to such suppliers, as well as a reduction in its negotiating power. Likewise, in the event of inappropriate practices by any of the members of its supply chain, the Group could be affected by legal, financial and operational contingencies or damage to its image, among others.

The Group also works in all the sectors in which it operates with a number of niche suppliers specialised in specific products and services that the Group requires to develop and implement its projects. Therefore, in the event that these niche suppliers are unable to supply their products or services within the agreed time frame, it may not be easy to replace them in a short period of time, which could lead to a deviation in the project's implementation time, adversely affecting the Group's results. In addition, any changes in such suppliers' pricing policies could significantly affect the profitability of the associated projects.

o *Risk of investor and shareholder relations*

Inadequate communication between the Financial, Investor Relations and Legal departments could lead to distortion in institutional or financial messages and could adversely affect the Group's image in the eyes of investors and shareholders. Inadequate frequency of these communications could adversely affect the relationship with investors and shareholders.

o *Brand positioning risk*

The lack of knowledge and perception of the Group's brand by the target audience and the absence of marketing and communication plans can hamper the implementation and growth of the brand.

- *Risk of errors in support processes*

The existence of possible failures in all transversal processes that support the Group's activities could have a negative impact in relation to infrastructures and/or invoicing, collection and payments processes, etc.

- *Risk derived from relations with trade unions, employers' associations and employees*

Inadequate management of relations with employees and their legal representatives could lead to a lack of support for the interests of personnel or the Indra Group, lawsuits, greater conflict, strikes, or media repercussions with negative effects for the Indra Group.
In employment terms, failing to guarantee freedom of trade union membership and association, the right to strike and the right to collective bargaining.

- *Health and safety risk*

The deficient application of the Occupational Risk Prevention management system or a lack of plans to improve the health and well-being of employees (prevention of sedentary behaviour, mental health, etc.) or health risks in the workplace, or other harm suffered by company personnel (kidnapping, extortion, etc.), could result in significant economic and/or legal contingencies between the Group and its employees, as well as a decrease in motivation, productivity and the ability to attract and retain talent.

**Productivity related risks**

- *Risk related to productive efficiency*

The lack of efficiency/effectiveness in manufacturing or software development processes (e.g. interruptions due to the absence of information, lack of flexibility in the management of resources/pyramids or possible breakdowns due to a low work-rate) or in the Group's support processes (e.g. due to a failure to leverage synergies or a lack of process standardisation) could have negative repercussions, mainly cost overruns, for the Group. In the T&D division this is closely related to the procurement strategy risk, both being key for its competitiveness.

- *Strategy and resource planning risk*

An inadequate resource management strategy, higher than expected labour costs (e.g. higher contracting costs), labour rigidity, loss of business due to the unavailability of human resources required to initiate projects, lack of a subcontracting strategy or inefficient planning that fails to match resource needs with availability could generate negative impacts due to cost overruns.

In turn, the profitability of some of the Group's businesses requires the active management of the Group's existing professional pyramids, which is often limited either by the Group's financial capacity or by specific labour regulations in certain countries.

- *Risk derived from the supply strategy*

The absence of planning and foresight in procurement from a global perspective, rather than project by project, could cause a loss of opportunities for savings or cost reductions, failure to take part in tenders due to the terms involved or an inadequate diversification of the supply base, or conversely, its excessive concentration.

- *Risk of warehouse management for the Group's own and third party materials*

Inadequate management of materials, whether owned by the Group or third parties, could lead to cost overruns (logistical and financial costs, obsolescence), quality issues (deficient recording of materials) or the interruption of operations due to materials being unavailable.

***Key personnel risks***

- *Risk related to undesired turnover*

Inadequate management of key personnel could result in loss of talent due to inadequate personnel management, compensation and benefit policies that are not in line with the market, professional development management, effective evaluation models focused on growth and development, strong competition in the sector or other reasons that undermine the capacity to retain employees. This could adversely impact the generation of value opportunities or specific offerings, or could significantly increase the costs of attracting personnel, innovation capacity and offering better service to customers.

During 2022, undesired turnover stood at 16.08%.

- *Risk derived from a lack of talent*

A lack of profiles or talent required for a specific job due to shortages in the market or the Company's lack of attractiveness due to inadequate personnel management (compensation, career plans), lack of an internal and external strategy for managing diversity, bias, inclusion or equality.

The sectors in which the Group operates are characterised by a high degree of specialisation, due to a high rate of innovation and constant technological change which requires the Group to have highly qualified employees with the specific know-how for the development of its projects, mostly with a substantial technological component.

- *Risk of a lack of training in key areas*

The lack of availability of employees with the required education and training in key areas could make it difficult to culminate the projects and initiatives proposed by the Group.

### Reputational risk

Reputational risk is defined as the probability of negative events, public opinions and perceptions, which adversely affect the Group's income, brand, support and public image.
This is a transversal risk and is considered to be related to and interdependent with other risks.

The Group's reputation is linked to operational risks such as product quality and safety, customer satisfaction, information security, worker health and safety, personnel management and subcontracting, as well as other types of risks related to regulatory compliance such as integrity, legal responsibility and corporate governance.

Although the Group has adopted internal control measures aimed at mitigating these risks, it remains exposed to other factors that it might not be able to foresee and control internally, to factors outside its business structure and to the risk that the conduct of certain Group members could affect its image. If this were to occur, any of these situations could adversely affect the Group's brand and therefore its ability to maintain its competitive position in the markets in which it operates.

### Non-financial and sustainability risks

These are the risks and opportunities of an environmental, social or corporate governance nature that could affect the Group. These are key elements for assessing sustainability, the achievement of Sustainable Development Goals (SDGs) and ethical impact from the viewpoint of investing in a company.
The Group has identified the most relevant compliance, financial, operational and strategic risks related to sustainability. Indra is included in various prestigious indices: Dow Jones, MSCI, FTSE4Good and the Bloomberg Gender-Equality Index (GEI). For further information, please see the Sustainability Report.

## (C) COMPLIANCE RISKS

- *Legislative, regulatory and tax compliance risks*

As part of its ordinary activity, the Group is exposed to litigation and claims, whether from employees, subcontractors, third parties, suppliers, tax authorities, competition agencies, or customers, among others. Uncertainty about the outcome of litigation and claims carries the risk that a negative outcome will adversely affect the Group's business and reputation, as well as its results or its financial, economic or equity position.

The Group carries out a process for quantifying and rating these risks on a recurring basis, based on the best information available at a given time. There is a risk that this impact may be underestimated or that events may occur that cause the classification and quantification of a dispute or claim to change significantly, with a greater impact than initially anticipated.

The Group provides for 100% of the amount involved in proceedings in which it is a defendant and whose risk of occurrence has been classified as "probable" (i.e. the risk of the Group receiving an unfavourable ruling is greater than 50%). At 31 December 2022, the Group is a defendant in litigation totalling €40 million (€37 million in 2021). Provisions at that date amounted to €40 million (€37 million in 2021). For further details on the ongoing proceedings and litigation affecting the Group, see Note 24.

As the Group operates in various countries it is exposed to compliance with varying applicable laws and regulations: (i) of each of the markets in which it operates; (ii) of the European Union; and (iii) of the obligations derived from international treaties, as well as their possible future amendment.

The main regulatory compliance risks that may significantly affect the Group's business are those arising from its ordinary activities, as well as those deriving from national and international measures to prevent crime and fraud. In addition, it is important to note the regulations in force in each country which, in the event of non-compliance, could lead to the imposition of penalties on the Group.

The legal consequences of a crime committed on behalf of the legal entity and for its direct or indirect benefit could include the prohibition to conclude contracts with the public administrations, with a detrimental economic and reputational impact on the Group.

In addition, the Group's activities are subject to the tax legislation of each country and to the double taxation treaties between the countries in which it operates, and it must therefore comply with successive amendments to such legislation. With regard to tax benefits in favour of the Group, potential tax reforms in the countries in which it operates may lead to the cancellation of such benefits, resulting in additional costs for the Group and therefore adversely affecting its business and financial position.

Also worth noting are the effects of any changes in Spanish tax legislation, which could have an impact on the Group's consolidated results as a result of possible adjustments to deferred taxes at the relevant tax rates, or limitations on deductions, as well as on cash flows, as a result of the need to bring forward payments and defer recoveries of tax credits.

- *Risk of non-compliance with Corporate Governance recommendations*

Possible non-compliance with the recommendations and best practices in the area of Corporate Governance or non-alignment with expectations of investors and proxy advisors could lead to shareholders not approving or giving sufficient support to the proposed resolutions submitted to the General Shareholders' Meeting by the Board or a loss of confidence from stakeholders.

From a corporate viewpoint, a lack of adequate communication and reporting could impact stakeholder engagement and trust.

- *Employment and Social Security regulation risk*

Inadequate personnel management for employment and Social Security purposes (e.g. illegal assignment of employees), non-fulfilment of obligations with Social Security administrations in the countries where the Group operates, or changes in regulations in the different geographies and markets in which the Group operates, could lead to: (i) overruns and/or loss of income due to the need to bring operations into line with such regulations (ii) being non-compliant with the rules and criteria established by the courts (iii) significant economic and/or legal contingencies between the Group and its employees, trade unions and Central Government, as well as a potential prohibition on contracting with public administrations.

In this respect, the Group operates in markets with specific regulations for certain groups of professionals (for example, the Brazilian labour legislation relating to professionals from subcontracted companies) that may involve significant labour risks and contingencies. Even though the Group has a consistent human resources policy, it is inevitable that it will have to adapt to the local situations of each country, which may lead to risk situations related to such legislation.

- *Intellectual and industrial property risks*

Failure by the Group to comply with current legislation in relation to intellectual property or industrial property rights could lead to penalties or indemnities.

- *Integrity risk*

Non-compliance with the Group's internal policies (including the Code of Ethics) by employees or third parties, in addition to the non-ethical use of technologies, could have a negative impact on the Group's reputation and image vis-à-vis its stakeholders, in addition to economic and sustainability impacts, among others.

- *Environmental risk*

Inadequate management of environmental issues associated with production activities could lead to direct damage to the environment and/or people.

It could also entail non-compliance with environmental regulations, with the resulting risk of legal penalties and liability.

- *International business risk*

Non-compliance with current international trade legislation in any country where the Group operates could lead to international sanctions.

- *Competition risk*

Non-compliance with current competition legislation in any country in which the Group operates could lead to penalties with the associated negative impacts and a possible ban on contracting with public administrations.

- *Non-compliance in relation to product quality and safety*

Non-compliance with laws and regulations on product and service safety could affect the level of quality offered to customers and may result in financial penalties and reputational damage for the Group.

- *Data protection risk*

Non-compliance with current regulations on data protection, both at Group level and in the context of its operations, could lead to financial penalties and reputational damage.

## *(D) STRATEGIC RISKS*

### Industry risks

- *Risk of exposure to the Spanish market*

The national economy could be affected by a decrease in investment in Public Administrations as well as in private customers due to the decline in the country's economic and socio-political situation, which could lead to a loss of earnings.

Despite the effort to internationalise the Group in recent years, it is highly dependent on the Spanish market. In 2022, 49% (same percentage in 2021) of total sales derived from Spain.

- *Relevance of the global economic, socio-political and employment situation to the business*

The economic, socio-political and employment situation and global macroeconomic trends affect the Group's business, given its international presence.

On the one hand, budgetary constraints resulting, inter alia, from the problems caused by high public deficits (for instance, in Europe) result in a direct (public customers) and indirect decline in business for the Group.

The Group is also affected by the slowdown in emerging economies in recent years. Exposure to these economies represents a significant risk for the Group's business in these markets.

Additionally, geopolitical tensions, international uncertainty, terrorist actions, the growth of populist and/or nationalist political parties opposed to globalisation, uncontrolled spread of infectious diseases, sector deterioration, supply chain interruption, national bankruptcy, decline in the economic situation, and mobility restrictions, among other matters, undermine investor confidence and could considerably affect the economic situation in those countries in which the Group operates, either through budgetary restrictions on sensitive areas for the Group's operations (such as defence, transport, etc.), changes in regulations in sensitive sectors (e.g. the banking sector), increased dependence on local suppliers to the detriment of multinationals such as the Group, interruptions in supply chains, possibility of default or decreased productivity, which might even jeopardise business continuity. Any of these circumstances, as well as any other that could affect the world economy, could have a significant impact on the Group's business.

- *Technological risks*

The Group is exposed to a number of technological risks that could have a significant impact on the Company in economic terms and from a credibility and image viewpoint. Technological risks are those associated with constant change in technology, as well as those derived from IT Security and, particularly, those that could lead to a loss of information belonging to the Group or its customers.

- *Technological competition risks*

Some of the sectors in which the Group operates are in a constant process of evolution and innovation, which means that the technologies used or developed by the Group may become obsolete, making it necessary to make a considerable effort to maintain the Group's technological development. The lack of flexibility, effective investment and knowledge to take on technological changes from disruptive technologies could place the Group at a disadvantage with respect to its competitors and loss of opportunities. The key to the unique solutions and services offered by the Group lies in innovation. In this context, it is necessary not only to accommodate constant technological changes but also to be able to anticipate them sufficiently in advance to be able to adapt the Group's technological resources in order to provide a quality, up-to-date, reliable and safe service to customers.

In addition, the Group's customers are facing disruptive changes in their own business models that are threatened by new competitors based on much more advanced technological platforms (i.e. new fintech operators versus traditional banks). The capacity of these customers to adapt to such changes is key to ensuring their survival in the medium term and their limited response capacity could adversely affect the Group as it could lose business from them.

- *Risks associated with fluctuations in prices of materials, services and labour*

Fluctuations in the prices of materials and services and/or qualified labour, and other costs due to price volatility in the commodities markets, shortages of materials and labour or other reasons, could involve risks related to an increase in the costs and negative budget variances.

- *Price competition risk*

Price competition in the market for services or commodities could lead to a decline in competitiveness due to price cuts by one or more competitors, resulting in a loss of customers.

- *Risk associated with the incorrect use of proprietary intellectual and industrial property by third parties*

A possible lack of detection, application, registration or control measures or inadequate contractual protection against customers and suppliers could lead to a loss of rights to such know-how with serious consequences for the Group.

The technologies developed by the Group, as well as the knowledge it possesses in relation to certain areas or sectors which is incorporated into its services and solutions, are very valuable intangible assets, and therefore their protection is essential for its business. The Group adopts mechanisms to protect technology against copies, viruses, unauthorised access, identity theft, hardware and software failures, computer fraud, loss of computer records and technical problems, among others.

The protection of the Group's know-how is entrusted to all its professionals, and in particular to its legal services. In accordance with the Group's Code of Ethics and Legal Compliance, all professionals are obliged to protect their technology and know-how, among other essential assets. Specifically, the legal services are responsible for safeguarding the Group's intellectual and industrial property, through:

1. adequate contractual protection in relations with customers and suppliers, and
2. active management of their rights through the registration and monitoring of intellectual property records and filings, patents and trademarks.

However, the measures adopted by the Group could be insufficient to protect its know-how and technologies, adversely affecting the Group.

- *Risk related to regulatory changes*

The changes in regulations in the various geographical areas and markets in which the Group operates could lead to higher costs due to the need to adapt operations to these regulations and/or a decline in earnings due to possible business discontinuance.

- *Climate change risk*

Failure to comply with the adaptation strategy (decarbonisation path) and the objectives established in relation to climate change, negative impacts derived from physical risks (damage to facilities due to global warming and more frequent extreme weather events), transition risks (regulatory, legal, market, technological or reputational), loss of opportunities or higher costs, could have an impact on the business strategy at both an economic and reputational level.

- *Risk arising from the implementation of strategic plans*

The Group defines medium-term plans that involve risks derived from both the implementation of the plan itself and from the failure to take the measures required to achieve the proposed objectives.

These plans are based on estimates and forecasts concerning the Group that are subject to risks, uncertainties and other factors that could cause the final results to differ from the projected results.

**Risks derived from relations with third parties**

- *Customer counterparty risk*

Excessive dependence on certain customers could lead to a loss of profitability in the customer portfolio and curb the Group's growth and sales capacity. In addition, supplier rationalisation processes that could be carried out by large corporations could cause the Group to lose all or part of its business with these customers.

The Group has a broad and diversified portfolio of large customers with which it seeks to build long-term sustainable relationships. Its main customers include large corporate groups, governments and public and public-private entities in the various jurisdictions in which it operates. At 31 December 2022 and 2021, no Group customer accounted for more than 10% of consolidated revenue.

The success of the Group's business is linked to maintaining or increasing demand for its projects and services, which in turn depends on the proper functioning of the business and the budgetary or financial limitations of its customers. Therefore, all factors that can affect its customers' business will indirectly affect the Group's results.

- *Risk of finding the right alliances, partners and technology partners*

The failure to seek, attract or align with technology partners could be detrimental to the Group's service offer and therefore limit its growth and competitiveness.

**Risks related to the Product and Project Portfolio**

- *Risk due to a lack of suitable commercial channels*

The lack of commercial channels for detecting new potential markets and the needs of current and potential customers could reduce the Group's capacity to generate contracts, with the consequent impact.

- *Risk in product offer management*

If the Group is unable to offer innovative products tailored to customer needs which are socially and environmentally responsible and involve technology with impacts that help customers to operate sustainably, this could be detrimental to market share, profitability, reputation and image.

**Risks related to acquisitions, organisation and planning**

- *Risk derived from returns on investment/divestment*

Failure to achieve the objectives set out in the investment/divestment projects could entail a risk of reduced profitability for the Group. In addition, non-compliance with business plans for intangible assets recorded in the balance sheet and goodwill, or the emergence of liabilities that were concealed or unknown at the time of acquisition, could oblige the Group to adjust their value with the resulting financial impact.

Taking advantage of inorganic growth opportunities is essential in sectors with a strong technology base and which require the incorporation of new technologies to complement internal development, as well as in sectors where scale is a crucial factor in competing companies' profitability and competitive positioning.

The success of the inorganic growth strategy will depend on the ability to find suitable acquisition targets on favourable terms, and on the ability to finance and complete these transactions successfully. The integration of new businesses also involves risks inherent to the acquisition process itself and subsequent integration.

In addition, the acquisition of certain businesses could be subject to the fulfilment of certain requirements (e.g. competition, defence, etc.) which could limit the attractiveness of the assets to be acquired or even preclude their acquisition.

There is a risk that the Group will encounter difficulties in integrating the acquired businesses, such as the failure to achieve cost reductions or the expected commercial synergies, which could result in the acquisitions not being as advantageous in financial terms as would have been expected. There is also a risk that the expected operational, tax and/or financial synergies will not be achieved as a result of possible legislative changes. There are also risks associated with the increase in the Group's debt or even the emergence of liabilities not identified in the prior due diligence processes, or the possible impact of impairment of the assets acquired.

Certain specific risks relating to acquisitions are set out below:

- *Emergence of liabilities that were concealed or unknown at the time of acquisition.*
- *Risks arising from integration.*
- *The resulting group may not be able to retain key managers and professionals, or to manage the workforce efficiently.*

At 31 December 2022, the Group recorded net intangible assets (excluding goodwill) totalling €253 million (€274 million in 2021.

Similarly, the Group could be required to make provision for goodwill arising from corporate transactions in the past if the future prospects associated with such business are insufficient to justify the carrying value of the goodwill. At 31 December 2022, the Group recorded goodwill totalling €946 million (€921 million in 2021).

○ *Planning and forecasting risk*

Errors in planning or budgeting due to lack of integrated business vision, uncertainty or changes in the market, lack of business optimisation (e.g. lack of an overall vision in the establishment of common work plans for several businesses) or because of inadequate follow-up, could generate negative impacts (e.g. loss of business opportunities, higher costs, etc.).

## 9) Global and geopolitical impacts and uncertainties

### Uncertainty related to the Covid-19 pandemic

Over the course of 2022 there has been a gradual normalisation of the global health situation. The effectiveness and growing prevalence of vaccination, together with the gradual elimination of restrictions, have enabled a rapid recovery of the economy with growing dynamism on a global scale. Even China, which had previously maintained a strict "zero Covid" policy, changed its strategy and started to reopen its economy from the end of 2022.

After the impact suffered in 2020, Indra rapidly recovered its level of activity and even exceeded pre-pandemic results in 2021 (and again in 2022). However, some uncertainty associated with the possible emergence of new variants and the development of the health situation in certain regions cannot yet be ruled out. In this respect, since March 2022 Indra has been implementing a remote working model in line with the new regulations and closely monitors the pandemic, with the aim of tailoring its work model to the health context on a permanent basis.

### Conflict in Ukraine

Russia's invasion of Ukraine has had a major global impact, particularly in Europe. At the present time there is considerable uncertainty about the potential outcome, duration and possible international escalation of the conflict. However, its humanitarian, economic and geopolitical repercussions have been felt from the outset.

As a result of the conflict, Europe is facing a serious energy crisis resulting from the accelerated disconnection of Russian gas supplies, leading to considerable price increases and a higher risk of shortages. Some European industries even temporarily halted production in 2022 due to the high energy prices. European industry as a whole, and in particular the most energy-intensive sectors, could face competitiveness issues if a solution to the energy crisis is not found.

In addition, the conflict has led to an increased awareness of the importance of defence in European society.

Concerning the direct impact on Indra, the company ceased its operations in Russia and Ukraine at the beginning of the conflict. In any event, the company did not have any relevant operations in either of these countries and the revenue forecast for 2022 was not significant (backlog in the region was below €4 million at end-2021). The direct impact is therefore insignificant and all related assets have been provisioned.

The company has monitored the development of the conflict continuously since it began, with the aim of taking the measures required to adapt its operations in a changing environment. Indra aims to anticipate any risk that may represent a threat to either its own staff or its clients.

### Deterioration in Spain-Algeria relations

On 8 June, Algeria announced the unilateral suspension of the Friendship Treaty with Spain signed in 2002, negatively impacting the business of Spanish companies in Algeria.

Specifically, Indra's activity in Algeria has declined, with sales standing at €3.8 million in 2022 compared with €5.3 million in 2021. In any event, the impact in terms of revenue is not significant and all assets related to activities in Algeria have been provisioned.

### Global supply chain disruptions

The restrictions imposed on industrial and logistics activities during the pandemic and the subsequent resurgence of Covid-19 in the main export markets (e.g. China) led to major disruptions in global supply chains. These problems, initially restricted to certain goods (particularly semiconductors), were aggravated by the rapid recovery of the economy after the pandemic and progressively spread to new areas until they became a systemic vulnerability of global supply chains. More recently, these issues have again intensified due to the conflict in Ukraine.

The impact on businesses has been felt mainly through delays in receiving orders and increased order costs. In recent months, however, there has been an improvement in the functioning of supply chains. The global economic slowdown and the normalisation of business activity in China are among the factors contributing to this improvement.

In Indra's case, the impact is mainly concentrated on the T&D business, which has a larger industrial component and is therefore more dependent on certain components and intermediate products (particularly semiconductors and, to a lesser extent, metal parts). Plans to mitigate global semiconductor shortages were implemented in 2021 and since then supply chains have been continuously monitored to assess the need for any further measures.

### Sharp rise in inflation

Since 2021, various factors have contributed to the sharp rise in global inflation: the post-pandemic economic recovery, supply chain bottlenecks, the conflict in Ukraine and the energy crisis, among others. This situation has forced central banks to tighten monetary policy to contain high inflation in mature economies (particularly in the European Union and the United States).

This high inflation has impacted Indra mainly in two areas:

Personnel costs: Indra is a talent-intensive company, particularly with regard to the IT business (Minsait). By way of reference, personnel costs amount to around 56% of Indra's sales. As a result, the company is very sensitive to trends in salary costs and it has worked continuously on the deployment of efficiency and productivity initiatives that enable these costs to be mitigated.

Cost of debt: The rise in interest rates has directly impacted the cost of the company's debt. However, Indra enjoys a healthy financial situation (Net Debt leverage ratio of 0.1 times EBITDA at year-end 2022) and a diversified debt structure, resulting in a negligible impact in 2022. Nevertheless, the current high interest rate environment should be taken into account in relation to any transactions that might require the level of debt to be raised.

### Increasing demands on companies with regard to sustainability

Sustainability has consolidated its status as a key issue for companies. Beyond strict compliance with the associated increasing regulation, sustainability has become an additional decision-making criterion for customers and investors. Companies increasingly need to demonstrate a good ESG performance to maintain customer confidence, obtain better access to capital market financing, and attract and retain talent.

In particular, a number of regulatory initiatives are being implemented in Europe (EU Environmental Taxonomy, Corporate Sustainability Reporting Directive) that will facilitate the comparison of ESG performance between different companies.

Under Indra's Sustainability Master Plan 2020-2023, initiatives aimed at responding to the growing demands and regulatory changes in ESG areas are being successfully deployed.

## 10) Capital structure

At 31 December 2022, the Parent Company's subscribed and paid-up capital amounted to €35,330,880.40, consisting of 176,654,402 ordinary shares with a par value of €0.20 each, represented by book entries.

All the shares are officially listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, are quoted in the Continuous Market and are included in the selective IBEX-35 index, the year-end price being €10.65 (€9.52 at year-end 2021). The average share price for the last quarter of 2022 and 2021 was €9.41 and €9.95, respectively.

The Parent Company's main shareholders at 31 December 2022, holding an interest of over 3%, are: SEPI (25.159%); Fidelity Management & Research LLC (9.955%); Joseph Oughourlian (5.130%); SAPA (5.0%); Fidelity International Limited (2.149%); T.Rowe Price Associates (3.357%).

## 11) Shareholder remuneration

At a meeting held on 26 October 2021, the Parent Company's Board of Directors resolved to resume dividend payments, which was approved at the General Shareholders' Meeting held on 23 June 2022 (distribution of a cash dividend of €0.15 per share, which was subsequently paid on 12 July 2022).

At a meeting held on 28 February, Indra's Board of Directors resolved to propose, at the next General Shareholders' Meeting, the distribution of a cash dividend of €0.25 gross per share out of 2022 profits, to be paid on 12 July 2023.

The proposed distributions of profits in Group companies for 2022 have been drawn up by their respective boards and will be submitted for approval at the relevant General Shareholders' Meetings.

## 12) Derivatives

The Group pursues an active policy of hedging risks arising from exchange rate fluctuations by arranging hedges and derivative instruments with financial institutions.

The Group is also considering the use of interest rate swaps to manage its exposure to interest rate fluctuations mainly in its long-term floating rate bank loans.

At present, no interest rate swaps have been entered into.

## 13) Treasury shares

Making use of the delegated authority conferred by the General Shareholders' Meeting, the Company directly holds 510,808 shares at 31 December 2022 (0.29% of share capital) amounting to €5,342 thousand. Further details can be found in Note 18 to the annual accounts.

During 2022, the Company acquired 13,183,948 of its own shares on the stock exchange (7.46% of share capital) (6% of annual volume) and sold 13,173,028 of its own shares (7.46% of share capital) (6% of annual volume). Further details on share movements in 2022 can be found in Note 18 to the annual accounts.

## 14) Outlook

The Group expects revenue in excess of €4,000 million in constant currency, EBIT over €315 million and Free Cash Flow over €200 million in 2023.

## 15) Annual Corporate Governance Report

In accordance with the provisions of Article 538 of the Spanish Companies Act, the Annual Corporate Governance Report forms an integral part of the Consolidated Management Report and is included in a separate section. This report has been prepared in accordance with the model approved by CNMV Circular 3 of 28 September 2021 and is available on the CNMV website (www.cnmv.es), to which it was sent by the Company, and on the corporate website (www.indracompany.com).

## 16) Annual Report on Directors' Remuneration

In accordance with the provisions of Article 538 of the Spanish Companies Act, the Annual Report on Directors' Remuneration forms an integral part of the Consolidated Management Report and is included in a separate section. This report has been prepared in accordance with the model approved by CNMV Circular 3 of 28 September 2021 and is available on the CNMV website (www.cnmv.es), to which it was sent by the Company, and on the corporate website (www.indracompany.com).

## 17) Non-financial information

The Sustainability Report/Non-Financial Information Statement forms part, as an appendix, of the Consolidated Management Report and is therefore subject to the same rules for approval, filing and publication as the Management Report, having been drawn up and approved by the Board of Directors together with the Management Report at its meeting on 28 March 2022. The Sustainability Report includes the necessary information to understand the Company's performance, results and situation and the impact of its business activities with respect to, at least, environmental and social issues, as well as those related to personnel, respect for human rights and the struggle against corruption and bribery, among others. The Sustainability Report can also be consulted on the company's website (www.indracompany.com).

## 18) Alternative Performance Measures

Following the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs), Group management believes that certain APMs provide useful additional financial information that should be considered when assessing performance. In addition, Management uses these APMs when taking financial, operational and planning decisions, as well as in the assessment of Group performance. The Group presents the following APMs that it considers useful and appropriate for decision making by investors and which provide greater reliability with respect to the Group's performance.

### EBITDA

- Definition/Reconciliation: EBITDA stands for earnings before interest, tax, depreciation and amortisation.
- Explanation of use: this is a financial indicator that the Company uses to determine its productive performance and that investors use for company valuations.
- The Group also uses the EBITDA Margin as a performance indicator, which is the ratio of EBITDA to sales in a given period. This indicator is interpreted as the Group's operating profit for every euro of sales.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| CONSOLIDATED INCOME STATEMENT (€M) | 2022 | 2021 |
|---|---|---|
| EBIT | 300 | 256 |
| Depreciation/amortisation | 100 | 94 |
| ***EBITDA*** | ***400*** | ***349*** |

### EBIT

- Definition/Reconciliation: as defined in the annual income statement.
- Explanation of use: this is a financial indicator that the Company uses to determine its productive performance and that investors use for company valuations.
- The Group also uses the EBIT Margin as a performance indicator, which is the ratio of EBIT to sales in a given period. This indicator is interpreted as the Group's operating profit for every euro of sales.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| CONSOLIDATED INCOME STATEMENT (€M) | 2022 | 2021 |
|---|---|---|
| EBITDA | 400 | 350 |
| Depreciation/amortisation | 100 | 94 |
| ***EBIT*** | ***300*** | ***256*** |

**Operating Margin**

- Definition/Reconciliation: Operating profit (EBIT) plus personnel reorganisation costs, impairment, business consolidation and acquisition costs, amortisation of intangible assets from acquisitions, share-based remuneration and possible penalties.
- Explanation of use: this a financial indicator that the Company uses to determine its productive performance before certain extraordinary costs and which investors use for valuations of IT businesses.
- The Group also uses the Operating Margin (%) as a performance indicator, which is the ratio of the Operating Margin to sales in a given period.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| CONSOLIDATED INCOME STATEMENT (€M) | 2022 | 2021 |
|---|---|---|
| EBIT | 300 | 256 |
| Extraordinary Costs | 54 | 28 |
| ***Operating Margin*** | ***354*** | ***284*** |

**Net borrowings**

- Definition/Reconciliation: amounts owed to credit institutions and bonds or other non-current marketable securities less cash and cash equivalents. Net borrowings is calculated by subtracting the balance under “Cash and cash equivalents” from the balances under the headings “Current and non-current bank borrowings” and “Financial liabilities due to the issuance of debentures and other current and non-current marketable securities” as these figure in the consolidated statements of financial position.
- Explanation of use: this is a financial indicator that the Group uses to measure the company’s leverage.

  In this respect, the Group uses the Net borrowings/EBITDA ratio as an indicator of its level of leverage and capacity to repay its financial debt. For this reason, the EBITDA figure used in the calculation of the ratio for interim periods is determined taking into account the equivalent annual EBITDA figure for the 12 months immediately prior to the date of calculation of the ratio.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| CONSOLIDATED BALANCE SHEET (€M) | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | 933 | 1,235 |
| Non-current bank borrowings and debentures | (700) | (1,436) |
| Current bank borrowings and debentures | (275) | (39) |
| ***Net borrowings*** | ***(42)*** | ***(240)*** |

## Free Cash Flow

- Definition/Reconciliation: these are the funds generated by the Group before dividend payments, net financial investments and other similar amounts, and investment in treasury shares (Note 2. Statement of Financial Position and Cash Flow Statement). It is calculated on the basis of profit before taxes in the consolidated cash flow statement: deducting grants, provisions and gains/losses on fixed assets and other items, adding depreciation and amortisation, adding the results of subsidiaries and other investees, adding financial results, adding dividends received, adding cash from operating activities, deducting payments for the acquisition of property, plant and equipment and intangible assets, deducting financial results and corporate income tax paid, and adding or deducting other flows from investing activities.
- Explanation of use: this is the cash generated by the Group's own business operations that is available to the providers of funds (shareholders and financial creditors) once the Parent Company's investment needs have been met. It is an indicator that investors use for valuing companies.
- Consistency of the policy used: There is no change in policy with respect to the previous year.
- Reconciliation: see Note 2.

## Order Intake

- Definition: this is the volume of contracts successfully obtained over a period. The order intake figure should not be confused with the Revenue figure since the amount of a contract secured in a particular year (and which is accounted for as order intake in that year) may be spread over a number of years.
- Explanation of use: as it reflects the amount of contracts obtained in a given year, the order intake figure is an indicator of the future performance of the Group's business.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| ORDER INTAKE | 2022 | 2021 |
|---|---|---|
| Minsait order intake | 2,580 | 2,185 |
| Transport & Defence order intake | 2,198 | 1,529 |
| ***Order intake*** | ***4,778*** | ***3,714*** |

## Book to bill ratio

- Definition: the amount of the contracts successfully obtained over a period divided by the company's sales in the last twelve months.
- Explanation of use: this is a financial indicator used by the Company to measure the amount of contracts obtained in relation to the Company's sales in the last twelve months.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| BOOK TO BILL | 2022 | 2021 |
|---|---|---|
| Order intake | 4,778 | 3,714 |
| LTM Sales | 3,851 | 3,390 |
| **Book to Bill** | ***1.24*** | ***1.10*** |

## Order backlog

- Definition: This is the accumulated order intake less sales made plus/minus exchange rate and contract renegotiation adjustments, among others. It reflects the amount of a sale remaining until the completion of a project to complete the order intake figure.
- Explanation of use: As it reflects the amount of contracts obtained pending implementation, this figure is an indicator of the future performance of the Group's business.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| ORDER BACKLOG | 2022 | 2021 |
|---|---|---|
| Minsait backlog | 1,722 | 1,600 |
| Transport & Defence backlog | 4,587 | 3,859 |
| ***ORDER BACKLOG*** | ***6,309*** | ***5,459*** |

**Order backlog/Sales in last 12 months Ratio**

- Definition: amount of the backlog less sales made plus/minus exchange rate and contract renegotiation adjustments, among others, and which represents the part of the sale pending until the finalisation of the project to complete the contract figure, divided by the company's sales in the last twelve months.
- Explanation of use: this is a financial indicator used by the Company to measure the amount of contracts obtained pending execution in relation to its sales in the last twelve months.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| ORDER BACKLOG / LTM SALES | 2022 | 2021 |
|---|---|---|
| Backlog | 6,309 | 5,459 |
| LTM Sales | 3,851 | 3,390 |
| ***Order backlog / LTM Sales*** | ***1.64*** | ***1.61*** |

**Working Capital (NWC)**

- Definition: the amount of current operating assets less current operating liabilities. It can also be calculated as the sum of accounts receivable plus inventories less trade debtors.
- Explanation of use: this is a financial indicator used by the Company to measure the resources it has available to meet its current liabilities. Therefore, it measures the company's insolvency risk.
- Consistency of the policy used: There is no change in policy with respect to the previous year.

| Working Capital (NWC) | 2022 | 2021 |
|---|---|---|
| Current operating assets | 1,637 | 1,367 |
| Current operating liabilities | 1,423 | 1,329 |
| ***Working Capital (€M)*** | ***214*** | ***38*** |

The calculation is facilitated by adding long-term items, based on the following calculation: trade receivables is the sum of Trade receivables for net sales and services, Accounts receivable - net long and short-term billable production, Prepayments to suppliers, and Advance payments to customers - long and short term. Inventories is the sum of Short-term inventories plus Long-term inventories.

| Working Capital S/T+L/T | 2022 | 2021 |
|---|---|---|
| LTM Sales | 3,851 | 3,390 |
| Sales/days | 10.6 | 9.3 |
| Total Working Capital (€M) | (22) | (40) |
| ***Working Capital (DoS)*** | ***(2)*** | ***(4)*** |

| Total Working Capital S/T+L/T (€M) | 2022 | 2021 |
|---|---|---|
| Trade receivables | 96 | 87 |
| Inventories | 516 | 415 |
| Trade payables | (634) | (541) |
| **Total Working Capital** | ***(22)*** | ***(40)*** |

## 19) Events after the reporting date

- On 17 January 2023, Indra renewed its Top Employer certificate for the fifth consecutive year. This certificate recognises companies offering the best working environment and professional development, highlighting Indra's and Minsait's commitment to talent.

- At a meeting held on 28 February 2023, Indra's Board of Directors resolved to propose, at the next General Shareholders' Meeting, the distribution of a cash dividend of €0.25 gross per share out of 2022 profits, to be paid on 12 July 2023.

- On 6 March 2023 the Company reported to the CNMV, as price-sensitive information, the decision taken by the Board of Directors, by common accord with the current CEO, Ignacio Mataix Entero, to carry out a CEO succession process linked to the definition of the next strategic plan which the Company intends to define for the coming years. This process was already underway at the time of preparation of these Annual Accounts.

- Concerning the Metro Mumbai One PVT LT ("MMOPL") arbitration (Note 24), the relevant term has elapsed without MMOPL requesting the annulment of the arbitration award and therefore said award is now final. The above notwithstanding, on 23 February 2023, INDRA and MMOPL entered into an agreement under which MMOPL undertook to pay INDRA an amount of €740 thousand and to release the bank guarantees provided, thereby bringing the judicial procedure to an end.

- Recent crisis in international financial institutions.

  Various incidents have occurred in the banking system in recent weeks, which have been restricted so far to institutions with high exposures to cryptocurrencies, as well as regional banks in the US and Switzerland.

  In this respect, Indra applies a conservative policy in its relations with financial institutions, selecting solvent top-tier institutions and diversifying the allocation of financial products among them. As a result of this policy, Indra has not been affected by the incidents experienced by certain institutions in international markets. Indra will continue to monitor the status of financial institutions, with a view to selecting the best business partners for its needs.

# Sustainability Report 2022

## Non-Financial Information Statement

indra

# Contents

# 1 Letter from the Chairman

**Marc Murtra**
Chairman

Once again, I have the pleasure of addressing you as we publish our Sustainability Report and Non-Financial Information Statement for the 2022 financial year. It has been a year marked by a challenging global environment of instability, despite which we have made important progress on economic, social, environmental and corporate governance fronts. The Board of Directors sees Indra's performance in 2022 as very positive and we have full confidence in the company's ability to navigate a context full of challenges, but also considerable opportunities.

We recently marked the one year anniversary of the outbreak of war in Ukraine, which has seen the return, in all its horror, of conventional warfare to Europe. There is still a great deal of lingering uncertainty over the outcome, duration and global repercussions of the war, but the humanitarian tragedy has been very much a part of it from the beginning. The conflict has also brought with it other undesired consequences, such as a worsening of the energy crisis in Europe, added strains on global supply chains, and spiralling inflation accompanied by sharp interest rate increases.

> Indra was ranked the world’s number one company in the IT Services sector by the Dow Jones Sustainability Index (DJSI) for a second year running and recognised by S&P as “Gold Class” in its Sustainability Yearbook for a third consecutive year

It is within this context that challenges such as the demand for security, and the transition to renewable energy sources and sustainable transport, occupy an ever-greater place in our collective consciousness and have regained a renewed sense of urgency. Such challenges are inextricably linked to sustainability, and technology, as a fundamental component of our response to them, has a key role to play here. At Indra, our goal is to use technology to drive sustainability and by doing so create value for all our stakeholders. We are well aware of just how important sustainability will be for the company over the coming years.

This drive for sustainability is not only reflected in the way our products and services assist the communities in which we operate, it can also be seen in the way we go about our work. Thanks to our efforts in this area, in 2022 Indra was ranked the world’s number one company for sustainability in the IT Services sector by the Dow Jones Sustainability Index (DJSI) for a second year running and was recognised by S&P as “Gold Class” in its Sustainability Yearbook for a third consecutive year. These acknowledgements come in addition to its recognition as an “A-list” company for its action against Climate Change in the CDP index and its inclusion once again in the Bloomberg Gender Equality Index.

Lastly, I would like to extend my sincere thanks both to all of our employees for their outstanding work and to all of our shareholders for their continuing support. Thank you on behalf of the entire Indra Board of Directors.

Marc Murtra
Chairman of Indra

# 2 Message from the CEO

**Ignacio Mataix**
CEO

The efforts of our excellent team of professionals, along with the confidence our clients place in us, allowed the company to end 2022 on a historic high, having achieved record figures for order intake and backlog, as well as for revenue and EBIT. The main items on our income statement experienced double-digit growth, ultimately resulting in a 20% increase in our earnings per share.

Our cash generation for the year was also excellent – the second best in the company's history – which allowed us to reduce net debt to practically zero. Thanks to these results, we are in a position to significantly increase shareholder remuneration through the proposed dividend increase announced.

Indra's commercial performance in 2022 has been outstanding, with double-digit growth in our order intake, which has meant revenue has also increased at double-digit rates. Our order backlog is also at a new all-time high and, more importantly, includes contracts such as the FCAS that will transform the company and also substantially improve our long-term vision.

All this growth has resulted in increased profitability for our two divisions, thanks to the operating leverage provided by our sales growth, improvements to our product mix and the implementation of our efficiency plans – and this despite the high wage inflation prevalent in our markets.

> Indra achieved record figures in 2022 for order intake and backlog, as well as revenue and EBIT

Once again this year, it is important to mention Indra's impressive ESG performance. This year Indra realised the achievement of being rated the most sustainable company in its sector for the second consecutive year, ranking among the top 1% of the most sustainable companies in the world according to S&P Global's Sustainability Yearbook for 2023. It also featured on the CDP's prestigious Climate Change A List for 2022 in recognition of the company's best practices on environmental leadership.

These excellent results, coupled with the strength of our balance sheet, the quality and size of our order backlog, and our fantastic team of professionals, have set us in unbeatable stead to handle our growth and the strategic decisions that will need to be made in the years to come.

> Our strategy is based on helping our clients successfully overcome their sustainability challenges

We are deeply committed to sustainability and the social impact of our business operations: we have cut $CO_2$ emissions by 26%, narrowed the wage gap, increased the percentage of women hired with STEM profiles and the percentage of young women hired aged 30 and below, and senior management incentives are tied to our ESG objectives.

We are a knowledge-intensive company, and as such developing and attracting the best talent is a strategic goal of our business. This year we have successfully offered an attractive project for the future to a large number of professionals, employing more than 19,000 new recruits. By enhancing our training plans – which have reached over a million hours of training – and actively championing professional development, we have clearly demonstrated our steadfast commitment to driving internal growth and attracting the best technological talent.

We would like to extend our sincere thanks to the remarkable team of professionals that work tirelessly to help make our aspirations a reality and achieve the goals we set ourselves. We would also like to thank our clients for continuing to place their trust in us and our partners and suppliers for their ongoing support and invaluable collaboration.

Ignacio Mataix
CEO

# Indra is for the 2nd consecutive year the world's leading technology company in sustainability

**Top 1%**

S&P Global ESG Score 2022

**89** /100

As of February 7, 2023.
Position and Score are industry specific and reflect exclusion screening criteria. Learn more at spglobal.com/esg/yearbook

**S&P Global** **Sustainable1**

Dow Jones
Sustainability Indexes

In 2022, **Indra** was ranked for the **second consecutive year** as the **No. 1 company in sustainability in the IT Services sector** by the renowned **Dow Jones Sustainability Index**.

With a **score of 89** out of 100 **Indra ranks first** in the sector among 58 other IT companies **worldwide**.

# Our **2022 performance** in figures

## Financial performance

| Revenues (M€) | EBIT Margin | Free Cash-Flow (M€) | Net debt / EBITDA |
|---|---|---|---|
| 3,851 | 7.8% | 253 | 0.1 |

## Governance, ethics and transparency

| | |
|---|---|
| Professionals trained in ethics and compliance | 97% |
| Suppliers trained in ethics and compliance | 100% |
| N° of cybersecurity incidents with critical impact | 0 |

## Technology with impact

| | |
|---|---|
| R&D investment over revenues | 8.1% |
| Professionals dedicated to R&D | 3.8k |
| Women on R&D activities | 30% |

**N°1 worldwide** in sustainability for the IT Services sector according to DJSI in 2021 and 2022

Dow Jones Sustainability Indexes

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

## Planet

| 26% | 88% |
|---|---|
| Emission reduction vs. 2019 | Green energy |

### SBT 1.5°C emission reduction objectives

| 2030 | 2040 | 2050 |
|---|---|---|
| **-50% emissions** by energy consumption | **Zero emisiones** by energy consumption | **100% carbon neutral** |

## People

56,735
Group staff

### Diversity

| 33% | 3% |
|---|---|
| Women on staff | Gender gap |

### Labor conditions

| 99% | 93% |
|---|---|
| Professionals With collective bargaing | Professionals with fixed contract |

**Top Employer** company in Spain 2022

## Among the leaders in sustainability

| Sustainability Yearbook Member 2022 S&P Global | FTSE4Good | MSCI | CDP DISCLOSURE INSIGHT ACTION | SUSTAINALYTICS |
|---|---|---|---|---|
| Top 1% | Member | AA | A List | Low Risk |
| DJSI<br>89/100 points<br>(+4p.p. vs 2021) | Ftse4Good<br>4.2/5 points<br>Top 11% | MSCI-ESG<br>7.3/10 points | CDP<br>Climate Change<br>(F-A scale) | ESG Risk<br>12.95 in 0-100 scale |

# 3 Market climate, business model and sustainability

## 3.1 Market climate and trends

2022 was a year of significant macroeconomic and geopolitical changes, with mounting uncertainty for both businesses and society in general.

In addition to the grave humanitarian crisis it has provoked, the global repercussions of the Russian invasion of Ukraine have also impacted a number of other areas, resulting in:

- A deepening energy crisis.
- Greater strains on global supply chains.
- A sharp rise in inflation and increases in interest rates.

Regarding geopolitics, the impact of the invasion has extended far beyond the regions directly affected by the conflict: Notably, the economic and technological rivalry between the USA and China has resulted in rising tensions between the two. We can therefore expect to see a period of geopolitical change, the impact of which over the medium to long term is hard to fully predict.

As far as health is concerned, the worst of the Covid pandemic is now behind us and most of the world has seen a gradual return to normality.

> In a climate of uncertainty, technology is the key to remaining competitive over the long term

In the following paragraphs, we look at the main trends having an impact on Indra's business within a context of more rapid digital transformation and in which Defence and Security are becoming ever more important.

### Digital capabilities crucial to ensuring superior products and services

Digitalisation is reducing the time needed to develop new products and bring them to market, speeding up R&D cycles. Digitally native business niches are emerging (e.g. in unmanned traffic management, new payment systems, aftermarket services, etc.), as well as new, "as-a-service" business models (mobility, predictive maintenance, core banking, and infrastructure as a service). Within Defence programmes, Defence Electronics and systems are playing an ever more prominent role.

### Importance of scale and increased rates of consolidation

In the markets where Indra operates, achieving scale is an increasingly important part of remaining competitive, providing the investment in R&D needed to keep pace with rapid innovation cycles. There is a tendency towards consolidation amongst industry giants and digital global players. Mergers and acquisitions are increasingly aimed at complementing one's portfolio and acquiring end-to-end capabilities. Within the Defence sector, achieving scale is also essential to becoming a prime contractor and gaining access to major programmes.

### Value creation concentrated in the West

North America and Western Europe continues to be home to the majority of tech businesses leading the way in value creation and innovation. Asia's technology and industry hubs are nonetheless gaining in importance globally.

### Blurring the boundaries between industries, clients and competitors

With the adoption of digital technology, the boundaries between traditional value chains are becoming blurred, as are the roles of customer, competitor and supplier, with value migrating to new digital ecosystems.

### Heightened concern over sustainability and Climate Change

Sustainability has become a major concern of societies across the globe, and this has resulted in growing demands from governments, investors, clients and employees:

- Greater regulatory requirements are being imposed on good governance, Human Rights, the fight against Climate Change and transparency in reporting.
- Investors, analysts and ratings agencies are including ESG considerations in their valuations, with a good ESG performance opening up access to finance under better terms.
- In order to encourage sustainability throughout the value chain, businesses are increasing the demands they make of, and control they have over, suppliers.

Business opportunities associated with the macrotrend towards sustainability have notably emerged in such areas as energy transition and sustainable mobility.

### Strategic autonomy as a top priority for the EU

Both the pandemic and the invasion of Ukraine have exposed the EU's heavy dependence on third countries when it comes to certain strategic sectors. As a result, the EU has adopted a three-pronged approach to increasing its strategic autonomy, aimed at:

- Developing its Defence capabilities, through increased investment and greater cooperation between countries.
- Reducing its energy dependence.
- Strengthening its economic base and cultivating industries and technology with high potential for the future, such as Artificial Intelligence, Cybersecurity, Industry 4.0, Space and Quantum Technology.

### Defence now a prime concern in Europe

The insecurity caused by the invasion of Ukraine has changed our perception of the risks and threats to the way of life in European countries. As a society, we have become more aware of the need to increase defence capabilities in order to confront potential threats.

The invasion of Ukraine has seen NATO reassume its central role in European Defence, with almost all countries announcing that they will fulfil their commitment to spend 2% of GDP on Defence in the short to medium term. In order to draw the most benefit from this outlay, we can expect to see greater cooperation between European countries in this area. Given these circumstances, one of the sectors offering the most in terms of potential opportunities is the Defence industry, which supplies the Armed Forces with the systems needed to carry out their work.

### Transport and Defence

World-leader in providing proprietary Solutions in specific segments in Transport and Defence markets

Defence and Security

Envisioning a safer tomorrow

Air Traffic

Creating skies together

Transport

Unlocking life in motion

### Digital and Information Technologies

Leading firm in Digital Transformation and IT in Spain and Latin America, through its affiliate Minsait

minsait An Indra company

Mark making the way forward

# 3.2 Business model and strategy

[GRI 2-1] [GRI 2-6]

indra
At the core

**Indra's Value Creation Model** [according to GRI 2-2 and GRI 2-6]

**Main inputs**

**Human capital**

- ✓ ~ 56,000 professionals
- ✓ 33% women, +120 nationalities
- ✓ Recognized as Top employer

**Technological capabilities**

- ✓ 1st Spanish company and 2nd European in the H2020 programme
- ✓ +3,800 professionals in R&D
- ✓ Technological benchmark in key sectors

**Financial resources**

- ✓ 312.5 M€ in R&D
- ✓ 253 M€ Free Cash Flow
- ✓ ~1,800 M€ in purchases of products and services
- ✓ +1 M€ in energy efficiency measures

**Geographical scope**

- ✓ Local presence in +40 countries
- ✓ Commercial activity in +140 countries
- ✓ 97% local professionals

**Partners and alliances**

- ✓ +6,600 suppliers
- ✓ 900 collaborations with research centers and universities
- ✓ 1.3 M€ investment in social action

**Natural resources**

- ✓ 55k MWh energy consumed
- ✓ 88% renewable energy at global level

**Value creation**

**Value proposition**

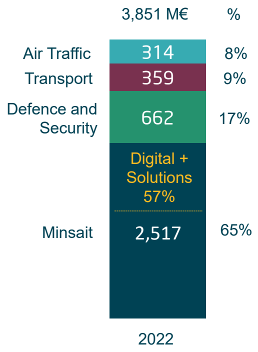
- Comprehensive offering of proprietary products with an **end-to-end approach**
- High degree of **specialization and sectorial knowledge**
- Offer with a high component of **technological innovation**
- Capabilities for the **integration** of **the physical and digital world**
- **Sustainable technology** for all sectors of the economy
- Development of projects **all over the world**

**Business model: technology for the core operations of our clients all over the world**

**Transport and Defence (T&D)**

World leader of proprietary solutions in specific segments of the **Transport and Defence markets**

- **Air Traffic**
- **Transport**
- **Defence & Security**



**Digital Transformation and IT (Minsait)**

Leading **digital transformation and IT consultancy** in **Spain** and **Latin America**

- **Public Administration**
- **Industry & Consumption**
- **Energy**
- **Telco & Media**
- **Financial Services**

**Impact**

**Employees**

- 93% professionals with permanent contract
- 3% gender gap
- +19k new hires, 34% women
- Training for all professionals

**Planet and Climate Change**

- Emission reduction target (SBT) for 2030, 2040 and 2050
- -26% emissions in 2022 vs. 2019
- 85% ISO 14001 centers
- 78% hazardous waste recycled

**Clients and partners**

- 50% sales outside Spain
- 0 cybersecurity incidents with critical impact
- 70% suppliers evaluated with ESG criteria

**Local communities**

- Contribution to the UN SDGs and to the 2030 Agenda trough the offering
- 85% local providers
- 10,600 direct beneficiaries of initiatives with local communities

**Shareholders and investors**

- 172 M€ net benefit
- Announced dividend of €0.25 to be charged to 2022
- 18% revenues aligned with the EU Climate Taxonomy

The Indra business model is based on presenting a full suite of end-to-end proprietary solutions that offer both significant added-value and a notable innovation component. The company establishes long-term relationships with its clients, becoming their tech partner for their key business operations. To achieve this, Indra's team of professionals combines solid technological capabilities with an in-depth knowledge of both markets and the needs of their clients. However, sustainability also forms a fundamental part of its corporate purpose, with Indra actively driving the sustainability of its clients through technology.

> Indra is one of the leading international technology and consultancy companies, accruing global sales of €3,851 million in 2022

Indra's structure is divided into two business divisions that both share a solid technological base – Transport and Defence and Information Technology, the latter operating under the Minsait brand. Although technology lies at the heart of the company's business model in both divisions, they both present very different business dynamics.

### Transport and Defence (T&D)

As a leading provider of in-house solutions for specific segments of the Transport and Defence markets, Indra is an international leader in high value-add niche technological markets. Its products mainly target governments and public administrations, with an emphasis on products in which hardware and electronics are a key element. However, software and digital technologies are having an increasingly greater influence on these markets.

The T&D division spans three markets, and has a considerable international presence across all three: Defence and Security, Air Traffic and Transport:

- **Defence and Security**. A benchmark in Europe in the field of defence systems, Indra is one of the three European companies most involved in the new European Defence Fund (EDF). The company boasts tried and tested experience on the world stage, offering proprietary solutions in the segments of air defence, on-board systems on airborne, naval and land-based platforms, border security and surveillance, electronic defence, simulation, space and communications satellites. Indra is key to Europe's main current and future airborne programmes, such as Eurofighter and FCAS (Future Combat Air System). It plays a particularly important role in the latter as Spain's national industrial coordinator and is the global leader in sensor technology.
- **Air Traffic**. Indra is one of the leading suppliers of air traffic management systems and equipment worldwide, with installations in more than 170 countries. Indra's technology is present in ~200 control centres, ~1,700 ILS systems (Instrument Landing System) and ~400 secondary radars across the globe, and the company is a key industrial partner in the Single European Sky initiative. Indra is also leading the transformation of the sector with the development of innovation-based initiatives across multiple arenas such as U-Space (air traffic management of unmanned systems), virtual control towers, and communications satellite services, navigation and surveillance. During the last year, Indra has signed a binding agreement to acquire the air traffic management business of Selex ES Inc., with the aim of breaking into the US market and consolidating its global leadership. 2022 also saw Indra win a contract to renew the entire air surveillance radar network in Germany.
- **Transport**. Indra has an integrated technology suite that includes ticketing and toll systems, information and control systems for multiple infrastructures and modes of transport, rail safety and signalling systems, as well as transport consulting and planning capabilities. Indra is a tech partner on multiple infrastructure projects across Europe, the Middle East, Latin America and Oceania, looking to offer society safer, more sustainable and more efficient means of transport. The company also heads up some of Europe's leading innovation-based initiatives in the digitalisation of transport and intelligent solutions, such as the Shift2Rail, Mobility 2030 and Comp4Drones projects.

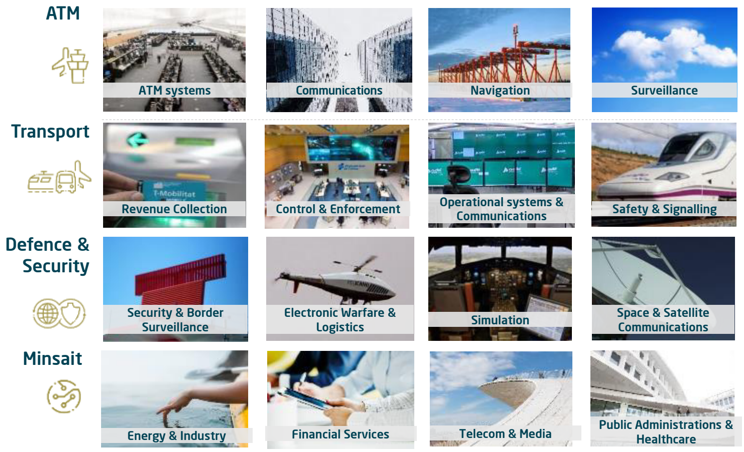
## Information Technology (Minsait)

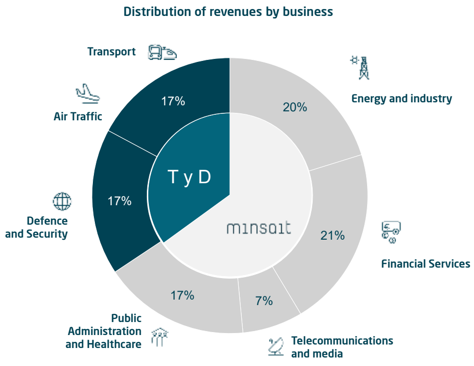
Indra groups all its Information Technology (IT) businesses under the Minsait brand. With a value proposal aimed at generating an impact on businesses and society through technological transformation, Minsait has positioned itself as a leading digital transformation company in Spain and Latin America. It mainly targets private clients and focuses primarily on software services and products.

Minsait offers a suite of integrated solutions, from strategy and origination, implementation and transformation, right through to operations. Minsait combines in-house solutions (with 100,000+ companies connected to the ecosystem with its solutions) with the provision of IT services, including digital business (27% of Minsait's business comes from consultancy, cybersecurity, advanced technologies and ERP services), as well as traditional IT services (IT outsourcing, business process outsourcing, infrastructure management and user support). Particularly worthy of mention is the investment made in recent years in four of the fastest-growing business areas which are expected to see more than double-digit growth (Means of Payment, Phygital, Cloud-Data and Cybersecurity).

Minsait has industry-specific end-to-end value proposals, designed to generate value in response to the challenges faced by clients in each sector and guarantee the cybersecurity of their operations:

- **Energy and Industry**. In the energy sector, thanks to its vast array of proprietary products, Minsait is able to offer end-to-end solutions to its clients, who are now currently engaged in the clean energy transition. In industry and consumption, Minsait improves the competitive edge of its clients by helping them transition towards more digital operating models (Industry 4.0), as well as offering in-house solutions for airlines and hotels that target process optimisation and enhance the client experience.
- **Financial Services**. Innovative high value-add solutions for the transition of core banking towards the cloud. Developing and rolling out new digital models for customer relations and for banking and insurance product distribution. In payment methods, Minsait Payments product offering spans the market's entire value chain. In addition, Indra's outsourcing services and workplace management allows it to generate efficiencies for its clients.
- **Telecom and Media**. Minsait is driving the transformation and modernisation of customer service channels and omnichannel models via a suite of end-to-end products and services, from consultancy right through to implementing cutting-edge technology solutions. Minsait is also working on transitioning this industry's applications to the cloud, and on developing management solutions for telecommunications networks.
- **Public Administrations & Healthcare.** Thanks to its technology, Minsait is actively contributing to the digital transformation of public administrations and healthcare services, in a bid to optimise and streamline processes that involve the general public. Minsait also has a business line focused on the management of electoral processes, a business which boasts tried and tested experience at the international level after seeing its technology used in more than 400 elections worldwide.

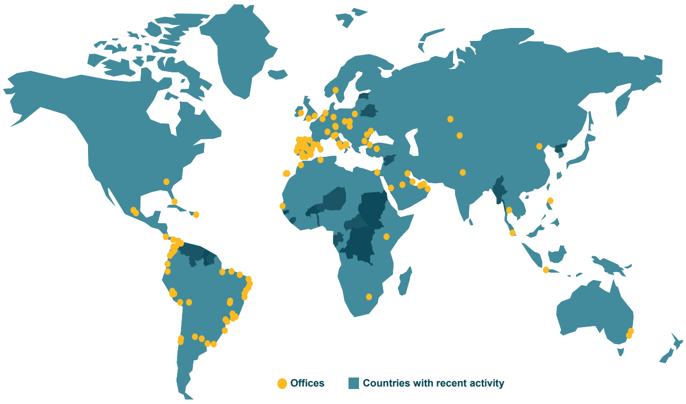




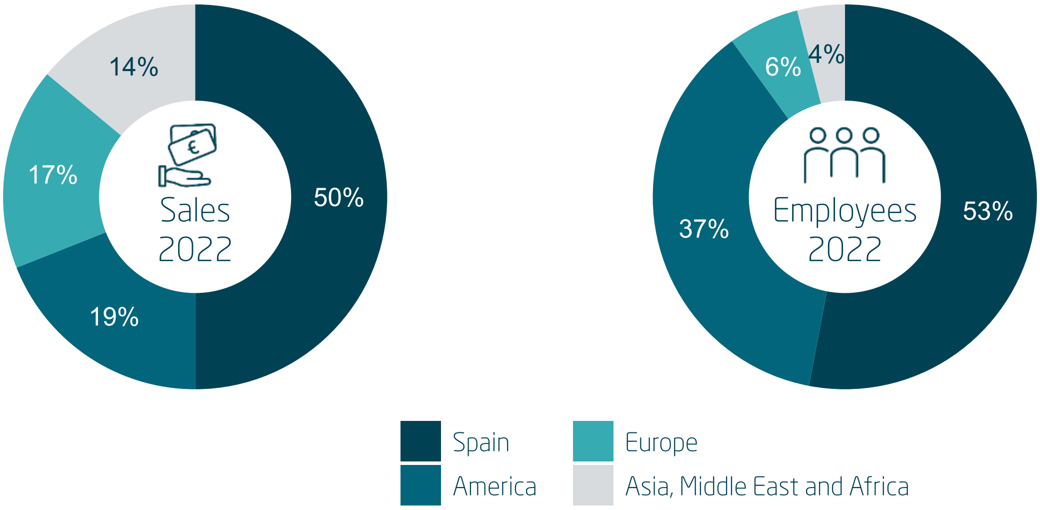
### Indra's international presence

Indra operates locally in more than 40 countries, across which it employs over 56,000 people. In addition, its commercial activities spread across more than 140 countries, meaning that Indra's commitment to sustainable development has an almost global reach. Thanks to its far-reaching international presence, 50% of its annual sales come from outside of Spain.

The company's main head offices are located in Spain, where Indra is the leading technology company in the industrial sector. However, the company also has a major presence in Latin America and Europe. The majority of Indra's sales and employees are concentrated in these three geographies, with more than 80% of its purchases made through suppliers based in Spain.



Distribution of sales and employees by geographical areas



### 2021-2023 Strategic Plan

Indra's 2021-2023 Strategic Plan was approved by the Board of Directors in February 2021. The Plan's aim is to define the company's main strategic lines of action, tailor them to the current trends shaping the market and achieve sustainable, profitable growth in the mid to long term.

In 2021 and 2022, the company successfully met the financial targets set out in its Strategic Plan, with 2023 expected to be no different in this regard. The strong order intake of recent years has taken the portfolio to record levels and led to sustained growth in sales. What's more, the increased profitability of the business has allowed Indra to pay its shareholders dividends after being unable to do so for several years.

2023 is the final year in the company's 2021-2023 strategic cycle. As such, this year will see work begin on setting out a new Plan that will steer the company's growth over the coming years and take account of new and emerging market trends.

Sustainability is included as a key issue in the 2021-2023 Strategic Plan, in line with the main market trends that could potentially have a significant impact on the company's operations. Specific initiatives in this area have been developed as part of the 2020-2023 Sustainability Master Plan. Over the course of this report, more detailed information will be given regarding the progress made towards achieving the goals set out in the Sustainability Master Plan.

For more information on Indra's business model, the markets in which it operates and its strategy, we recommend reading the investor presentation available and regularly updated on the Indra website.

### Sustainability strategy and contribution to the Sustainable Development Goals (SDG)

As part of its ongoing commitment to sustainable development and ethics, as well as to the various requirements of its stakeholders, Indra has a Sustainability Policy in place that was last updated and approved by its Board of Directors in March 2022.

Indra's Sustainability Policy was developed based on the Sustainable Development Goals of the UN 2030 Agenda and adopts leading international standards in order to respond to stakeholder expectations.

The Sustainability Policy is the reference framework for the effective integration of environmental, social and governance (ESG) criteria in the company's decision-making processes, in the development of its products and services, and in relation to the company's main stakeholders.

The Sustainability Committee is responsible for monitoring and supervising the objectives and principles of this policy and for reporting its conclusions to the Board of Directors.

The Sustainability Policy is applicable to and binding on all Indra Group companies worldwide.

Indra's sustainability model is inspired by the Sustainable Development Goals (SDGs). For many years, the company's business strategy has been deeply committed to contributing towards the objectives of the UN 2030 Agenda, a commitment that is evident from the initiatives launched as part of its 2020-2023 Sustainability Master Plan approved by the Board of Directors in 2020.

**Principles of action of the Sustainability Policy**

**Strength the governance model for responsible business**

- ✓ Adopt best practices in corporate governance
- ✓ Pursue the social interest and sustainability of the group
- ✓ Comply with the Code of Ethics and respect Human Rights

**Technology with impact on sustainable development**

- ✓ Promote business offerings with impact on sustainability
- ✓ Include social criteria in the development of products and services
- ✓ Measure the impact of business offerings on people and the planet

**Combat Climate Change and protect the environment**

- ✓ Fight Climate Change
- ✓ Minimize the environmental impact of operations
- ✓ Rational use of resources

**Reinforce relationship with stakeholders**

- ✓ Fluency and transparency in Communications, sharing relevant information for decision making
- ✓ Dissemination, follow-up and evaluation of the commitments acquired

> Indra's suite of solutions and services helps towards achieving the UN's Sustainable Development Goals

There are numerous examples which illustrate how Indra's innovative technology favours more sustainable economic development and demonstrates the strong link between sustainability and digitalisation. In addition to seeking greater sustainability via its solutions, Indra also promotes the application of responsible social and environmental business practices. Indra's activity therefore touches almost all the SDGs, although there are some solutions where the positive impact on society and the environment are particularly significant. For more information, see section 7 on "Technology with impact".

## 3.3 Commitment to sustainability

[GRI 2-22]

### 2020-2023 Sustainability Master Plan

The 2020-2023 Sustainability Master Plan approved in 2020 by the Board of Directors forms the basis for Indra's sustainability management, which aims to offer a solution to present and future social and environmental challenges by creating value for its stakeholders and a positive impact on its surrounding environment.

Based on the Sustainable Development Goals and the company's Sustainability Policy, the Plan is founded on six main pillars that steer the company in terms of its risk management, sustainable development opportunities and form the basis of its cultural framework.

The Sustainability Committee, tasked with the strategic role of tracking the Master Plan's progress, kept the Board of Directors regularly informed during 2022 of the company's initiatives and any progress made towards achieving the objectives set out. In a bid to maximise transparency, the milestones achieved in the Plan in terms of performance indicators and impact metrics are detailed in the relevant sections of this Report – corresponding to the main pillars of the Sustainability Master Plan.

> The 2020-2023 Sustainability Plan includes 28 environmental, social and good governance technology-based initiatives to drive Indra's leading position in sustainability

## The main milestones of the Sustainability Master Plan 2020-2023 are being satisfactorily met

| | | |
|---|---|---|
| Stakeholders relations | **Significant improvement in** the scores obtained by the main **ESG indices: Top 1%** in 2021 and 2022 according to the **Dow Jones Sustainability Index** and **A List** in **CDP** in 2022 | ✓ |
| Governance, ethics and transparency | Updating and approval by the Board of the **Sustainability Policy** and monitoring of sustainability initiatives by the **Board's Sustainability Committee** | ✓ |
| | Reinforcement of **ESG risk management** mechanisms, in particular **with suppliers** | ✓ |
| | Improvements in **Human Rights risk management**, Board approval of the **Sustainability Policy for Suppliers** as well as the **Modern Slavery Statement** | ✓ |
| Planet and climate change | Approval and significant **progress on SBT**[1] targets: **zero emissions** from own operations[2] in **2040** and **carbon neutral** in **2050** | ✓ |
| | **26% reduction of emissions** in **2022 vs 2019** and compliance in 2022 with the target of **100% renewable energy in Spain** set for 2023 | ✓ |
| | **Climate change risk analysis** according to **TCFD**[3] guidelines and definition of the model for applying an **internal carbon price** at Indra | ✓ |
| Technology with impact | Application of the **EU Climate Taxonomy** to 100% of the group's activities | ✓ |
| | **Sustainability Policy for** Suppliers included in the Terms and Conditions of purchases and **360º evaluation** of **critical suppliers** with **ESG criteria** | ✓ |
| People and talent | Reduction of the global **pay gap** (3% in 2022 vs. 3.11% in 2021) | ✓ |
| | Design of the **Diversity, Equity and Inclusion strategy** with a focus on **5 dimensions** of diversity: gender, generational, functional, cultural and sexual (LGBTI) | ✓ |
| | **Sustainability training plan** for professionals | ✓ |

*1. Science Based Targets; 2. Scope1 and 2 emissions by energy consumption; 3. Task Force on Climate Related Financial Disclosure*

| Sustainability Master Plan pillars | Key activities in 2022 | KPI | Related SDGs |
|---|---|---|---|
| **Governance, ethics and compliance**<br>Ensure that the company follows best practices in good governance, ethics and transparency | ✓ Group Sustainability Policy reviewed and approved by the Board.<br>✓ Reinforcement of ethics and compliance training for professionals and suppliers.<br>✓ Integration of human rights risks in the global risk map. | ▪ 97% professionals and 100% suppliers trained in ethics and compliance<br>▪ 0 critical cybersecurity incidents<br>▪ 0 Human Rights complaints (forced labour, child labour, human trafficking) | 8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO<br>16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS |
| **Planet and climate change**<br>Actively contributing to combating climate change and protecting the environment | ✓ Progress in the reduction of emissions in scopes 1, 2 and 3<br>✓ Compliance with the 2023 target of 100% green energy in Spain.<br>✓ Investment in energy efficiency measures and progress in the Space Optimisation Plan.<br>✓ Collaboration and training for suppliers to calculate Scope 3 emissions.<br>✓ ISO 14064 certification of the carbon footprint of 7 Group companies.<br>✓ Eco-design pilot in the manufacture of primary radars.<br>✓ Increase in hazardous waste recycling rates | ▪ -26% emissions vs 2019<br>▪ 100% green energy in Spain<br>▪ 88% of green energy globally<br>▪ 1M € invested in improving energy efficiency in Spain<br>▪ +60 suppliers trained in Carbon Footprint calculation<br>▪ A List in CDP index100%<br>▪ ISO 14001 manufacturing sites in Spain76%<br>▪ ISO 14064 certified emissions<br>▪ 78% hazardous waste recycled at production sites in Spain | 12 PRODUCCIÓN Y CONSUMO RESPONSABLES<br>13 ACCIÓN POR EL CLIMA |
| **People and talent**<br>Create a motivating work environment, which promotes innovation, commitment and equal opportunities | ✓ Remuneration of senior management linked to sustainability objectives.<br>✓ Equality plans negotiated with trade unions in Spain.<br>✓ Development and recruitment plans with a focus on junior staff. | ▪ 93% permanent staff<br>▪ 99% of teachers with access to collective bargaining<br>▪ 33% women<br>▪ 3% pay gap | 5 IGUALDAD DE GÉNERO<br>8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO |
| **Technology with impacr**<br>To develop products and services that help our customers to be more sustainable in their performance | ✓ Application of the EU Taxonomy to 100% of the Group's activities.<br>✓ Implementation of the ESG assessment model for critical and relevant suppliers.<br>✓ Launch of Phygital (Minsait) to connect the physical world with the digital world and contribute to sustainability | ▪ 312.5 M€ investment in R&D+I<br>▪ 70% orders from critical suppliers with ESG rating<br>▪ 18% sales aligned with climate change adaptation and mitigation targets | 9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA<br>11 CIUDADES Y COMUNIDADES SOSTENIBLES |
| **Society and commitment with local communities**<br>Contribute to the development of the communities in which Indra is present and generate a positive social impact | ✓ Development of social initiatives in the Group's main geographical areas.<br>✓ Mobilisation of professionals in initiatives with a social impact through volunteering. | ▪ 1.3 M€ investment in Social Action<br>▪ +5,400 volunteer hours<br>▪ +10k direct beneficiaries | 10 REDUCCIÓN DE LAS DESIGUALDADES<br>17 ALIANZAS PARA LOGRAR LOS OBJETIVOS |
| **Stakeholders relations**<br>Improve the perception and value of Indra's leading positioning and ESG initiatives. | ✓ Leading position in sustainability indices<br>✓ Analysis of "double" Materiality 2022<br>✓ Sustainability Report prepared in accordance with GRI standard | ▪ 89/100 on DJSI4.<br>▪ 2/5 on FTSE4Good<br>▪ AA on MSCI-ESG<br>▪ Low ESG risk according to Sustainalytics | 16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS<br>17 ALIANZAS PARA LOGRAR LOS OBJETIVOS |

## 3.4 Governance model for a responsible business

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-12] [GRI 2-13] [GRI 2-14] [GRI 2-15] [GRI 2-17] [GRI 2-18] [GRI 2-19] [GRI 2-20] [GRI 2-23] [GRI 2-24] [GRI 2-25]

### Governance model

The principles of Indra's Corporate Governance Model are:

- Efficiency: to guarantee the most suitable composition of the administrative body and apply measures that allow it to act with purpose and independence in the interests of protecting social welfare, the shareholders and guaranteeing Indra's sustainability.
- Fairness: to encourage dialogue with shareholders, investors and other stakeholders and equal treatment of all parties.
- Respect for shareholders' rights: to implement measures to promote informed shareholder participation and the exercise of their rights.
- Responsible compliance by management: active supervision with specific and non-delegable responsibilities.
- Transparency: both in informative terms and regarding the commitment to dialogue with all stakeholders.

### Corporate regulations and policies

Indra's management model comprises a set of standards and policies that not only seek to comply with the legislation in force, but to also incorporate the best practices and recommendations in terms of Corporate Governance. The internal regulations and the main corporate policies are available on the company website.

The Sustainability Policy reflects the company's commitments to all its stakeholders and represents a reference framework to guarantee responsible behaviour. The current Sustainability Policy has been approved by the Board, is public and can be viewed on the company website.

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Indra reviews its internal regulations in order to adopt the best practices and recommendations in terms of Corporate Governance, as well as the main international benchmark standards

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Indra complies very closely with the recommendations of the Code of Good Governance of Listed Companies, as set out in section G of the Annual Corporate Governance Report.

The company is continuously working to align its corporate governance strategy with international benchmark standards. In 2022, the Appointments, Remuneration and Corporate Governance Committee (ARCGC) and the Board of Directors appraised the efficacy of and compliance with the Corporate Governance rules, assessing the need to approve any amendments or proposed amendments to these rules, as detailed below:

- In May 2022, following a proposal from the ARCGC, the Board of Directors agreed to amend Article 8.4 of the Board of Directors Regulations and Articles 3 and 5 of the Director Selection Policy in order to extend the definition of diversity to include "cultural" diversity. In addition, it was agreed on the same date to amend Article 33.1 of the Board of Directors Regulations in order to establish a requirement for minimum attendance by directors at meetings of the Board and its Committees.
- In September 2022, following a proposal by the ARCGC, the Board of Directors agreed to propose to the Extraordinary General Shareholders' Meeting that it amend Article 24 of the Articles of Association and remove the casting vote held by the Board's Chair. This amendment was also introduced into the Board Regulations in October 2022.

### Remuneration of Executive Directors and the Chair of the Board

Executive directors receive the remuneration due to them for the performance of the executive duties entrusted to them under the terms of their contractual relationship with the company. This remuneration is determined individually for each of them by the Board of Directors, following a proposal from the ARCGC.

It is the Company's established practice to set the payment framework for executive directors for three-year periods. The current Remuneration Policy was approved by the General Shareholders' Meeting on 30 June 2021 for the period from 2021 to 2023. It is public and can be found on the company website.

With regard to fixed remuneration, this Policy establishes that, in certain situations and following a proposal from the ARCGC, the Board may approve an increase in this remuneration. The changes to the governance structure that were made during the financial year (a CEO and an Executive Director and IT Managing Director) have led to adjustments to the fixed remuneration amounts provided for in the Policy. These amendments, made within the limits established in the Remuneration Policy are detailed in the 2022 Annual Report on Director Remuneration (ARR 2022), and can be found on the CNMV website and on the company website.

As regards variable remuneration, both annually (VAR) and in the Medium Term (MTI), the Remuneration Policy contains an explanation of its purpose, maximum amounts, targets and metrics, and the way that it operates. The targets for both VAR and MTI include amounts relating to ESG. A breakdown of the annual targets set for VAR to accrue while this Policy remains in force is included in the relevant Annual Report on Director Remuneration (ARR) for each financial year.

The Remuneration Policy establishes the remuneration system for the position of (non-executive) Chair of the Board of Directors.

### Board of Directors and its Committees

The Board of Directors and its Committees, along with the Steering Committee constitute Indra's governing bodies. The duties of the Board and its Committees are set out in the Board Regulations, which implement the provisions of the Bylaws.

The Board focuses on supervising and controlling the executive bodies and the Steering Committee, to which it delegates the company's day-to-day management.

The aim of the 2020-2023 Sustainability Master Plan is to define and gain approval of ESG objectives from Indra's governing bodies.

Articles 21 to 26 of the Bylaws and sections II, III and X of the Board Regulations govern the Board of Directors' duties, the remit within which it can act, its qualitative and quantitative composition, and the various director roles and their duties.

The structure, composition, duties and rules of operation of the Board and its Committees are also outlined in sections C.1 and C.2 of the Annual Corporate Governance Report.

### Composition of the Board

[GRI 405-1]

The Director Selection Policy sets out the principles, criteria and basic prerequisites for the selection of directors. It incorporates the mandate given to the Board and the ARCGC to particularly ensure that Directors are selected in accordance with a policy that aims to promote an appropriate Board composition, as well as diversity of knowledge, experience, age, gender and culture, and that also aims to avoid biases that may lead to discrimination.

The composition of the Board of Directors that resulted from the events occurring at the last Ordinary General Shareholders' Meeting (which are explained below) along with the exit from the company of former CEO Cristina Ruiz, mean that there is a lower percentage of women on the Board (28.57%), though women currently account for 57.14% of the total number of independent directors.

Independent directors on the Board of Directors

**50%**

No. women as a percentage of total no. Independent directors

**57%**

The professional profiles of the members of the Board and its Committees, as well as those of the Steering Committee, are public and always kept updated on the company website. The Board's skills matrix, included in Appendix 11.6 of this Report, is also regularly updated to reflect the experience and knowledge that the Board of Directors should have. It is a key tool that facilitates an overview of the diversity of the Board's composition as a whole and that is used when making decisions on the planning and renewal of the Board's membership.

## Composition of the Board of Directors and its Committees

(no. of directors | % of total Council / Commission)

### Board of Directors

**Executive**: 2 | 14%

- Luis Abril – Executive Officer
- Ignacio Mataix – Chief Executive Officer (*)

**Independent**: 7 | 50%

- Virginia Arce – Deputy Chair / Lead Independent Director
- Belén Amatriain
- Axel Arendt
- Coloma Armero
- Francisco Javier García
- Olga San Jacinto
- Bernardo Villazán

**Propietary**: 4 | 29%

- Jokin Aperribay
- Antonio Cuevas
- Juan Moscoso del Prado
- Miguel Sebastián

**Other external**: 1 | 7%

- Marc Murtra - President

### Audit and Compliance Committee

**Executive:** 0 | 0%

**Independent**: 3 | 60%

- Virginia Arce - Chairman
- Belén Amatriain
- Coloma Armero

**Proprietary**: 2 | 40%

- Juan Moscoso del Prado
- Miguel Sebastián

**Other external**: 0 | 0%

### Appointments, Remuneration and Governance Committee

**Executive**: 0 | 0%

**Independent**: 3 | 60%

- Coloma Armero - Chairman
- Axel Arendt
- Bernardo Villazán

**Proprietary**: 2 | 40%

- Jokin Aperribay
- Antonio Cuevas

**Other external**: 0 | 0%

### Sustainability Committee

**Executive**: 0 | 0%

**Independent**: 4 | 67%

- Belén Amatriain - Chairman
- Virginia Arce
- Olga San Jacinto
- Bernardo Villazán

**Propietary**: 2 | 33%

- Antonio Cuevas
- Juan Moscoso del Prado

**Other external**: 0 | 0%

### Strategy Committee

**Executive**: 0 | 0%

**Independent**: 3 | 50%

- Axel Arendt
- Francisco Javier García
- Olga San Jacinto

**Propietary**: 2 | 33%

- Jokin Aperribay
- Miguel Sebastián

**Other external**: 1 | 17%

- Marc Murtra - Chairman

(*) NB: in a session held on 6 March 2023, the Company's Board of Directors unanimously agreed, mutually with current CEO Ignacio Mataix Entero, to begin a succession process for the position of CEO that is linked to the definition of the forthcoming strategic plan that the company plans to map out for the coming years.

Ignacio Mataix will continue to perform his current duties in order to facilitate the succession process and provide continuity in the company's management until a new CEO is appointed. An independent consultant will be involved in the selection of the new CEO. After this, Mr Mataix will continue to render his services to the company as a strategic advisor to the Board of Directors for a period of two years.

Indra believes that an appropriate representation of independent members[1] on its Board and Committees allows it to guarantee the protection of both shareholder and stakeholder interests, to allow for a better decision-making process and, in general, improve the company's performance.

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[1] Definition of the concept of an independent director. As a listed Spanish company, Indra is subject to various regulations. As regards the independence of board members, the Spanish Companies Act establishes a definition of this category of member in Article 529 clause twelve under which 50% of Indra's Board comprises independent members.

As a result, and as outlined in Article 8 of the Board of Directors Regulations, Indra's aim is that the proprietary and independent members comprise an ample majority of the members of its governing bodies, and the number of executive directors is kept to the necessary minimum.

On 21 April 2022, the former CEO Cristina Ruiz Ortega submitted her resignation following the termination by mutual agreement of the executive services contract that bound the parties, with the Board of Directors agreeing (following a report from the ARCGC) to appoint Luis Abril Mazuelas as Executive Director and IT Managing Director by co-option procedure.

On 28 April 2022, and at the proposal of the ARCGC, the Board of Directors agreed to appoint Francisco Javier García Sanz as independent director by co-option procedure, in order to fill the vacancy generated following the resignation submitted by Santos Martínez-Conde Gutiérrez-Barquín in December 2021.

Proposals for the ratification, re-election and appointment of members of the board were submitted to the Ordinary General Shareholders' Meeting of Indra Sistemas, S.A. held on 23 June 2022. The proposal for the re-election of Isabel Torremocha Ferrezuelo as an independent director was subject to a vote, though this was not approved as it failed to receive a sufficient majority of votes.

At this meeting, the shareholder Amber Selective Opportunities Fund II also proposed, as items that had not been included on the Agenda, that votes be held on its proposals for resolutions to end the mandates of Alberto Terol Esteban, Carmen Aquerreta Ferraz, Enrique de Leyva Pérez and Ana de Pro Gonzalo, all of whom were independent directors, and these resolutions were approved by a sufficient majority of votes.

Subsequently, on 25 June 2022, Silvia Iranzo Gutiérrez submitted her resignation as director.

While it respected the minimum number of members established in Article 21 of the Bylaws, the composition of the Board of Directors that resulted from the events occurring at the Ordinary General Shareholders' Meeting mentioned above, as well as the subsequent resignation of Silvia Iranzo, was not in line with Indra's commitment to comply with the recommendations set out in the Code of Good Governance for Listed Companies with regard to independence.

As such, the Board of Directors agreed to take the actions necessary in order to restore Indra's corporate governance structure and begin a process for the selection of independent directors, led by the current independent directors with specialist advice from a consultant. The aim of this process is to ensure a qualitative composition of the Board in which at least half of its members are independent and, preferably, women. The Board also agreed that the independence of the candidates resulting from this process would be subject to a subsequent verification process, which was entrusted to Ernst and Young.

On 27 June 2022, the independent director Ignacio Martín San Vicente informed the Board of Directors of his decision to submit his resignation as director, with his resignation becoming effective as of 27 October once the independent director selection process had been completed.

The Extraordinary General Shareholders' Meeting held on 28 October 2022 approved the proposed appointment of the following independent directors with a sufficient majority of votes in favour: Ms Amatriain Corbi, Ms Arce Peralta, Ms Armero Montes, Ms San Jacinto Martínez, Mr Arendt and Mr Villazán Gil. It also approved the appointment of proprietary director Juan Moscoso del Prado Hernández, at the request of the shareholder SEPI.

It should be indicated that the guiding principle in the selection of independent directors was to comply with the skills matrix and it has been very difficult to identify and attract a higher number of women candidates with the relevant knowledge and experience who adequately meet the requirements of the matrix and who have the necessary availability to join Indra's Board of Directors in the short term, other than those proposed to the General Shareholders' Meeting. However, as indicated above, female independent directors currently account for 57.14% of the total number of independent directors.

With regard to the composition of the Board's Committees, it should be emphasised that all of them except for the Strategy Committee are chaired by female independent directors. The Auditing and Compliance, Appointments, Remuneration and Corporate Governance and Sustainability Committees have a majority of independent directors.

Notwithstanding the separation of the roles of the Chair of the Board of Directors and the CEO, Indra believes it to be good practice to have a lead independent director who can perform key duties with regard to coordinating the non-executive directors and acting as a spokesperson for their concerns, as well as providing a channel through which shareholders who are not directly represented on the Board can submit their concerns, demands and requests to the Board on matters of Corporate Governance.

At present, the positions of deputy chair of the Board and lead independent director are held by Virginia Arce.

### Board member training

Indra understands the need to offer board members training to help them stay up-to-date and improve their knowledge in their various areas of responsibility. This ensures a critical opinion and adds value to decision-making.

The training offered to the members includes technical content and facilitates an in-depth understanding of Indra's business model, its strategy and management systems, and helps to complement members' skills in key areas such as risk management, cybersecurity, sustainability and Climate Change.

In 2022, as a consequence of the renewal of the Board of Directors referred to above, Indra organised a comprehensive onboarding process aimed at all the members of the Board of Directors. The purpose of this process, which was spread over a number of sessions, was to support the incorporation of new board members and update the know-how of existing members (refresher programme).

> In 2022, the Board organised onboarding sessions including content such as risk management, cybersecurity and sustainability

Board members also took part in a session focusing on the issue of risk management (cybersecurity).

With regard to risk, in its annual distribution of duties, the Auditing and Compliance Committee expects sessions to be once again attended by the owners of the main (financial and non-financial) risks affecting the company, so that they can further enhance their understanding and oversee their management systems. The results of this oversight are reported to the Board, which is ultimately responsible for Risk Control and Management Policy and for approving the Global Risk Maps.

The Board is regularly informed about the methodology applied when preparing risk maps, the circumstances that affect levels of risk and any other incident relating to this issue.

Meanwhile, the company leaves the possibility open for board members to contact Indra's managers to complete the information they could need in order to fulfil their duties.

### Activity of governing bodies in 2022

The Annual Corporate Governance Report, as well as the operating reports of the Auditing and Compliance Committee, the Appointments, Remuneration and Corporate Governance Committee and the Sustainability Committee, which are published when the Ordinary General Shareholders' Meeting is called, contain extensive information regarding the activity of Indra's governing bodies during the year, along with information regarding the company's level of compliance with the recommendations in force regarding Corporate Governance.

Attendance at Board and Committee meetings

**100%**

Regarding the dedication of the directors, and as set out in detail in the Annual Corporate Governance Report, in 2022 individual attendance was very high, evidence of a very satisfactory level of dedication and commitment.

### Assessment of the Board

In accordance with Article 13 of the Board of Directors Regulations, based on the report drawn up by the Appointments, Remuneration and Corporate Governance Committee, the Board carries out an annual assessment of its own operations and the quality of its work, as well as that of each of its Committees. Information related to the assessments carried out in 2022 is included in section C.1.17 of the Annual Corporate Governance Report.

To complete the assessment the Board regularly seeks the support of an independent external advisor. The last external assessment of the Board, completed in February 2023 in relation to 2022, was carried out by consultancy firm KPMG, which was involved in the 2020 and 2021 assessments. Given the recent changes in the composition of the company's Board of Directors, the ARCGC agreed to hire the firm once again. The assessment is organised and coordinated by the Chair of the Board together with the chairmen/women of all Board committees, as well as by the lead independent director in the case of the evaluation of the Chair of the Board.

# 4 Ethics and transparency

## 4.1 Ethics and compliance

[GRI 2-15] [GRI 2-16] [GRI 2-23] [GRI 2-24] [GRI 2-25] [GRI 2-26] [GRI 2-27]

### Code of Ethics and Legal Compliance

Indra’s Code of Ethics and Legal Compliance provides an irrefutable reference framework and establishes the operational principles and the rules of conduct that must be observed by all the company’s employees and partners. The Board of Directors, Senior Management and each and every one of Indra’s employees and partners assume the responsibility and commitment to establish a robust culture of compliance.

> The Code of Ethics and Legal Compliance applies to all Indra employees and its subsidiaries, suppliers and other third-party service providers, independent of the country they are operating in

Compliance with the Code of Ethics and Legal Compliance is a compulsory requirement for all Indra employees and partners and for all the companies in which it has shareholdings, either directly or indirectly. In companies in which Indra has a minority shareholding or does not have operational control, the company ensures that the Code of Ethics and/or management principles applied by these companies are aligned with Indra’s own Code of Ethics and Legal Compliance.

The Code reflects the company’s commitment to respect the UN’s Guiding Principles on Business and Human Rights, its International Declaration of Human Rights, the principles relating to the rights established in the Declaration of the International Labour Organization and the ten principles of the United Nations Global Compact.

### Criminal risk prevention model

[GRI 205-1] [GRI 205-2]

Indra has a Model for the organisation, prevention, management and control of criminal risks which is outlined in: i) the Criminal Risk Prevention Manual for Spain, the latest edition of which was approved by the Board of Directors in July 2019; and ii) the Criminal Risk Prevention Manual for international subsidiaries, the latest edition of which was approved by the administrative bodies of the subsidiaries and the representatives of the international branches in November 2021. The Code of Ethics and Legal Compliance acts as the fundamental control of the Model, the main components of which include:

- ✓ The Criminal Risk Prevention Manuals for Spain and for international subsidiaries
- ✓ Direct Channel
- ✓ Compliance Unit
- ✓ Risk assessment and auditing of compliance controls
- ✓ Internal procedure relating to corporate acquisitions and transfers and mergers with third parties
- ✓ Third-party reputational risk
- ✓ Training
- ✓ Evaluation of performance and remuneration

### The Criminal Risk Prevention Manuals for Spain and for international subsidiaries

The Criminal Risk Prevention Manuals for Spain and international subsidiaries establish the model for the organisation, prevention, management and control of criminal risks (and administrative risks similar to criminal ones); the control, supervision and monitoring bodies; the financial resources management system; the disciplinary system; the complaints channel; training; and the controls to prevent any criminal offences (including administrative offences similar to criminal ones) being committed.

The Model, which is regularly reviewed, was updated in November 2021 in the latest edition of the Criminal Risk Prevention Manual for international subsidiaries. The most significant changes included updating the method used to identify and value risks and strengthening the role of the control bodies for Indra’s international subsidiaries and branches.

### Model for the Prevention of Competition Law Risk

Indra has a Model for the organisation, prevention, management and control of anti-competitive risks to which the company is exposed and has introduced measures to avoid incurring these risks in practices which infringe the applicable legislation in terms of competition. The Model is contained in the Manual for the prevention of competition law risks in Spain, the rest of the European Union and Norway, in the Manual for the prevention of competition law risk for international subsidiaries (with the exception of the EU and Norway) and in the Code of Ethics and Legal Compliance, which acts as the fundamental control of the Model.

### Manuals for the Prevention of Competition Law Risks

Both Manuals establish the model for the organisation, prevention, management and control of competition risks; the control, supervision and monitoring bodies; the financial resources management system; the disciplinary system; the complaints channel; training; and the controls to prevent any competition law infringements.

The Model, which is regularly reviewed, was updated in September and October 2021 when the Manual for the prevention of Competition Law risks for international subsidiaries (with the exception of the EU and Norway) was published after having been approved by the administrative bodies of the subsidiaries in November 2021, and when the Manual for the prevention of Competition Law risks for Spain, the rest of the EU and Norway was amended. The most significant amendments included updating the method used to identify and value risks.

Indra commits to compliance with the regulations and principles of free competition in all the markets in which it operates, competing on an equal footing and avoiding any distortion which would hinder effective competition in those markets. The Code of Ethics and Legal Compliance establishes that Indra's employees and partners should avoid all collusive conduct and practices which might in any way target restricting or distorting free competition.

### Direct Channel

[GRI 205-3] [GRI 406-1] [GRI 411-1] [GRI 416-2] [GRI 417-2] [GRI 417-3] [GRI 418-1] [GRI 419-1]

The Direct Channel is the confidential channel made available to all Indra employees and partners to inform of issues relating to the application of the Code and its regulations. The Code of Ethics and the aforementioned Manuals establish the operational guidelines for the Direct Channel (canaldirecto@indra.es), including, the possibility of anonymously reporting incidents via the Indra website.

In 2022, the Direct Channel received 470 messages, up 19% on 2021:

- 369 general enquiries regarding donations and sponsorships, conflicts of interest, corporate hospitality, competition and information for third parties.
- 101 complaints (see table below for the breakdown).

**Breakdown of messages received via the Direct Channel in 2021 and 2022**

| Type of irregularity | Cases (no.) | | Irregularities Actual cases (no.) | | Type of measures adopted[2] | |
|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| **Harassment and unacceptable behaviour** | 62 | 53 | 2 | 7 | Disciplinary action: 1 employment and salary suspension | Disciplinary action: 4 dismissals<br>Non-disciplinary action: 3 warnings issued by HR |
| **Information security** | 7 | 8 | 3 | 6 | Disciplinary action: 1 dismissal and 2 warnings<br>Non-disciplinary action: 1 warning issued by the Compliance Unit | Disciplinary action: 5 dismissals and 2 employment and salary suspensions<br>Non-disciplinary action: 1 warning issued by HR |
| **Fraud** | 10 | 10 | 6 | 3 | Disciplinary action: 2 dismissals, 13 employment and salary suspensions<br>Non-disciplinary action: 4 warnings issued by HR | Disciplinary action: 2 dismissals and 1 employment and salary suspension |
| **Competition law** | 3 | 4 | 1 | 2 | Non-disciplinary action: 1 warning issued by the Compliance Unit | Disciplinary action: 2 employment and salary suspensions |

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[2] In 2022, 3 of the disciplinary dismissals related to 3 irregularities that occurred in 2021: 2 cases of harassment and unacceptable behaviour and 1 information security irregularity.

| Breakdown of messages received via the Direct Channel in 2021 and 2022 | | | | | | |
|---|---|---|---|---|---|---|
| **Type of irregularity** | **Cases (no.)** | | **Irregularities** Actual cases (no.) | | **Type of measures adopted**[2] | |
| | **2021** | **2022** | **2021** | **2022** | **2021** | **2022** |
| **Discrimination** | 4 | 4 | 0 | 1 | N.A. | Disciplinary action: 1 dismissal |
| **Human rights (forced labour, human trafficking and child labour)** | 0 | 0 | 0 | 0 | N.A. | N.A. |
| **Corruption** | 0 | 1 | 0 | 0 | N.A. | N.A. |
| **Other inappropriate behaviour** | | | | | | |
| Conflicts in the workplace | 6 | 8 | 1 | 1 | N.A. | Disciplinary action: 1 dismissal |
| Supplier relations | 3 | 5 | 2 | 0 | Non-disciplinary action: 3 warnings from the Compliance Unit | N.A. |
| Freedom of association and collective bargaining | 0 | 0 | 0 | 0 | N.A. | N.A. |
| Other breaches | 8 | 8 | 1 | 0 | N.A. | N.A. |

The processing of issues raised via the Direct Channel guarantees confidentiality and expressly forbids taking reprisals against anyone who informs Indra in good faith of a possible breach of the Code of Ethics and Legal Compliance, of the Models for the prevention of criminal and competition risks or any of their implementing regulations, or of any behaviour that is potentially illegal and/or, where applicable, might give rise to a criminal or competition risk; or against anyone who assists in the investigation of such breaches or helps to resolve them. However, the relevant measures may be taken against anyone who acts in bad faith with the aim of spreading information that is false or harmful to other people.

### Compliance Unit

The Compliance Unit establishes, coordinates and executes a series of measures and procedures to control, prevent and detect unethical conduct, ethical or criminal violations or irregularities and infringements or irregularities in terms of the Competition Law, at global level. It reports directly and exclusively to the Auditing and Compliance Committee and is an area which is completely independent from the rest of the company. Within the international subsidiaries, their respective governing bodies are the chief supervisors of the Models for the prevention of criminal and competition risks locally. The duties performed by directors are carried out in accordance with the general principles and criteria established by the Auditing and Compliance Committee to govern regulatory compliance at a global level.

> The Criminal Risk Management Compliance System is certified by AENOR under the UNE 19601 standard in Spain, while in Italy, Brazil, Colombia, Mexico and Peru the Anti-Bribery Management System is certified under the ISO 37001 standard

In 2022, Indra Colombia and Indra Mexico, as well as several subsidiaries and branches in both countries were certified for the first time under the ISO 37001 standard “Anti-Bribery Management Systems”, with the company’s Compliance culture being highlighted as one of its most notable strengths. The ISO 37001 certification of several subsidiaries and branches of Indra Brazil and Indra Peru was also renewed. Towards the end of 2022, work to become ISO 37001 certified in Italy was also undertaken, with AENOR awarding the certification in January 2023.

### Risk assessment and auditing of compliance controls

Indra has a Global Risk Map which identifies the most significant risks in each category, including regulatory compliance, as well as the principal mitigation plans. The Map is presented to the Auditing and Compliance Committee and the Risk Coordination Unit. In addition, Indra has criminal and competition risk maps, which are also presented to the Audit and Compliance Committee. In 2022, the methodology used to evaluate risks was updated, one of the benefits of this being that the risk map for Spain and for all the international subsidiaries be addressed just once and annually. The Compliance Unit also carried out its own annual assessment of certain criminal and competition controls in 2022 as per the established procedure. The assessment of the design and operation of the controls produced a satisfactory outcome and met the requirement to carry out a two-yearly self-assessment, in 2021 and 2022, of all the criminal and competition controls. Lastly, in September 2022 the Internal Audit area carried out a review of the effectiveness of certain criminal and competition controls.

### Internal procedure relating to corporate acquisitions and transfers and mergers with third parties

This procedure governs the acquisition and/or transfer of companies and/or businesses, and mergers between third parties and any of the companies belonging to the Indra Group. It establishes an obligation to complete a full due diligence process in order to gain a detailed understanding of the business, and of the most relevant compliance, finance, tax, legal, employment and administrative aspects.

> In 2022, the Compliance Unit implemented third-party reputational due diligences (suppliers, partners, partners of temporary consortia (UTEs) and potential clients), specifically aimed at criminal and competition risks

### Third-party reputational risk

The company’s internal regulations for contracting commercial consultants, strategic advisors and suppliers establish, as a requirement before they are engaged, that a report must be prepared on reputational risk and must identify any “Politically Exposed Persons” (PEP). In addition, the internal regulations on tendering require the receipt of a prior client reputation analysis in the case of countries that are at risk according to the Corruption Perceptions Index.

### Training

Indra is continually working to raise awareness of the Models for the Prevention of Criminal and Competition Risks and the Code of Ethics and Legal Compliance, both among its own employees and among suppliers. All new company employees must complete compulsory Ethics and Competition training.

The Models for the Prevention of Criminal and Competition Risks envisage that training in Ethics and Competition must be provided to all employees at sufficiently regular intervals to ensure that their knowledge is kept up to date. Since 2019, the company has made a concerted effort to provide as many employees as possible with training. At the end of 2022, 97% of the workforce had received training on Ethics and Competition.

| | |
|---|---|
| Employees trained in ethics and compliance | **97%** |
| Suppliers trained in ethics and compliance (91% of purchases) | **100%** |

The Compliance Unit also provided training sessions in Ethics and Competition for employees at the subsidiaries in Germany, Bolivia, Brazil, Chile, Colombia, Ecuador, United Arab Emirates, Slovakia, Latvia, Italy, Mexico, Peru and Spain (employees of ALG, Mobbeel, Aplicaciones de Simulación Simtek, Morpheus Aiolos and The Overview Effect). Sessions to raise awareness regarding Ethics and Competition were also held for the Management teams of the Minsait and Transport and Defence divisions.

> In 2022, more than 55,000 employees received training in Ethics and Competition

In April 2021, a training document containing information related to Ethics and Compliance – which must be accepted by Indra’s suppliers – was included in the terms and conditions to authorise suppliers and orders. This document makes reference to aspects related to the rejection of corruption and bribery, conflicts of interest, corporate hospitality and the Direct Channel.

## Evaluation of performance and remuneration

Since 2020, Indra's performance evaluation system – Performance Talent – has included criteria related to knowledge of the company's Code of Ethics and Legal Compliance and required the completion of the obligatory course in Ethics and Competition. It is worth noting that the results of the performance assessment have a bearing on the possibility of promotion and on determining employee remuneration.

## Anti-corruption

[GRI 205-1] [GRI 205-2]

Indra rejects corruption and any illegal practice and is committed to complying with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anti-corruption policy. Indra's Criminal Risk Prevention Model establishes certain controls that are regularly carried out within the different departments of the company to mitigate these risks.

These controls are carried out via multiple internal policies and procedures related to, among others, the following departments:

- Procurement: Procedure for the Screening and Standardisation of Suppliers and chains of authorisation for the issuance of purchase orders and Management of PEP-related issues with suppliers.
- Corporate takeovers and operations: Procedure for Corporate Mergers and Acquisitions.
- Markets: Procedures for Hiring Commercial Consultants and Strategic Advisors.
- Bids: Internal regulations of the Tendering and Procedural Committee for the control and monitoring of bids and Temporary Consortia (UTEs) in their Spanish acronym.
- Strategy: Policy on the Authorisation of Donations and Sponsorships.
- Administration: Procedure for Employee Expenses and Business Gifts.

Finally, the regulation on PEPs (politically exposed persons) is also included in the procedures to regulate the company's relationships with third parties that may be regarded as PEPs.

## Money laundering

Via its Code of Ethics and Legal Compliance, Indra expresses its commitment to comply with all the current national and international standards and regulations concerning the prevention of money laundering (and the financing of terrorism). For this purpose, it undertakes not to engage in practices that might be regarded as irregular vis-à-vis its relationships with its clients and suppliers. The company has developed internal procedures with controls to mitigate the risk of money laundering, especially with regard to cash payments.

## Incidents of anti-competitive practices and action taken in response

[GRI 206-1]

In recent years, the Spanish competition authority (CNMC) has published the following rulings against the company: file S/DC/0565/15 "tenders for IT applications", file S/DC/0598/2016 "rail electrification and electromechanics", and file S/DC/0627/18 "consultancy firms". Indra has actively collaborated with the CNMC in these proceedings with a view to clarifying the events forming the subject of investigation. These three files ended with penalty decisions in 2018, 2019 and 2021. These decisions are all currently being appealed via a contentious-administrative action filed with Section 6 of the *Audiencia Nacional*.

In the 2021 resolution, the CNMC acknowledges that the measures adopted by Indra in recent years are adequate for the detection of infringements in terms of the defence of competition and recognises that they reflect a true wish to comply with competition law, having modified its Prevention of Competition Law Risk Model to improve and fully adapt it to the CNMC's Guidelines governing competition regulation in compliance programmes. Some of the measures adopted in the Manuals for the Prevention of Competition Law Risk include: i) the regular involvement of senior management in ensuring compliance with competition law as a "fundamental element of the company culture"; ii) general reinforcement of Manuals, ensuring an express reference to applicable local law is included; iii) restructuring of the risk catalogue and adding new risks; iv) the introduction of training courses as a parameter to be taken into consideration in annual employee performance reviews.

In this regard, the Model for the prevention of Competition Law risk is reviewed and updated regularly, as are the internal controls and procedures. In terms of some of the other measures taken, the internal control mechanisms for UTEs/consortia and subcontracting have been reinforced, such that all the bids submitted using these means are subject to a specific legal control, with the internal procedures governing these matters being updated in 2020, 2021 and 2022.

## 4.2 Guiding Principles on Business and Human Rights

[GRI 408-1] [GRI 409-1] [GRI 410-1] [GRI 412-1] [GRI 412-2] [GRI 412-3]

As a technology company that wishes to encourage sustainable, fair and inclusive sustainable development, and as a member of the Global Compact since 2002, Indra is committed to actively championing the protection and promotion of Human Rights across all its operations.

### Human Rights Policy

Indra is aware of the impact it has on individuals, both as an employer and via the technological solutions it develops for its clients. For this reason, in 2020, the Board of Directors approved a Human Rights Policy aimed at identifying and expanding the positive impacts it has on individuals across the entire value chain and at minimising the negative impacts.

| Human Rights Policy | Milestones and KPI |
|---|---|
| **Commitment to professionals**<br>Provide fair and dignified working conditions and remuneration, respect and promote the rights of all professionals<br>✓ Promote diversity, inclusion and equal opportunities<br>✓ Guarantee the right to social dialogue and collective bargaining. Respect the freedom of expression of professionals<br>✓ Ensure the protection of professionals' personal data.<br>✓ Provide a safe and healthy workplace<br>✓ Promoting local employment by offering the first job to young people in the communities in which it is present<br>✓ Prohibition and rejection of any form of forced, slave, child or human trafficking labour | ▪ 33% women in the company<br>▪ 1% professionals with disabilities<br>▪ 99% professionals with access to collective bargaining instruments<br>▪ 93% professionals with permanent contracts<br>▪ +19,500 new recruits, +50% under 30 years of age<br>▪ 97% local professionals<br>▪ 0 Human Rights complaints (forced labour, human trafficking and child labour) |
| **Commitment to customers**<br>Developing technology that has a positive impact on people and society<br>✓ Measure the impact that Indra's technology may have on people's rights<br>✓ Provide secure services with guaranteed confidentiality, integrity and availability of information<br>✓ Use customer and end-user information and data with due diligence and security<br>✓ Train and raise awareness of privacy and information security among professionals | ▪ 18% of sales aligned with EU Taxonomy<br>▪ 93% sales in companies with ISO 27001<br>▪ 95.5% professionals trained in information security and data protection |
| **Commitment to suppliers**<br>Promote respect for and promotion of fundamental rights in its supply chain<br>✓ Ensure that suppliers comply with labour rights commitments and in particular with the prohibition and rejection of any form of forced, slave, child or trafficked labour<br>✓ Promote the contracting of local suppliers that comply with the company's ethical commitments - Code of Ethics and Supplier Sustainability Policy | ▪ 100% suppliers trained in ethics and compliance<br>▪ 70% critical suppliers evaluated with ESG criteria<br>▪ 85% local suppliers |
| **Commitment to Society**<br>Promote human rights in local communities<br>✓ Engage in a transparent and ethical manner with regulatory bodies and public administrations<br>✓ Practice responsible taxation that brings wealth to communities and complies with applicable tax legislation<br>✓ Encourage innovation and the development of products and services that contribute to promoting the fundamental rights of individuals and society at large<br>✓ Do not use "conflict minerals" | ▪ 0 materialised corruption complaints<br>▪ 0 critical cybersecurity incidents<br>▪ Country-by-Country Fiscal Report |

Indra's Human Rights Policy is based on the United Nations Guiding Principles on Business and Human Rights, and on the principal international Human Rights conventions and commitments. This Policy reinforces Indra's commitment to ethical conduct already set out in its Code of Ethics and Legal Compliance, compliance with which is mandatory for all the company's employees and partners, as well in other corporate policies which protect the fundamental rights of individuals, either directly or indirectly.

> The Human Rights Policy approved by the Board reflects the company's commitment to a sustainable development that is fair and inclusive

The Policy describes the company's commitments and operational principles that also apply to the rest of the value chain, both in terms of suppliers and other types of business partners, as well as the main communication channels available to its stakeholders.

## Due diligence regarding Human Rights

As outlined in the Policy, in 2022, Indra updated its due diligence procedures for assessing adverse impacts regarding Human Rights. As part of this process, the company updated how it identifies the most material risks, both in its own operations and in its value chain.

As set out in the company's legal framework, Indra analyses specific risks and carries out due diligence regarding certain potentially significant aspects related to Human Rights, such as labour conditions and rights, diversity and inclusion and information privacy.

In 2021, and in line with the framework established by the United Nations Global Compact, the company also carried out a Human Rights risk analysis across the six main geographies in which it operates: Brazil, Colombia, Italy, Mexico, Peru and the Philippines. The data gathered regarding the practices at the subsidiaries in terms of fundamental rights, such as decent work, rest, children's rights, family time, the elimination of forced labour, freedom of association, collective bargaining, non-discrimination, equal remuneration and job opportunities and fair pay – were analysed in order to identify areas of risk management that could be improved and implement the necessary mitigation measures.

**Due diligence regarding Human Rights**

| Key elements | Action taken |
|---|---|
| **Human Rights Policy**<br>Since 2015, updated and approved by the Board of Directors in November 2020 | The Human Rights Policy, drawn up under the supervision of the Sustainability Committee and approved by the Board of Directors in 2020, defines a governance model and sets out clear responsibilities in terms of Human Rights. Developed in collaboration with experts in Human Rights from the Seres Foundation and in line with international standards and good practices, the policy covers the entire value chain and is publicly available on the company website in both Spanish and English. The policy is sent internally to all employees and externally to stakeholders. |
| **Assessment of material topics**<br>Regularly since 2017 | Carried out regularly at a global level with the collaboration of external human rights experts (Seres Foundation in 2020) and with the leadership teams of the most important geographies also taking part. In 2021, the assessment was carried out in Brazil, Colombia, Italy, Mexico and Peru using the reference framework developed by the United Nations Global Compact. |
| **Integration in processes**<br>In progress since 2017 | Examples of action taken in 2022:<br>▪ The Human Rights risk assessment updated as part of the company's global risk map update.<br>▪ Requirements in terms of Human Rights with Suppliers included in the Procurement Terms and Conditions for all orders via the Supplier Sustainability Policy.<br>▪ Human Rights assessment of major and critical suppliers, assessing compliance in labour, health and safety and privacy and security matters, as well as with issues relating to child labour and forced labour among others.<br>▪ Modern Slavery Statement updated and approved by the Board.<br>▪ Sustainability training for all company employees, with specific Human Rights content.<br>▪ Compulsory training on Human Rights for security subcontractor personnel. |
| **Assessment and reporting**<br>In progress since 2017 | Examples of action taken in 2022:<br>▪ Six-monthly reports to the Sustainability Committee on the implementation of the Sustainability Master Plan, which includes specific Human Rights initiatives.<br>▪ Monitoring risks related to Human Rights through the company's risk map.<br>▪ Annual report on performance in Human Rights through the Sustainability Report and up to date information published on the company website.<br>▪ Dialogue with stakeholders through participation in initiatives like the Seres Foundation Human Rights Lab. |
| **Mechanisms for claims and complaints**<br>In progress since 2017 | The Direct Channel allows stakeholders to complain or enquire about any aspect related to ethics and compliance (and also about anything explicitly Human Rights related). The way in which the Direct Channel works is described in detail in section 4.1 of this report. |

### Human Rights risk mitigation and remediation

Indra’s Direct Channel is the mechanism through which queries and communications relating to both the company’s Code of Ethics and Legal Compliance and its Human Rights Policy should be received.

Following a review of the communications received through this channel, and described extensively in the Ethics and Compliance section of this report, Indra has determined that the Human Rights risks most likely to arise are those relating to harassment and unacceptable behaviour, discrimination, and information security.

As a result, Indra has gone to considerable effort in recent years to tighten up its control and mitigation measures for these types of risk:

- In 2022, 97% of Indra's active workforce (as of 31 December) had received training in Ethics and Competition, which also covers topics relating to harassment and unacceptable behaviour, discrimination, and information security.
- 2021 saw a sustainability training plan with specific Human Rights content rolled out for all employees. Specific sustainability-related content has also been made available to employees via the company’s online training platform.
- As part of the training catalogue made available to middle management and executives, the company offers special training aimed at combating discrimination in the workplace, including courses on performance evaluation and unconscious bias.
- As described in more detail in the section on Information Security, Privacy and Data Protection, Indra provides new employees with mandatory training on information security, with yearly refresher courses for all personnel, and also offers a wide range of optional training resources.

Where there have been cases of these risks occurring, the company has taken remediation action, which has included both disciplinary and non-disciplinary measures being taken against the offending individuals. These measures are described in the Ethics and Compliance section of this report.

In 2022, Indra received a complaint involving a violation of the right to privacy which had occurred while performing a service for a customer. This incident is outlined in section 7.7 of this report. Indra remediated the situation and compensated for any damages that may have resulted from the reported human rights violation by paying the corresponding penalty.

In the main geographies in which Indra operates (Spain, Mexico, Brazil and Colombia), the company has subcontracted a security company whose staff[3] have received Human Rights training.

## 4.3 Responsible taxation

[GRI 207-1]

Indra has a fiscal strategy and a governance model that ensures that tax activities are conducted within a framework founded on ethics, transparency and integrity. [GRI 207-1]

As indicated in the Code of Ethics and Legal Compliance in relation to good tax practices, the company’s business involves making a series of decisions that have an impact and effect on taxation. As such, the company undertakes to comply with its tax obligations in all the territories and jurisdictions in which it operates, always pursing a prudent taxation policy.

The Tax Policy reflects the company’s fiscal strategy and its commitment to the application of good tax practices, which applies to all Indra companies in all the countries in which it operates. This Policy is annually reviewed by the Auditing and Compliance Committee and the Board of Directors.

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[3] 75 employees in Spain, 8 in Mexico and 17 in Colombia.

The following principles and commitments are defined as part of this Tax Policy, and they reflect the principles set out in the Code of Good Tax Practices:

- Complying with tax regulations and obligations in both letter and spirit in the various countries and territories in which the Group operates, paying any taxes that are due in accordance with their respective tax requirements.
- Promoting practices that are aimed at preventing and reducing significant tax risks, ensuring that tax payments properly reflect the structure and location of the Group's activities, its human and material resources and its levels of risk.
- Adopting tax-related decisions on the basis of a reasonable interpretation of the regulations in force in respect of the company's activities.
- Complying with the internal procedures established in relation to the taking of tax decisions and the procedures implemented to monitor tax risk.
- Informing the Board of Directors of the principal tax implications of the operations or matters submitted for its approval, such as operations that do not fall within the ordinary course of the company's business, corporate restructuring processes, investments, or the opening of new businesses.
- Applying the transfer prices in accordance with the principle of free competition, such that no significant inequalities are generated in commercial relations.
- Not transferring value created to jurisdictions with a lower tax burden, not using tax structures that are opaque, artificial or that have no commercial basis and not using the secret of certain tax jurisdictions (referred to as tax havens) to avoid paying tax.

Tax risks are analysed, reviewed and managed as part of the risk management governance model. In addition, Indra's Tendering Committee evaluates the tax risks of the bids submitted globally by the company, and seeks external advice for complex bids when required.

### Governance of tax policy

[GRI 207-2]

Indra's General Finance Department, acting through the Group's Global Tax Department, is responsible for ensuring the proper application of the company's tax policy and for identifying and managing any potential associated risks. The Tendering Committee, which the Finance Department forms part of, assesses the tax risk involved in the bids tendered by the company.

On a regular basis, and at least twice a year, the Tax Department reports to Indra's Auditing and Compliance Committee – the body appointed by the Board of Directors to oversee the management of tax matters and tax risk – on the company's performance in respect of tax-related issues.

In addition, the Auditing and Compliance Committee and the Board of Directors must approve any significant company operation that implies the opening of new structures in countries regarded as tax havens in order to ensure that Indra's activities in those countries are strictly business-related.

The Auditing and Compliance Committee and the Board of Directors maintain constant supervision of all tax management matters

Tax management is subject to Indra's internal risk management system, and as a consequence it is submitted for close scrutiny by the Risk Management, Compliance and Internal Auditing Departments. In this regard, the Direct Channel is available for any employee or external stakeholder who may wish to make any comment regarding the company's tax management.

### Stakeholder relations

[GRI 207-3]

The tax undertakings that Indra sets out in its Code of Ethics and Legal Compliance in relation to its tax-related obligations in all the territories and jurisdictions where it operates and where it always pursues prudent tax policies also apply to its relations with external advisors in matters of tax policy.

Section 9.3 headed "Associations and foundations" contains a description of Indra's relations with organisations that could potentially be aimed at gaining political influence. Indra's relations with these institutions are at all times governed by principles of both transparency and caution. As explained in this section, Indra's main objectives relate to promoting technology-driven innovation and sustainable development.

Indra maintains collaborative relationships with the various Tax Authorities with which it comes into contact as the result of its business activities, based on principles of transparency and good faith.

The company promotes the transparent, clear and responsible communication of its main tax figures, through the forwarding to its various stakeholders of information relating to the payment of all the taxes that it is required to pay in each of the jurisdictions in which the company operates.

### Direct tax contribution by country

[GRI 207-4]

| Tax contributions in thousand euros | | | | | | |
|---|---|---|---|---|---|---|
| Geographical area/ Country | Net revenue | Intragroup earnings | Result before tax | Corporate income tax expense | Corporate income tax paid | Total assets |
| **Spain (*)** | | | | | | |
| **Spain** | 2,468,987 | 358,165 | 128,768 | 40,603 | 20,119 | 6,754,838 |
| (*) Note: the aggregate profit before tax, according to Spanish GAAP, of Spanish companies amounts to a profit of €128,768 k€. The result that serves as the basis for calculating the accrued income tax expense differs from this amount, mainly due to the fact that this result (i) includes certain items (mainly dividends that have a limited tax impact) that have no tax impact, and (ii) does not include the results obtained through permanent establishments, which are taxed and have a tax impact in the country in which they are generated. The effective payment made in Spain in the year amounts to €20,119 k€ and corresponds to the aggregate balance of payments on account for the year (€24,429 k€), withholdings paid on certain income and dividends and a net tax refund from previous years (amounting to €15,885 k€). Also included are payments of €3,367 k€ arising from the tax audit completed in Spain during the year, corresponding to the period 2015-2018. | | | | | | |
| **Europe and North America** | | | | | | |
| Germany | 23,336 | 5,468 | 2,156 | 839 | 380 | 20,304 |
| Belgium | 28,903 | 0 | 6,877 | 719 | 196 | 6,627 |
| Bulgaria | 0 | 0 | 52 | 0 | 0 | 389 |
| Canada | 87 | 0 | 8 | 1 | 1 | 213 |
| Slovakia | 105 | 12 | 61 | 0 | 103 | 0 |
| Estonia | 5,413 | 0 | 731 | 0 | 0 | 4,545 |
| USA | 44,647 | 1,547 | 39 | 1,664 | 203 | 74,440 |
| Greece | 0 | 0 | -33 | 0 | 0 | 125 |
| The Netherlands | 516 | 0 | 20 | 4 | 12 | 160 |
| Ireland | 6,177 | 0 | 1,578 | 147 | 0 | 9 |
| Italy | 215,856 | 4,944 | 18,893 | 5,619 | 7,858 | 193,718 |
| Latvia | 3,781 | -16 | 1,211 | 256 | 0 | 5,249 |
| Lithuania , | 3,691 | 0 | 1,377 | 73 | 96 | 246 |
| Moldova | 179 | 696 | 181 | 62 | 61 | 390 |
| Norway | 67,765 | 6,494 | 7,498 | 1,664 | -102 | 63,107 |
| Poland | 231 | 123 | 24 | 0 | 0 | 436 |
| Portugal | 49,569 | 13,816 | 3,417 | 1,059 | 446 | 46,027 |
| United Kingdom | 18,729 | 0 | 4,085 | 763 | 1,378 | 6,466 |
| Check Republic , | 2,600 | 0 | 28 | 9 | -65 | 2,671 |
| Romania | 7,066 | 357 | 4,343 | 509 | 510 | 4,929 |
| Turkey | 38 | 0 | -489 | 0 | 0 | 1,916 |
| **Total Europe and North America** | **478,689** | **33,441** | **52,057** | **13,388** | **11,077** | **431,967** |
| **Latin America** | | | | | | |
| Argentina | 21,850 | 1,719 | 3,329 | -1,875 | 1,134 | 19,758 |

| Tax contributions in thousand euros | | | | | | |
|---|---|---|---|---|---|---|
| Geographical area/ Country | Net revenue | Intragroup earnings | Result before tax | Corporate income tax expense | Corporate income tax paid | Total assets |
| Bolivia | 911 | 0 | -513 | 0 | 85 | 1,645 |
| Brazil | 206,621 | 2,791 | 4,816 | 2,769 | 2,149 | 119,995 |
| Chile | 69,516 | 18,191 | 12,868 | 2,786 | 1,308 | 122,741 |
| Colombia | 129,309 | 7,404 | 13,596 | 7,495 | 6,129 | 65,847 |
| Costa Rica | 181 | 0 | -323 | 60 | 61 | 585 |
| Ecuador | 10,073 | 0 | 2,221 | 974 | 270 | 9,186 |
| El Salvador | 113 | 0 | -55 | 3 | 0 | 851 |
| Guatemala | 513 | 0 | 238 | 134 | 106 | 899 |
| Honduras | -50 | 0 | -718 | -413 | 27 | 1,568 |
| Mexico | 141,567 | 16,839 | 11,585 | 3,857 | 8,063 | 124,036 |
| Nicaragua | 493 | 0 | 123 | 37 | 34 | 634 |
| Panama | 10,590 | 614 | -881 | 196 | 428 | 11,814 |
| Paraguay | 0 | 0 | -1 | 0 | 0 | 58 |
| Peru | 75,468 | 5,410 | 7,807 | 2,461 | 2,971 | 76,598 |
| Puerto Rico | 398 | 0 | 94 | 21 | 57 | 515 |
| Dominican Republic | 8,915 | 610 | 4,374 | 1,150 | 1,126 | 9,352 |
| Uruguay | 3,663 | 1,770 | -129 | 145 | 4 | 2,021 |
| **Total Latin America** | **680,131** | **55,348** | **58,431** | **19,800** | **23,953** | **568,107** |
| **Asia, Middle East and Africa (AMEA)** | | | | | | |
| Saudi Arabia | 58,917 | 0 | 12,129 | 995 | 303 | 176,663 |
| Algeria | 835 | 0 | -3,216 | 0 | 82 | 7,602 |
| Australia | 31,254 | 335 | 2,944 | 0 | 0 | 21,629 |
| Bahrein | 1,310 | 456 | -141 | 0 | 0 | 15,416 |
| China | 115 | 1,418 | -219 | 0 | 0 | 1,382 |
| South Korea | 1,163 | 0 | -1,052 | 0 | 0 | 6,606 |
| Egypt | 868 | 0 | -284 | 36 | 0 | 1,461 |
| United Arab Emirates | 12,304 | 0 | 7,123 | 0 | 0 | 16,453 |
| Philippines | 52,719 | 3,415 | 7,834 | 1,940 | 88 | 53,616 |
| India | 1,493 | 76 | 268 | 61 | 23 | 3,917 |
| Indonesia | 0 | 62 | -270 | 0 | 0 | 567 |
| Israel | 1,799 | 0 | 1,104 | 88 | 71 | 2,124 |
| Kazakhstan | 0 | 0 | -71 | 0 | 0 | 34 |
| Kenya | 3,048 | 3,188 | 678 | 203 | 253 | 7,707 |
| Kuwait | 26,480 | 0 | 1,913 | 1,200 | 15 | 11,779 |
| Malaysia | 4,590 | 41 | 402 | -5 | 119 | 9,349 |
| Morocco | 273 | 405 | -5,103 | 0 | 7 | 4,253 |
| Mozambique | 0 | 0 | 0 | 0 | 1 | 4 |
| Nigeria | 0 | 0 | -115 | 99 | 0 | 229 |

| Tax contributions in thousand euros | | | | | | |
|---|---|---|---|---|---|---|
| Geographical area/ Country | Net revenue | Intragroup earnings | Result before tax | Corporate income tax expense | Corporate income tax paid | Total assets |
| New Zeland | 3,678 | 0 | 1,013 | 0 | 0 | 1,385 |
| Oman | 28,472 | 1,712 | 10,948 | 1,471 | 122 | 23,162 |
| Senegal | 0 | 0 | -301 | 0 | 0 | 16 |
| Thailand | 0 | 0 | -249 | 0 | 0 | 43 |
| Taiwan | 260 | 0 | -417 | 0 | 0 | 166 |
| Tunisia | 0 | 0 | -32 | 0 | 2 | 487 |
| Vietnam | 0 | 0 | -64 | 0 | 0 | 15 |
| Zambia | 303 | 0 | 74 | 26 | 34 | 391 |
| **Total AMEA** | **229,881** | **11,108** | **34,896** | **6,114** | **1,119** | **366,452** |

The information on income tax paid in each country includes (i) payments on account of income tax for the current year, (ii) the final settlement of prior-year tax, (iii) tax withholdings or other similar items, (iv) tax adjustments made in previous years, as well as amounts paid following tax inspections.

The total tax paid by the Group for the financial year, which amounted to €56 million, was not calculated on the consolidated reported profit of €256 million reflected in the annual accounts. This consolidated reported profit was calculated by applying IFRS (International Financial Reporting Standard) and differs from the aggregate pre-tax result calculated in accordance with the Chart of Accounts applicable in each jurisdiction, which serves as the legal basis for calculating tax actually payable (the main difference being that goodwill is not amortised under IFRS, and the rest of consolidation adjustments).

The data reported by country relates to all the companies or permanent establishments (primarily branches) that are resident, for tax purposes, in that particular jurisdiction, regardless of where sale or purchase activity is actually carried out, except in cases where the company has permanent establishments located abroad. In such cases, the corresponding figure is allocated to the country where the permanent establishment in question is located and registered for tax purposes. According to the annual accounts, the consolidated pre-tax reported profit amounted to €255,761 thousand, entailing a corporate income tax expense of €80,172 thousand.

The earnings before tax, aggregated by country, amounted to a profit of €274,152 thousand, while the corporate income tax expense totalled €79,905 thousand. This difference between the aggregate and consolidated figures is explained by the application of international accounting standards and the elimination of consolidated results (primarily dividends and portfolio adjustments).

For more information relating to tax status, see Note 35 and Appendix 1 of the Consolidated Annual Accounts.

Throughout 2022, Indra has carried out commercial projects in the following countries which are considered tax havens or non-cooperative jurisdictions, according to the latest listings published by the OECD, the European Union and the Spanish Tax Authority.

Such a presence is never for tax purposes and is always solely and exclusively due to the company's commercial activity, as detailed below:

- Bahrain: Indra has one subsidiary – the opening of which was reported in the 2011 Annual Report – with more than 40 employees who provide support for a large healthcare project. In addition, several energy projects have been developed for the Bahrain Electricity and Water Authority, and several air traffic projects have been set up for the Bahrain Ministry of Transport and Telecommunications.
- Panama: Indra has one location in the country employing nearly 100 professionals, who carry out consulting, maintenance and migration work on applications and services for clients in the Public Administration and Financial Services sectors. It has also carried out supervision, inspection and monitoring services for various works in the country.
- Gibraltar: Indra has carried out the maintenance and application management of the airport systems installed at Gibraltar airport.
- Liberia: the company has primarily been involved in managing energy projects for the Liberian Electricity Company.

In 2022, Indra also engaged in specific activities in countries or territories such as Turks and Caicos Islands, Vanuatu, Cayman Islands, Dominica, Jordan, Fiji, Seychelles, Macao, Guernsey, Trinidad and Tobago, Bahamas and Liechtenstein, which are also considered low taxation or non-cooperative jurisdictions according to the aforementioned institutions. The amount that this business represents as a percentage of the company's total revenue is virtually insignificant and is due to the company's commercial activity and to specific projects, mainly in the consultancy and air traffic sectors.

Indra has also undertaken air traffic, defence and energy projects in Oman. The country is, however, no longer considered a non-cooperative jurisdiction within the EU.

Indra is also engaged in various business activities in countries such as Malaysia, Morocco and Turkey that have reached agreements with the European Union to modify their tax legislation and bring it in line with European standards.

Finally, Indra did not create new structures in 2022 in any country listed as a tax haven or low-tax jurisdiction by the OECD, European Union or Spanish tax authorities.

# 5 Planet and Climate Change

## 5.1 Climate Change governance and management

The Board and the Sustainability Committee are the most important decision-making and supervisory units at Indra in terms of Climate Change. The sustainability management team reports regularly to the Sustainability Committee and to the Board on the policies, main risks and opportunities and the performance of the company's objectives in this respect.

In 2021, the Science Based Targets Initiative (SBTi) formally approved the emissions reduction targets drawn up by the Sustainability Committee and approved by the Board of Directors in 2020.

> Indra's emissions reduction targets were set using the method developed by the Science Based Targets initiative (SBTi) in line with the 1.5ºC COP26 commitments[4]

All aspects related to Climate Change are fully integrated into the company's strategy via the initiatives defined as part of the 2020-2023 Sustainability Master Plan framework, which contains a specific pillar for the Environment and Climate Change.

Indra's strategy insofar as the environment is concerned is based on identifying and analysing its main risks and opportunities, specifically: Climate Change risks and opportunities, environmental workplace risks and risks regarding compliance with environmental regulations.

In addition to the information contained within this section regarding Indra's performance in terms of environment-related matters, section 7 offers more information on Indra's contribution to the Climate Change mitigation and adaptation targets in line with the EU's Taxonomy criteria.

## 5.2 Climate Change risks and opportunities

[GRI 201-2]

In 2022, Indra updated its climate change risk and opportunity analysis – which forms part of its Corporate Risk Management and Control System – to include different scenarios in line with the recommendations issued by the Task Force on Climate-Related Financial Disclosures[5] (TFCD) and with growing regulatory and capital market requirements, such as the supplement published on 20 June 2019 to the EU Guidelines on reporting of climate-related information (Climate Supplement).

Indra has taken four scenarios into consideration, both in qualitative and quantitative terms:

- The International Energy Agency's STEPS (Stated Policies Scenario) a conservative scenario that does not take for granted that governments will reach all announced goals.
- The International Energy Agency's 2DS (2DS): a scenario that describes a pathway in which the energy system is capable of limiting global warming to a 2°C rise in temperature – assigning this a probability of 80%.
- The "very stringent" RCP 2.6 pathway and the "business as usual" RCP 8.5 pathway defined by the Intergovernmental Panel on Climate Change[6] (IPCC).

Within the scope of these two scenarios, Indra has assessed the risks and opportunities for its business both in terms of the transition and physical risks posed by Climate Change:

- The transition risk analysis is designed to assess how Indra can shift towards a low-carbon economy. To do this, the company has defined a strategy to combat Climate Change and set neutrality targets for 2050 which are in line with the main regulatory requirements in terms of energy efficiency and emissions reduction among others. This strategy allows the company to mitigate the main risks in terms of its capital markets access, competitive position, social licence to operate and reputation.

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[4] 2021 United Nations Climate Change Conference.

[5] The Task Force on Climate-Related Financial Disclosures (TCFD) is an organisation that was set up across G20 countries in a bid to develop a set of voluntary disclosures regarding climate-related financial risks.

[6] The Intergovernmental Panel on Climate Change is a United Nations intergovernmental organisation charged with advancing knowledge on Climate Change.

- The physical risks analysis identifies the consequences that the gradual changes in weather conditions (temperature, rainfall, flooding) could have for the company in 2050 and the impact that other potential extreme weather-related phenomenon could have on its facilities and operations. It also identifies the opportunities that the increased demand for solutions and services that allow clients to be more resilient against the physical effects of Climate Change offer the company.

A breakdown of the analysis completed, including a detailed description of the impacts of Climate Change on Indra's operations and the response measures adopted by the company is available on the company website.

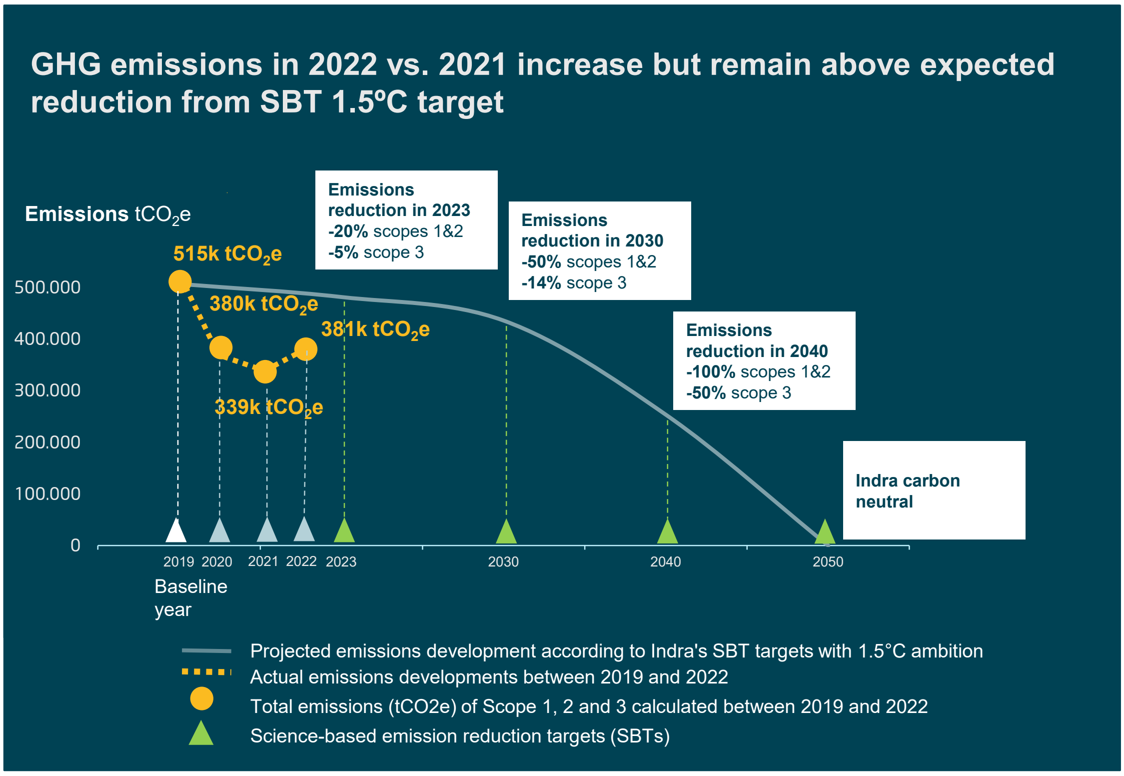
The main climate-related risks and the response measures adopted by Indra are detailed below. To find out more about the opportunities that Climate Change offers for the company and see how well aligned Indra's product offering is with the EU's Climate Taxonomy, please refer to section 7 "Technology with impact".

## 5.3 Climate Change mitigation and adaptation

The main transition risk for Indra is linked to the potential financial, reputational and competition-related impact associated with ever more stringent climate-related regulations across the world – particularly in the European Union, which aims to be the first climate-neutral continent by 2050.

> The 2020-2023 Sustainability Master Plan addresses the initiatives that are needed to reduce the company's GHG emissions, involving all the areas that are required to succeed in achieving them

In 2020, the Sustainability Committee designed an ambitious emissions reduction roadmap for the company, which was approved in 2021 by the Science Based Targets Initiative (SBTi) and sets science-based objectives for 2030 and 2040, with the intention of achieving carbon neutrality in 2050.



**GHG emissions in 2022 vs. 2021 increase but remain above expected reduction from SBT 1.5ºC target**

Emissions in 2022 were up from 2021, due for the most part to the return to more normal travel patterns following the pandemic (business trips were up +37% and commuting +47%), as well as an increase in the energy consumption of products sold (+77%). Despite this, reductions in emissions remain above target (down 26% compared with 2019).

## The 4 keys to achieving the SBTs are: eco-efficiency, green energy, suppliers and sustainable mobility

| **Efficient climate-control** | **Green energy** | **Sustainable purchases** | **Efficient mobility** |
|---|---|---|---|
| ✓**Eco-efficient air-conditioning** of workplaces | ✓ Increase use of **renewable energy** | ✓Using **environmental criteria** with the **supply chain** | ✓**Reduce travel** and promote the use of **efficient transport** alternatives |

### Indra Group's carbon footprint in 2022

[GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5]

Due to its business model, Indra's main environmental impacts are associated with energy consumption in the workplace – electricity consumption and climate control – and with greenhouse gas emissions associated with its supply chain, business travel and employee movements.

Indra recognises the agreements reached in the Paris Agreement and intends to be an active agent in this collective effort to reduce the impact of Climate Change. To achieve this, it has a Climate Change strategy which sets out initiatives across four core areas:

- Energy efficiency in the workplace: optimise electricity consumption and climate control.
- Increase use of green energy.
- Include environmental criteria in procurement procedures.
- Actively encourage sustainable employee mobility: reduce business travel and commuting.

| Indra Group's carbon footprint ($tCO_2e$ emissions) | 2019 | 2020 | 2021 | 2022 | 2022 vs. 2019 (% reduction) |
|---|---|---|---|---|---|
| Scope 1: direct emissions | 2,733 | 1,764 | 1,759 | 1,681 | -68% |
| Scope 2: indirect emissions | 6,198 | 2,923 | 1,897 | 1,211 | |
| Scope 3: indirect emissions (*) | 507,063 | 375,417 | 335,583 | 378,127 | -25% |
| Purchases of goods and services | 299,163 | 255,274 | 234,574 | 236,668 | -21% |
| Business travel | 77,251 | 24,303 | 18,273 | 25,087 | -68% |
| Commuting | 35,522 | 11,954 | 14,487 | 21,232 | -40% |
| Other scope 3 categories | 95,127 | 83,886 | 68,249 | 95,120 | 0% |

(*) NB: The main variations between the emissions recorded in 2021 and those recorded in 2022 are detailed below. The return to more normal travel patterns following the pandemic has increased emissions from rail and air travel compared to 2021 (no. of train and plane journeys up +85% and +110%, respectively). Staff returning to the office has also led to higher workplace occupancy (rising from 15% to 32% globally), which has in turn resulted in increased emissions from commuting. Of the remaining scope 3 categories, only the increase in emissions from "use of sold products" (Category 11) stands out, accounting for 18% of total emissions in 2022, up 77% from 2021. The reason for this increase was the change in the mix of products sold. In 2022, the number of product units delivered to clients in the Transportation sector increased (more than 5,300 units delivered in 2022, compared to 4,100 in 2021), while ATM radars with higher levels of energy consumption, such as the MSSR-S (Monopulse Secondary Surveillance Mode-S Radar) or the PSR2D (2D Primary Radar), have also been delivered.

Emission calculations are based on the Greenhouse Gas Protocol (GHG Protocol), the accounting and reporting standard created by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). In 2022, Indra also obtained ISO 14064 Carbon Footprint certification from AENOR for the 2021 inventory of GHG emissions for seven group companies located in Spain, Italy, Brazil, Colombia, Chile and Peru[7], which account for 76% of the group's total emissions. The company plans to renew these certifications in 2023.

In 2022 energy consumption emissions (scope 1 and scope 2 emissions) as a whole fell compared to 2021, after the following measures were implemented: the Property Efficiency Plan reduced energy consumption by cutting the area (sqm) in use; more than one million euros were invested in improving energy efficiency (lighting and HVAC systems) at our sites in Spain and; the company increased its procurement of green energy, which accounted for 100% of all the energy consumed in Spain in 2022 and 16% of the energy consumed in the company's other geographies (Italy, Portugal, Chile and Australia).

ISO 14064 certified emissions

**76%**

Investment in energy efficiency measures in the workplace

**+ €1 million**

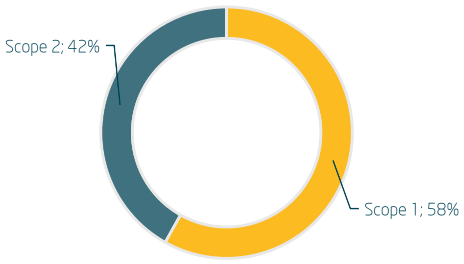
### Energy consumption emissions (scope 1 and 2) in main geographical areas

The main source of energy consumption emissions is workplace electricity consumption, which accounts for 42% of Indra's total scope 1 and 2 emissions. 99.9% of the activity data used are primary data.

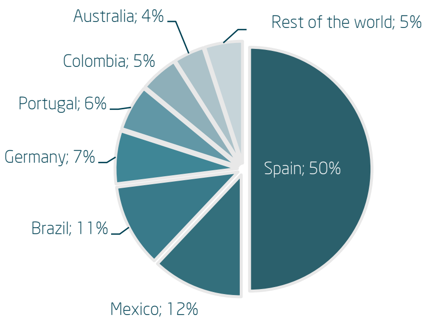
The opening of the new simulation centre in Coslada (Madrid), where a generator is temporarily being used to ensure a reliable supply of energy, has had a major impact on energy consumption emissions (8% of total Scope 1 and 2 emissions). It is anticipated that the transformer station will be operational in 2023, which will allow renewable energy to be used to power the facilities.

The countries that make the largest contribution to the Group's carbon footprint in terms of energy consumption – gas, diesel, refrigerant gases and electricity – are: Spain (50%), Mexico (12%), Brazil (11%), Germany (7%), Portugal (6%), Colombia (5%) and Australia (4%). All other regions represent less than 2% of its emissions.

**Distribution of emissions by energy consumption (Scope 1 and 2)**



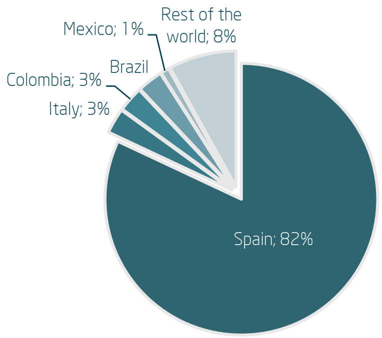
**Distribution of emissions by energy consumption (Scope 1 and 2) by country**



### Indirect emissions (scope 3) from the group's value chain

Scope 3 emissions represent 99% of Indra's total emissions. Spain accounts for 82% of the group's scope 3 emissions, followed by Italy, Colombia, Brazil and Mexico. Due to their significance, an in-depth analysis of the twelve categories that apply to Indra was carried out between 2021 and 2022 to improve the way in which these emissions are calculated. The improvements implemented have reduced the uncertainty of the calculation by maximising the use of primary data sources, e.g. using emissions data provided directly by service providers (travel agencies, couriers, taxi services).

**Distribution of Scope 3 emissions by country**



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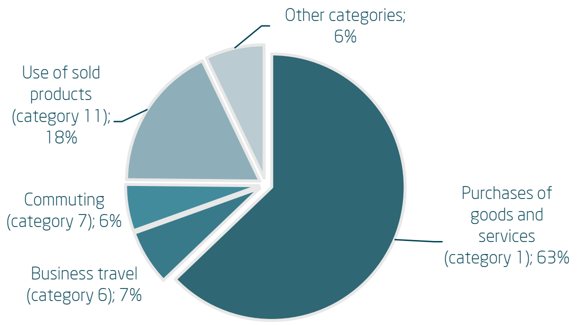
[7] Indra Sistemas and Indra Soluciones y Tecnologías de la Información (Spain), Indra Italia, Minsait Brasil, Indra Colombia, Indra Sistemas Chile and Indra Perú.

The main categories contributing to scope 3 emissions in 2022 were: purchases (63%), use of sold products (18%), business travel (7%) and commuting (6%). This represents a change in how these categories rank as a proportion of total Scope 3 emissions when compared with the base year (2019):

- Use of sold products: the nature of Indra's business means that it sells a very diverse range of products intended to be used for the purposes of specific projects. The emissions for this category therefore vary depending on the projects and products delivered in that year. The proportion of emissions coming from the use of sold products (Category 11) has increased, with these now representing 18% of all scope 3 emissions (compared to 8% in 2019).
- Business travel and employee commuting: the proportion of emissions coming from journeys made by Indra's workforce was far higher in 2019 than it is today. The move towards more sustainable transport and cutting down on the amount of journeys to and from work has reduced this to a smaller proportion of the company's total indirect emissions.

Scope 3 emissions are calculated using a combination of quantification methods depending on the primary data available. Different emission factors were used depending on the source data and the calculation method. All the information on the emission factors used in these calculations can be found in Appendix 11.6.

**Distribution of Scope 3 emissions by category**



### Main factors driving reductions in Scope 3 indirect emissions

Measures have continued to be implemented in 2022 to reduce both Scope 3 emissions and uncertainties in their calculation. These have included: the campaign to collect Carbon Footprint data from 100+ key suppliers, selected for their emission intensity; the use of primary data on business travel at Indra companies, taken from employee expense data; and the introduction of a product lifecycle management (PLM) tool to collect data on the energy consumption of products sold.

Equally of note in 2022 have been the sustainable transport initiatives introduced in Italy and Colombia. In Italy, Indra has reached agreements with external suppliers, allowing it to offer its workforce the option of carpooling to work or using hybrid rental cars for business trips. While in Colombia, Indra has completely offset the carbon footprint associated with trips its personnel made using taxis.

As a result of all the measures implemented and improvements made, in 2022 scope 3 emissions fell by 25% compared to 2019 – the base year used to calculate the emissions reduction targets.

Two main factors have driven reductions in Scope 3 indirect emissions in 2022:

- Environmental and Carbon Footprint criteria for suppliers: In order to involve its suppliers in the process of fulfilling its environmental commitments, Indra has developed a Supplier Sustainability Policy which focuses on their climate performance. The company's aim is to use the best suppliers from a climate perspective, and to work with key suppliers to improve their climate practices. With this in mind, a tool was introduced in 2022 to assess ESG risks and collect environmental information on suppliers: $CO_2$ emissions, use of renewable energy and SBTs for reducing emissions. Training workshops on the subject of carbon footprint were also organised for key suppliers in Spain, and these will continue to run in 2023. For more information, see section 7.8.
- Change in workforce travel patterns: As a result of the pandemic, Indra's workforce has adopted new travel and remote work patterns, which have reduced the need for business trips ($CO_2$ emissions down 68% from 2019) and commuting ($CO_2$ emissions down 40% from 2019).

## Internal carbon pricing project

As part of the 2020-2023 Sustainability Master Plan, the company created an internal carbon pricing project in 2021 with the aim of measuring and assigning prices to the Group's CO2 emissions.

> Indra aims to align its value chain with the Group's emissions reduction targets, making the CO2 emissions factor part of its decision-making procedures

The aim of the project, which is supported by the Sustainability Committee, is to incorporate the "CO2 factor" into its business processes and decision-making procedures and by doing so encourage the implementation of greenhouse gas emission reduction measures.

### Progress in integrating the $CO_2$ factor into Indra's value chain

Considering the **impact of $CO_2$** on the **margin** of **operations**

- Include **measurement of $CO_2$ emissions** and **environmental risk** assessment as an **externality** in the **operating margin**

Carbon footprint according to ISO 14064 for 76% of operations

Include **climate risk analysis** in **tenders**

- Consider **climate risk** as an additional factor to be controlled and monitored in **tenders**

Climate risk analysis according to TCFD
Update of the Rules of Procedure of the Offer Committee planned for 2023

Procurement from **"greener" suppliers**

- Require **suppliers** to provide their **Carbon Footprint** (Scope 1 and 2 emissions) and include the **cost of $CO_2$ emissions** in the **cost of the offer**

Carbon Footprint requirement included in Sustainability Policy for Suppliers100+ critical suppliers with Footprint data in scope 3 by 2022

**Reduce $CO_2$** from **business travel** and **commuting**

- **Measure** emissions from **business travel** and **commuting** and **set targets** for reductions
- **Encourage** the use of more **sustainable** modes of **transport**

-68% and -40% emissions from travel and commuting '22 vs '19
Measures to encourage sustainable transport in Italy and Colombia

Investing in more **eco-efficient workplaces** and **infrastructure**

- **Measure emissions** at each centre and **set energy** efficiency **targets**
- **Include $CO_2$** in the choice of **new workplaces** or in the contracting of **infrastructures** such as DPCs, warehouses, etc

-68% scope 1 and 2 emissions in '22 vs '19
1M€ invested in energy efficiency in Spain

Identifying the **$CO_2$ impact** of **R&D** projects

- Include a **self-diagnosis** of **climate change** impact for **R&D project** proposals as a risk or an opportunity

23% of capex aligned with EU Taxonomy for Climate Change Mitigation and Adaptation targets

Designing products with lower emissions: **eco-design**

- **Measure product emissions**
- Consider **eco-design** and **energy efficiency criteria** in the **design of new products** to reduce their emissions throughout their life cycle

Ongoing implementation of the Life Cycle Management (PLM) tool and the 1st pilot of the Ecodesign of a primary radar

Developing software with less emissions: **green software**

- Include the calculation of **$CO_2$ reductions** as a KPI to be taken into account in the prioritisation of improvements in the **software development process**

In analysis phase include environmental impact improvement criteria in the Lean Making software development programme

A shadow pricing model has been chosen for the project, meaning that a price of €40[8] is applied to every tonne of CO2. In order to calculate this price, the social cost of carbon together with the average price of the EU Emissions Trading System (EU-ETS) were used as references. In the future, it may be possible to calculate the internal price of Indra's carbon using the internal fee model instead of the shadow pricing model, which would in turn allow the carbon tax to be used to finance offsetting initiatives for the company's waste emissions[9].

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[8] Pending an in-depth study.

[9] Surplus remaining after including all technically and financially viable sources of emissions in the carbon footprint reduction targets.

## Energy efficiency and purchasing green energy

[GRI 302-1] [GRI 302-2] [GRI 302-3] [GRI 302-4]

Improving energy efficiency and increasing the purchase of green energy are Indra’s two key focus areas for reducing the Group’s scope 1 and 2 emissions – namely direct and indirect emissions from energy consumption.

Renewable energy consumed

**88%**

Emissions intensity by energy consumption per employee

**0.053**

Over the years, a number of energy optimisation measures have been implemented at the sites occupied by Indra, including: heating, air conditioning, climate control, insulation, lighting and space optimisation. The results of these measures can be seen in the reduction of Indra’s environmental footprint.

The corporate headquarters in Alcobendas (Madrid) is the group’s highest capacity location. The building is LEED Gold certified – the US Green Building Council’s accreditation system for sustainable buildings – and has been certified under the European EMAS and ISO 50001 standard designed to ensure continual improvement in energy efficiency. The corporate headquarters houses the Energy Control Centre, which remotely controls and monitors the energy consumption of 92% of the group’s various head offices in Spain – equating to more than 80% of Indra’s total energy consumption globally.

Indra’s Energy Control Centre allows the company to maintain and improve the energy saving levels of the Group’s various head offices in Spain. To do this, it applies mathematical models to real-time consumption data to produce forecasts for energy and power consumption. The energy consumption control systems located at Indra’s facilities are programmed, reviewed and adjusted daily in accordance with occupancy levels, peaks in activity, working schedules and weather, among other factors. This allows any deviations to be corrected and the consumption curve maintained at the optimal level for energy savings, therefore achieving greater energy efficiency at its facilities.

> More than 80% of Indra’s total workplace energy consumption is centrally tracked and controlled online

The Energy Control Centre programmes the measures that are directly implemented at its facilities by technicians specialising in energy efficiency. The performance of the key production units in each of its main headquarters are also monitored, working with maintenance technicians to decide the best improvement measures based on the time of year in question. The company also uses portable consumption measuring equipment to take one-off measurements in order to assess the level of energy deviation caused by changes in its business operations: power increases/decreases, changes in office occupancy levels and in working hours, etc.

All these energy efficiency measures have been key in optimising post-pandemic energy consumption, a time when workplace occupancy has varied greatly.

> Green energy accounts for 100% of Indra’s workplace energy consumption in Spain and Italy, with this percentage reaching 88% at the global level

Another energy efficiency measure that Indra has set out as a key objective in its Sustainability Master Plan is to increase the purchase of green energy to 100% in Spain by 2023 and to 85% at the global level by 2030. Since 2019, Indra has been gradually increasing the percentage of renewable energy used at the global level, taking it up to 88% in 2022. Spain (100%) and Italy (100%) are the two leading geographies in terms of the Group’s green energy consumption. In addition, in 2022 the company began using green energy in Chile (95%), Portugal (88%) and Australia (10%). Indra’s aim is to increase its green energy consumption in these countries and gradually roll this out to other countries.

## Circular economy

[GRI 306-2]

As a high value-add technology provider, Indra offers a wide range of proprietary solutions. Given the specific nature of its products, the company understands that its main contribution to helping create a circular economy is as follows:

- ✓ Improving durability: Many of the products and services Indra provides, particularly in certain segments of the Transport and Defence sectors, require critical use. This is true of integrated systems and those intended for intensive round-the-clock use. Products are therefore designed to have a long service life of 10 to 20 years, and are highly reusable, upgradeable and repairable.

- ✓ Reducing the presence of hazardous chemical substances: The eco-design approach determines which materials and products to use while also laying out the technical criteria for their manufacture and use.
- ✓ Increasing the recycled content and enabling high-quality remanufacturing and recycling: The solutions Indra provides are products composed principally of hardware and electronics. These parts can be readily recovered at the end of the product's service life, meaning that on average, 94% of its components by weight can be reused or recycled.
- ✓ Increasing energy efficiency and reducing the company's carbon footprint.

Indra has incorporated circular economy thinking into its processes and products

In the course of its R&D processes aimed at identifying general solutions, and particularly those that may include electronic devices, Indra considers responsible design principles with a view to:

- ✓ Ensuring consumer health and safety using its quality management system, which is based on the highest international standards.
- ✓ Eliminating hazardous content in accordance with European RoHS (Restriction of Hazardous Substances) legislation by performing supplier audits and following CE certification procedures.
- ✓ Reducing the use of resources by applying LEAN principles during the design process and eliminating the use of resources from conflict-affected areas, as set out in the company's Sustainability Policy.
- ✓ Reducing and responsibly managing electronic waste using the LEAN approach and the company's environmental management system, and facilitating collection of the waste generated by its products once they have reached the end of their service life.
- ✓ Ensuring the accessibility of its products and services, and undertaking to develop accessible technologies as part of its social action programmes.

In 2022, Indra implemented a plan to increase the eco-design of its products. Phase I of the plan involved launching a pilot project aimed at incorporating eco-design techniques into the design process for the company's radars, starting with the PSR2D NEO. The aim of these techniques is to reduce the environmental impact of the radar over its lifecycle, continually improving its performance without affecting quality or its applications.

In order to achieve this, a detailed LCA (life cycle assessment) was carried out using standardised methodology to identify and make improvements aimed at reducing its environmental impact, as well as analyse its carbon footprint and other associated types of impact. This has allowed the company to identify eco-design methods and strategies that might be extrapolated to other areas and products.

Other initiatives are also being introduced to Indra's Engineering and Technology processes in order to incorporate sustainability criteria into the design and development process:

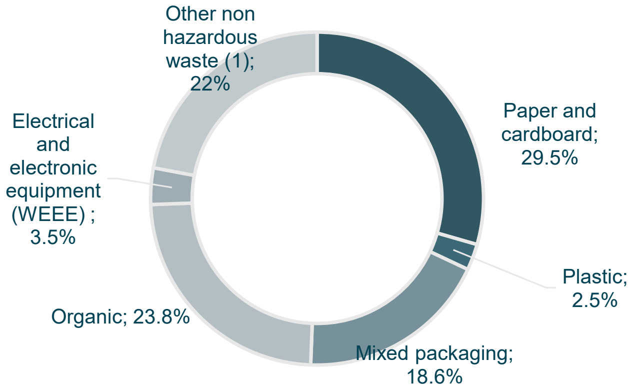
- Updates to the product catalogue to include information on a product's energy consumption, service life and weight.
- Adjustments to product design, NPI (new product introduction) and gate review procedures following an evaluation.
- Automatic environmental footprint calculation being added to the PLM (product lifecycle management) tool.
- Training and awareness-raising campaigns.
- Marketing and promotion of products whose design process has already been improved from an environmental standpoint.

In 2022 Indra finalised the improvement and automation project aimed at complying with the REACH Regulation regarding the use of dangerous and toxic chemicals. As such, internal tools have been implemented that allow project managers to trace the presence of banned substances in the products and components manufactured by Indra via alerts that are generated when any such substance is present.

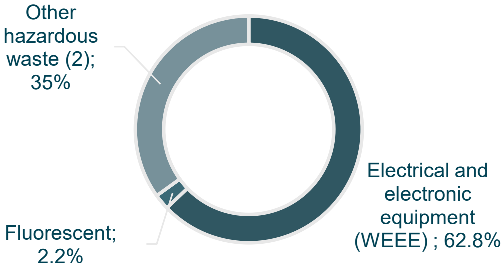
Indra's business activity does not tend to generate large volumes of waste. Hazardous waste at the production sites, all of which are ISO 14001 certified, accounts for 62% of the total hazardous waste generated at the Spanish centres in Spain, with electrical and electronic equipment (WEEE) being the most representative. Indra is committed to the circular economy and to recycling and/or reusing all waste generated by the group, based on the principles of prevention, preparation for reuse, recycling, and other forms of recovery and disposal.

| | |
|---|---|
| Non-hazardous waste (kg) | **91%** |
| Hazardous waste (kg) | **9%** |

## Distribution of non-hazardous waste



## Distribution of hazardous waste



[1]Other non-hazardous waste: mainly discarded equipment, metal and wood
[2]Other hazardous waste: mainly cleaning products, aqueous sludges, batteries and absorbent materials

All hazardous and non-hazardous waste is handled by authorised waste managers in compliance with the local environmental legislation applicable in each area. Indra aims to recover all its waste and, where possible, retrieve and recycle as much of it as possible. As such, the company prioritises the hiring of local waste managers to maximise the proportion of waste recovered and recycled.

89% of the Group's global waste comes from facilities located in Spain; this waste is treated by authorised waste managers using various methods (reuse, recycling, incineration or landfill). Of the Group's total waste, 58% was recycled or reused in centres in Spain[10]. The company's waste accounts for less than 0.1% of its overall emissions.

Indra has set itself a target of reducing non-recoverable hazardous waste at its production sites by 20% by 2023 (18% in 2022)

Hazardous waste recycled at production facilities in Spain (kg)

**78%**

Indra's 2020-2023 Sustainability Master Plan includes a target to reduce hazardous non-recoverable waste from manufacturing centres by 20% by 2023. 2022 saw the launch of a number of initiatives, in coordination with the environmental, quality and general services managers at Indra's production sites, aimed at increasing the percentage of hazardous waste recovered.

Among the initiatives aimed at improving the recovery rates for hazardous waste, we would highlight the recovery of hazardous waste with very low (e.g. cutting fluids and developers[11]) to zero (e.g. tin dross, aqueous sludge) recycling rates, as well as the initiative to have waste treatment methods analysed by those responsible for this process. As a result of these initiatives, the percentage of recycled or reused hazardous waste rose to 78% in 2022 (vs. 61% in 2020).

The amount of non-recoverable waste generated by the ten manufacturing centres in Spain[12] fell by 18% compared to 2020.

Indra aims to eliminate single-use plastics from its offices

The Sustainability Master Plan also targets the elimination of single-use plastics from its Spanish offices by 2023 and sets 2030 as the deadline for eliminating them from its offices at the global level.

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[10] In Spain, 65% of waste is recycled or reused.
11 Cutting fluid is an oil- and water-based product used as a lubricant and coolant in metalworking processes.
[12] Manufacturing sites located in Spain: Aranjuez, Torrejón, San Fernando, Bembibre, Ferrol, Fuente Álamo, Puerto de Santa María, Nave Lean, Sierra de Guadarrama and the Coslada Simulation Centre (up and running since September 2022)

Measures implemented to eliminate single-use plastics to date include:

- Replacement of single-use plastics in office cafés and coffee corners with more environmentally friendly alternatives, such as bamboo cutlery (Spain, Brazil), porcelain or paper cups and glasses (Colombia), glass jugs (Portugal, Italy) and takeaway food containers made from compostable fibres (Spain). The company is also working to find alternatives to the plastic bottles sold in vending machines (Spain and Portugal). In Spain, the plastic water bottles sold in vending machines are all made from 100% recyclable PET, and sources of drinking water have been adapted at all our sites to ensure accessibility.
- Reduction in the use of plastics in packaging at production sites, and wherever possible, their replacement with non-disposable alternatives.

### Collaboration in initiatives supporting the fight against Climate Change and the circular economy

[GRI 301-1] [GRI 301-2] [GRI 301-3]

#### Climate Change

Indra participates in the Spanish Platform for Climate Action which aims to promote compliance with the Paris Agreement. As a member of this initiative, Indra has committed to setting absolute emission reduction targets, to including data on its carbon footprint in Spain's Ministry for the Ecological Transition and the Demographic Challenge's Carbon Footprint register, and to participating in the Global Climate Action initiative.

Indra is also part of Forética's 'Climate Change Cluster', which comprises more than 50 large Spanish companies, and which aims to raise the profile of the private sector in climate-related matters, as well as value good practices, facilitate both dialogue and the exchange of ideas between companies and serve as a key point of contact with public administrations.

#### Circular economy

Since 2021, Indra has been working via its Minsait subsidiary with the Ellen Mac Arthur Foundation, a charity set up to help achieve the transition to a circular economy by creating tools and resources for business and society.

Indra is also part of ECOTIC, a not-for-profit organisation that works to protect the environment and promote sustainable development by carrying out awareness-raising campaigns and training among manufacturers, distributors and users of electrical and electronic devices. The Foundation's primary activity is to correctly manage the waste from electrical and electronic equipment (WEEE) produced by the companies and entities signed up to it, in response to the legal requirements with which producers and distributors of electrical and electronic equipment must comply.

### Climate Change adaptation

Indra's main physical risk is related to business disruptions associated with any potential weather phenomena. Any such weather phenomena could restrict access to the company's facilities, damage equipment, cause power cuts to the electricity supply and telecommunications networks or affect the company's utility supply.

Indra has defined the following measures to manage the physical risks associated with Climate Change:

- Property resilience: Indra takes the risks of exposure to weather phenomena into account when selecting its properties. It also establishes additional requirements for work centres and facilities situated in locations that are at high risk of being affected by extreme weather phenomena.
- Continuity and disaster recovery plans.
- Operation decommissioning.
- Option to both work and certify project milestones remotely.
- Insurance policies insuring against physical damage to the company's buildings and facilities.

### Water consumption

[GRI 303-1] [GRI 303-2] [GRI 303-3]

Despite the fact that the company's activities have not been identified as having a significant environmental impact in terms of water consumption, availability and quality, managing its water resources efficiently is also part of Indra's strategy. This is why the company monitors, manages and sets targets for minimising the consumption of water at certain sites.

The efficient management of water consumption is particularly relevant given that Climate Change is expected to exacerbate water stress. Efficient water use is therefore an important way of preventing potential water shortages in the communities where Indra operates, while consequently mitigating the potential risks associated with any water rationing measures imposed by Public Administrations.

Some of its specific initiatives aimed at minimising water consumption include the installation of water-saving mechanisms at the company's facilities and actions carried out to raise awareness of responsible use of water among employees.

### Biodiversity and land use, atmospheric emissions, and contamination

[GRI 303-1] [GRI 303-2] [GRI 303-3]

The impact for Indra on biodiversity and ecosystems, atmospheric emissions, and soil, water and aquifer contamination, has not been deemed to be significant. Nevertheless, the initiatives introduced as part of the company's Sustainability Master Plan and Environmental Management System are having a positive impact in terms of preventing contamination and protecting biodiversity and ecosystems. For example:

- The measures implemented at its ISO 14001-certified locations to prevent spills and uncontrolled dumping, and the training provided and drills on the procedures to follow in case of an environmental emergency, have significantly reduced the risk of contamination to soils and water, thus avoiding negative effects on biodiversity and ecosystems.
- Due to the nature of its business and location of its sites, and thanks to its Workspace Optimisation Plan, Indra's land use is not intensive, meaning that its contribution to soil and ecosystem degradation is minimal.
- Moreover, given the nature of the company's work, it does not use any ozone-depleting substances (ODSs), nor does it produce any significant emissions of polluting gases, such as sulphur dioxide (SO2) and nitrogen oxides (NOx), or particulates.

In addition, Indra participates in local projects to protect biodiversity. These include reforesting initiatives and schemes to clean up natural environments and collect plastics. For more information, see Appendix 11.6.

### Nature-based solutions

[GRI 303-1] [GRI 303-2] [GRI 303-3]

Indra recognises the importance of nature in the fight against Climate Change and water stress. As a result, through the technology solutions it develops for its clients, the company helps create healthy ecosystems, develop infrastructure that is compatible with nature, and reduce the risk of environmental disasters. The following solutions are worth mentioning in this regard:

- Sensor-based solutions (infrared cameras, meteorological radars and sensors) to monitor fossil fuel infrastructure in aquatic environments and automatically detect any leaks.
- Counter-drone systems with advanced recognition capabilities to avoid false positives involving birds.
- 3D radars and visible-spectrum cameras to detect the trajectories of birds and avoid collisions with wind turbines.
- Satellite data and imaging to detect climate risks.
- Digital solutions that allow companies to include natural capital (biodiversity, climate, water and social well-being) as a parameter when assessing the operational impact of their assets and businesses.

## 5.4 Environmental management

The Group's Sustainability Policy and Global Environmental Policy not only reflect its strategic priorities in this regard, but also its steadfast commitment to protecting the environment and ensuring it makes continual improvement.

The Environmental Policy is implemented through the company's Environmental Management System in accordance with ISO 14001 requirements and the EU's EMAS regulations.

Indra's goal is that by 2023 100% of the company's main facilities[13] at global level are either certified or in the process of being certified under the ISO 14001 standard. At the close of 2022, 100% of its manufacturing centres in Spain and 85% of the group's offices were certified under this standard.

ISO 14001 certified offices (*) with over 500 employees

**85%**

ISO 14001 certified manufacturing centres in Spain

**100%**

ISO 14001 certification requires high standards in a number of environmental areas such as carbon emissions, energy consumption, waste management, recycling, water use and employee awareness.

During the course of 2021 and 2022, the Environment Unit also carried out an environmental risk assessment at two locations with capacity for more than 500 employees in Mexico and the Philippines, meaning that the company has now conducted an environmental risk assessment on 100% of its work centres. The assessments carried out in both countries did not identify any critical risks in any of the areas evaluated, and which included: energy, water, waste, emissions, spillages, raw materials and industrial security.

92% of employees in Spain work at locations certified under the ISO 14001 environmental standard

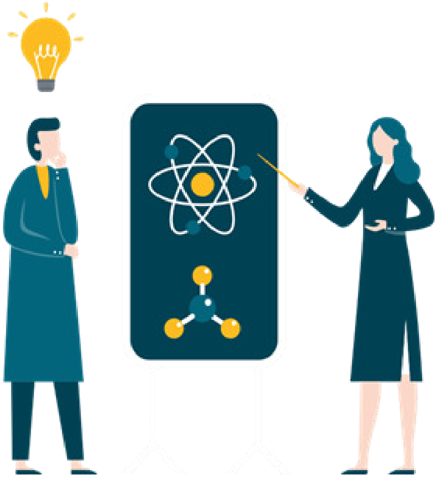
In 2022, Indra took advantage of World and International Days celebrating the environment, water, oceans, recycling and biodiversity to raise awareness among its employees in the main countries where it maintains a presence.[14]

In terms of atmospheric pollution, including noise and light pollution, Indra defines and carries out the relevant regular controls on the sources of atmospheric emissions at all its facilities, in compliance with current regulations. Given the company's activity, none of the sources defined have been significant, either by type or operational hours. The noise levels have also been measured by the Authorised Monitoring Bodies, which have determined that the noise levels outside the certified facilities are below the legal limits. Given the activity of the company, the impact of light pollution is not considered to be significant.

### Use of materials

[GRI 416-1]

In 2022 Indra finalised the improvement and automation project aimed at complying with the REACH Regulation regarding the use of dangerous and toxic chemicals. As such, internal tools have been implemented that allow project managers to trace the presence of banned substances in the products and components manufactured by Indra via alerts that are generated when any such substance is present.



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[13] The main facilities are those in which production activities are carried out or where there is capacity for more than 500 employees.
[14] Spain, Italy, Brazil, Colombia, Mexico, Peru and the Philippines.

# 6 People and talent

[GRI 2-7] [GRI 2-8]

Indra’s talent management strategy is split into five core areas: attracting talent, empowerment, commitment, care and dialogue, all of which fall under one overarching principle: diversity.

Equal opportunities, respect and non-discrimination are key to Indra’s culture

## 6.1 Diversity

### Indra's diversity strategy

[GRI 405-1]

Diversity is key to Indra’s culture, and an element that defines the company’s talent management framework. Equal opportunities, diversity, respect and non-discrimination are fundamental principles present throughout all aspects of the professional career of anyone who forms part of Indra: in attracting the best talent, in professional development, in acknowledging the effort of employees, in issues relating to well-being and in terms of how people relate with the world around them.

### The five dimensions of diversity at Indra

Key metrics and initiatives in 2022

**Cultural diversity**

- ✓ More than 140 nationalities
- ✓ Cultural Diversity Week

**Functional diversity**

- ✓ Graduates of more than 100 university degrees
- ✓ More than 300 technical skills
- ✓ Adding Skills Campaign

**Generational diversity**

- ✓ 27% employees under 30 and 16% over 50 years old
- ✓ Smart Start and Mentoring programmes

**Sex-affective diversity**

- ✓ Adherence to UN Standards of Conduct to combat LGTBI discrimination
- ✓ Diversity Club for the LGTBI+ community

**Gender diversity**

- ✓ 33% women in the workforce
- ✓ 26% women in the management team
- ✓ Equality plans and sexual harassment protocols in Spain

All Indra companies are covered by the same Code of Ethics and Legal Compliance, which rejects all forms of harassment and discrimination. All Indra employee relations are governed by the principles of equal opportunity, diversity and respect for others, and no form of discrimination is tolerated, whether on the grounds of race, sex, religion, disability, sexual orientation, origin, economic position, birth, union membership, or any other personal or social condition or circumstance. The company's gender protocols are intended to ensure working conditions free of sexual or gender harassment and set out specific procedures to enable complaints and claims.

In Spain, Equality Plans, the Code of Ethics and Legal Compliance and gender diversity initiatives are Indra's main tools for ensuring that its employees are valued for their skills, effort and talent, regardless of their race, gender, religion, political beliefs, nationality, age, sexual orientation, civil status, disabilities, social origin or any other condition.

In 2022, Indra reached an agreement with unions on new Equality Plans, which include its protocols on sexual and gender-based harassment in Spain.[15] Among the most significant measures to be introduced are those relating to the work-life balance.

In Mexico, in addition to the commitments to diversity and respect for others set out in its relevant policies, in 2022 Indra also put such ideas into practice through the Hack Day initiative, aimed at encouraging female talent in STEM.

In Peru, the company has a Policy for the Prevention and Disciplining of Sexual Harassment, as well as protocols to tackle sexual harassment in the workplace. Two main projects ran in 2022: the agreement on "Enterprise and Employability with Women in Metropolitan Lima" (Emprendimiento y Empleabilidad con Mujeres de Lima Metropolitana), in collaboration with the Spanish Chamber of Commerce in Peru and the NGO Cesal; and the "Networking Women" (Mujeres en Red) project, a joint initiative with Telefónica aimed at increasing female representation in the telecommunications sector as a way of reducing the gender gap.

In Italy, the company has set up a committee to promote gender equality in the country, where more than 700 women are currently employed. In the latest survey of its workforce in Italy, 93.8% said that the corporate culture encourages diversity.

As part of its commitment to generational diversity, Indra has introduced programmes in Spain (Top Senior and Indra Digital Voices) and Brazil (Programa 40+) aimed at supporting senior talent. These programmes draw on the expertise offered by Indra's employees, ensure that their legacy is passed on to the new generations and enhance their training with digital natives from within the company.

### Acknowledgements for good practices in diversity

In 2022, Indra was listed for a third consecutive year on the Bloomberg Gender-Equality Index, thanks to its commitment to equality, diversity, the advancement of women and transparency in reporting on gender-related issues. The company ranked particularly well on disclosure of its policies, achieving 98.51%, well above the average of 94%.

Indra has also held the Spanish government's Equality in the Company Distinction since 2011 and adheres to the Diversity Charter of the Diversity Foundation.

In 2022, Indra won the Inside Company category of the 2022 Generations awards in recognition of its management of generational diversity through the Top Senior programme. It was also awarded the bronze medal in the Achievement in Coaching and Mentoring category at the Stevie Awards for its Digital Voices programme, which promotes reverse mentoring, where young people mentor their older colleagues in how to use social networks in order to build their online personal brand.

Indra Peru was recognised for being one of a small group of companies to have already measured its performance using ELSA – a comprehensive diagnostic and intervention tool that helps companies respond proactively to sexual harassment in the workplace – on two occasions.

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[15] Indra Sistemas, Indra Corporate Services, Indra Factoría Tecnológica (IFT), ALG Global Infrastructure Advisors, Prointec, Indra Soluciones Tecnologías de la Información (ISTI), Indra Holding Tecnologías de la Información, Indra Producción Software, Indra BPO Servicios, Indra BPO, Minsait Payment Systems, Indra Business Consulting (IBC), Sistemas Informáticos Abiertos (SIA), Paradigma and Flat 101 (pending negotiation with unions).

## 6.2 Attracting talent

Indra’s sourcing strategy across all geographies where it operates consists of improving its employer brand, as a tool to attract and deepen the commitment of its employees; and focus on junior and high-value senior profiles.

Among its priorities, Indra seeks to improve the perception of the company in the employment market and enhance its employees’ sense of pride in belonging. To do this, it applies a two-pronged approach:

- Promoting diversity, improving the work environment, more flexible work practices, training programmes, well-being programmes, internal communication campaigns and social impact initiatives with employees.
- Obtaining certifications, participation in indices and external communication campaigns.

In 2022 Indra also developed a new value proposition for all the countries in which it operates, as well as a new brand positioning strategy aimed at building its employer brand. Measures adopted in 2022 have included:

- Symbolic action, in the form of events, to connect with internal and external talent which create a different impact and experience of employment. These have included an internal event attended by 300 people; a job fair with 799 people registered, 70% of them target profiles; and celebrations of World Days related to ETF (Ada Lovelace Day, Systems Engineer Day, Future Day, IT Day, etc.).
- Highlighting the value of Indra's experts by helping them with their online positioning and ensuring that they participate and feature in all initiatives (podcasts, videos, events, etc.).
- Helping bring more young people and people at risk of exclusion into the technology sector in Colombia through the “Young Professionals” (Jóvenes Profesionales) and “Indra Seedbed” (Semillero Indra) programmes, as part of which the company has created new vacancies to increase the availability of quality and qualified local employment.

| | |
|---|---|
| Final workforce total | **56,735** |
| New recruits | **19,558** |
| Women hired as a percentage of the total | **34%** |
| Employees with permanent contracts | **93%** |

According to Merco Talento, Indra is the consultancy company with the greatest capacity to attract and retain talent in Spain

In Spain, Indra came first in the 2022 ranking compiled by the reputation monitor Merco Talento as the consultancy company with the greatest capacity to attract and retain talent. This index evaluates the level of employee satisfaction, as well as the perception held by stakeholders of how talent is managed by the company.

### Sourcing and developing young talent

[GRI 401-1]

In Spain, Italy, Brazil, Colombia, Mexico, Peru, Chile and the Philippines, Indra’s strategy is focused on sourcing young talent through the development of STEM vocations (science, technology, engineering and mathematics) in the communities where it operates, by participating in employment fairs and events, the Smart Start programme and by working with universities, business schools and professional training centres.

Among the initiatives aimed at improving the onboarding of new employees, increasing their motivation and maximising their contribution to the company, highlights include:

- The integrated management of employee careers in their first two years in the company (Smart Start): this includes training, development, assessment and professional progress. In response to post-pandemic restrictions, Indra developed tools to facilitate inter-professional networking and to help employees create a stronger connection between each other and the company. Thanks to the lifting of Covid-19 restrictions, in 2022 the company began encouraging a return to more in-person initiatives.
- In 2022, work also began on developing the Jumping Program, a new programme aimed at new hires and those who have completed Smart Start, offering a well-defined career development plan, more feedback, and performance-based promotion and remuneration.
- A new process to improve the onboarding experience for all employees (both young and more senior): between 2019 and 2021, Indra updated its entire onboarding process, bringing it fully into line with the digital environment. This process was complemented in 2022 by more in-person arrangements following the end of Covid-19.

- Talent Camps for new employees to fast track their development in areas which are key for the company, such as Analytics, Digital Solutions and Financial Services, Air Traffic Management, Transport and Software Production Development.

More than 50% of the new recruits in 2022 were employees below the age of 30

### Collaboration with the education sector

In 2022, Indra in Spain created the Engineering + Technology Campus, a joint initiative in cooperation with universities (such as the University of Alcalá and the Polytechnic University of Madrid) and specialist consulting firms aimed at fast tracking the development of those with highly specialised tech profiles, such STEM talent being rare and therefore much in demand and fiercely fought over on the job market. The campus will benefit from the unrivalled expertise of the company's authorities on areas such as radar, electronic defence, and digital communication and technology, used to further the continuous professional development not just of Indra employees, but also students, candidates and clients.

This commitment to education also includes other training initiatives that seek to attract young talent:

- At a unique digital event, held via the online platforms Twitch and Youtube, Indra brought together more than 700 young engineers to familiarise them with the latest disruptive technologies and pioneering projects in transport and defence. The event also saw professionals offer them an insight into careers at Indra and the company's culture of innovation, learning, impact and diversity.
- The Connect and Programme your Development workshops as part of the IT job orientation programme aimed at students at the Instituto Comercial de Linares (Chile) benefit more than 200 students specialising in Programming and Connectivity and Networks at this school, which forms part of the Bicentenary Schools network. The objective of this programme is to address the lack of professionals in this area, an area which will be key to Chile’s digital transformation.
- Indra offers students and graduates of Madrid’s Universidad Carlos III opportunities for continuous training and challenges on unique engineering technology projects, alongside some of the world's leading experts in solutions for the aerospace, defence and transport sectors.

### Inclusion of employees with disabilities

In Spain, Italy, Brazil, Chile, and the Philippines Indra has specific measures in place to favour the integration of people with disabilities into the company. In Spain and Chile, for example, Indra has put in place an Inclusion Policy. This policy sets out the company’s commitment to promoting the right to equal opportunities for people with disabilities, the aim of which is to ensure their inclusion in the workplace, this being instrumental in the full enjoyment of their rights and the elimination of any form of discrimination. It also covers benefits for workers with disabilities and their families.

In Spain, for example, the company offers a parking space or ADSL line when the employee has mobility problems. In addition, the company provides a counselling and support service to assist in the search for employment for both its employees with disabilities and members of their families with disabilities.

In Spain, 95% of the space at Indra’s workplaces – in terms of area occupied[16] – is accessible to people with reduced mobility, meaning it complies with the majority of recommendations set out in the Spanish Building Code for Universal Accessibility[17]. An evaluation of workplace accessibility is also underway at the international level, and this process is expected to be completed in 2023. Most of the company’s larger workplaces are accessible for staff with reduced mobility. In order to increase its percentage of accessible workplaces, current and future refurbishments and renovations will, wherever possible, include the adoption of measures that ensure access for people with reduced mobility.

In Italy, the company is working on agreements with suppliers specialising in recruitment in order to meet its objectives of providing more opportunities to people with disabilities.

In the Philippines, differently abled professionals are hired based on their ability to perform the duties of a given role. Similarly, they are included and taken into account when devising local programmes.

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[16] Locations with at least 50 workstations.

[17] Technical Building Code (Código Técnico de la Edificación) approved by Royal Decree 314 of 17 March 2006 on accessibility requirements and the non-discrimination of people with disabilities in relation to the access to and use of buildings.

## 6.3 Empowerment

[GRI 404-2] [GRI 404-3]

Indra’s talent strategy is focused on three main processes: career models adapted to the needs of Indra’s businesses, Minsait and corporate areas; the ongoing and multi-sourced assessment of employee career plans; and open and continuous learning programmes that incorporate new trends in methodologies and content. All the above is combined with a promotion strategy that champions the internal mobility of employees as a way to further their professional development and help them acquire new skills within the company.

| | |
|---|---|
| Employees in a system of comparative assessment | **98%** |
| Employees promoted (+6 bp vs. 2021) | **28%** |
| Women promoted as a % of total number of promotions | **28%** |

### Employee assessment as the basis of the development model

At Indra, talent management is based on the Performance Experience assessment model which uses various tools and processes to evaluate performance, the achievement of objectives and professional development. The flexible and multisource assessment model enables employee performance to be continually tracked and the evaluation to be tailored to each business.

Within its objectives, the assessment model aims to promote the values of collaboration, empowerment and innovation; to increase agility in team management; and to contribute to employee learning and professional fulfilment:

- Performance Talent: Annual review conducted by line managers of employee performance and progress as this relates to that individual’s career development plan and position in order to identify the next steps needed for their professional growth.
- Performance Project*:* this provides the employee with more immediate and user-friendly feedback from their project lead.
- Performance Goals: measures the degree to which the management team’s targets have been met, with these being the employees who have the greatest impact on the company’s financial, strategic and commercial results.
- 360º Feedback: an employee’s managers, co-workers and peers provide feedback on their professional development. This is designed for employees who have been at the company enough time for this solution to offer meaningful results.
- Young Talent: Younger workers taking part in the Smart Start programme benefit from half-yearly evaluations from the moment they join the company right through to when they complete the programme.

89% of employees have the opportunity to take part in multi-dimensional assessments, which offer an opportunity for various evaluators to provide an all-round, objective view of the employee’s performance. These multidimensional evaluations are associated with different company processes (e.g. project-based evaluations, annual review), as well as different stages in a professional’s career (e.g. first two years at the company, progression to management roles); this ensures that their performance is continuously monitored, helping them to get the most out of their development.

In 2022 Indra launched the Alto Potencial programme, with Feedback 360º now forming part of this. Thanks to this new tool, in Colombia for instance, all Indra employees are able to find out proactively and in real time what the people they work with every day think about them, providing them with value-added input that can have a real impact on their professional development and career.

### A work environment that encourages lifelong learning

[GRI 404-1]

Indra has a Lifelong Learning model, offering all employees the opportunity to engage in continued training where, how and whenever they want.

The aim of the training strategy is for training to be tailored to the needs of each employee, depending on the business they work in and in which phase of their career they find themselves.

Indra’s corporate university, Open University, offers a range of different learning programmes, including specific training – by project, role or business – special programmes and other training content which is freely available to all employees of the main group companies.

| | |
|---|---|
| Total hours of training per year | **+1 million** |
| Increase in investment in training per employee (vs. 2021) | **31%** |

The Lifelong Learning model has allowed Indra to adapt to new trends in learning, facilitated the process of updating professionals on new developments in its line of business, and was able to continue during a period in which employees were working remotely from a range of different physical locations.

In addition to this, some countries, such as the Philippines and Colombia, complement this model with classroom-based learning or specialist certification training. A further example comes from Brazil, where training also takes the form of workshops on career management, internal mobility and current trends such as the metaverse.

Additionally, Indra has a technical training campus which provides training corresponding to the company's desired candidate profiles: Key People for Project, Key People for Product, the Engaging Leaders programme, Lead Your Growth, and so on.

## A flexible and dynamic training model

**Project-based training**

Aimed at professionals acquiring technical and functional competences.

Responds to the specific needs of the business units.

**Special programmes**

It prepares professionals who take on new responsibilities in their role and helps them to network with their peers.

Designed ad-hoc for different groups, from young talent to the management team.

**Self-training**

Open access, collaborative and self-consumption training offer:

- Open University, online platform with open courses and content.
- Udemy for Business, platform with +3,000 specialised courses.

### Reinforcement of special training programmes in 2022

[GRI 412-2]

Employees trained in sustainability

**+38,000**

For its special training programmes in Spain, Italy, Brazil, Colombia, Mexico, Peru, Chile and the Philippines, Indra assesses employees' training needs to create tailored training schedules. Personnel Managers also have an online community page where they share learning and information.

In Spain, the special training programmes are designed in collaboration with the most prestigious business schools, to help Indra's technicians, managers and directors successfully assume new roles.

Although the majority of these programmes were devised under the blended learning methodology – which combines online and onsite training – the pandemic led Indra to adopt a 100% e-learning model, offering classes via streaming, webinars, microlearning, immersive and gamified experiences and online training modules with task delivery and personalised tutoring. In fact, students must present their Masters and post-graduate projects virtually.

Continuing with its philosophy of continual improvement, in 2022 Indra launched three courses globally (Security, Ethics and Competition, and Secure Software Development) aimed at all personnel.

In 2021, Indra launched a global sustainability training plan which combines specific sessions and open online content for all employees. The company continued to roll out the plan throughout the course of 2022:

- Online sustainability course: compulsory for new staff and voluntary for all other employees. The course aims to present basic sustainability concepts, as well as outlining how the company responds to ESG challenges via its 2020-2023 Sustainability Master Plan. 67% of the group's workforce completed this course in 2022.
- Sustainability master class on the Growing Together and New Director programme: specific sessions on sustainability and strategy have been included in the content aimed at technicians, managers and directors.
- Open content at Indra's Open University: five courses and more than ten topic-based videos available to all employees on key areas of sustainability, including Climate Change, circular economy, sustainable finance, Human Rights, diversity and inclusion, sustainable design and supply chain.
- Special training plan for main soft skills, taught on Udemy.

### Importance of professional growth

The company gained further international recognition for its talent management in 2022, with the 2022 LinkedIn Top Companies ranking for Spain placing Indra in the number two spot for a second consecutive year. The opportunities that Indra offers its employees to grow professionally and acquire new skills, the quality of its company culture and the connection that it creates with employees, as well as its stability, gender diversity and variety of educational backgrounds were some of the aspects that were most-valued by LinkedIn.

According to Spanish university students, Indra is the best company in its sector for professional development. Indra came in first in the consulting category of the Merco Talento Universitario España rankings for 2021/2022.

## 6.4 Loyalty initiatives

Indra has made a concerted effort to effect a cultural and digital transition throughout the company, seeking to achieve multiple benefits for its employees and the organisation as a whole:

- Improving efficiency: by identifying and transforming inefficient processes and practices and implementing measures that allow for flexible working and more modern work environments adapted to employees' needs.
- Driving leadership: giving Indra's management team a greater role in defining key processes.
- Increasing transparency and access to information.
- Enhancing assessment models and improving employee screening and onboarding programmes.

Vacancies covered by internal candidates

**+500**

Percentage of women in vacancies covered internally

**38%**

### Analysis of employee priorities and adaptation of value proposition

Indra has used a science-based approach to assess how committed its employees are and identify the motivations that drive them. In order to analyse and identify patterns the results obtained, the company has classified its employees into clusters, grouping them according to variables such as age, length of time at the company, professional status and salary level.

**People Analytics: Intelligence applied to people management**

The development of information systems and the greater availability of data have brought about a paradigm shift in people management: applying a data-based approach to talent management. Indra, as a technology company with a business model founded on talent, is committed to applying People Analytics in the management of its employees. Its goal is to understand people's behaviour at an analytical level in order to develop a much more analytical talent management model that improves the experience for talent while making the process more rigorous and allowing more follow-up.

More specifically, Indra is developing the following projects related directly to People Analytics:

- Single global scorecard, generated automatically in Power BI, with critical indicators for talent management. Available to the Talent team and the business and used as a key tool for identifying areas for action/improvement which can then be followed up: professional development, wage bill per employee, employee turnover, new hires, unfulfilled needs.
- Monthly monitoring using the scorecard of critical talent management indicators, allowing swift action to be taken on the implementation of corrective measures. These measures, for example, the absorption of wage bill increases through pyramid management (mainly "juniorisation" and offshoring); changes in the average cost, by position, of filling vacancies created by unwanted staff turnover, and the gap existing with respect to the current workforce (can be used to measure changes in the degree of wage inflation for certain positions and technological profiles of personnel); proportion of undesired turnover, by business segment and profile type, and how this compares to the rest of the sector; and new hires per month, by field and recruiter.
- Identifying skills gaps, and professional development and retraining: People Analytics and a process known as "association rule learning" are used to identify areas of knowledge that employees could benefit from that are more in line with employees' current skill sets. This allows Indra to improve the process of assigning people with certain profiles to particular projects and helps identify opportunities for retraining staff in related technologies that are in higher demand.
- Use of data analysis to establish talent objectives for each business unit. These objectives concern optimisation of the pyramid structure as a way of keeping increases in the wage bill per employee in check. This involves using historical and market ratios to help determine hiring requirements for junior

staff in order to improve the wage bill, based on turnover statistics for this group, past promotion ratios, and desired growth and targets for juniorisation ratios.

All the initiatives in terms of People Analytics comply with current data protection legislation (GDPR) and respect the privacy rights of the company's employees.

### Assessing levels of commitment

In 2022, the commitment survey was conducted in Spain, Brazil, Colombia, Mexico and Peru. According to the survey, and based on the sample consulted, 78.7% of Indra employees were found to have a high level of commitment, with no significant differences between genders.

The breakdown of results by gender, geographical area, age group and professional category can be found in Appendix 11.6.

Indra employees had a commitment of 78.7% according to the survey conducted in 2022

Indra set up the Feedback Office in 2021 – an assessment tool that allows it to carry out multi-language global-level surveys and receive regular employee feedback on key issues for the company.

### Remuneration adjusted to employee needs and focused on the short, medium and long term

[GRI 401-2]

Indra's objective is to offer remuneration adapted to the diversity of its talent. The results of the performance assessments have an impact on its employees' career decisions and their remuneration.

Indra's remuneration package comprises a fixed salary, part of which can be paid into each employee's flexible remuneration plan; social benefits, which can vary between the different Group companies; and a system of variable remuneration payable to 19% of employees, which aims to encourage achievement of the objectives set out in the Performance Experience model.

## Examples of non-monetary remuneration at Indra

Well-being programme

Privilege Store, discounts for employees

Family Programme

Work-life balance measures

Life insurance

In Spain, the company offers a flexible remuneration plan via which all employees can allocate part of their salary towards healthcare, transport, nursery vouchers, pension plans, training and restaurant vouchers, allowing them to benefit from discounted prices and tax relief. In 2022, 39% of the workforce in Spain benefitted from the plan. In other geographies, social benefits vary depending on the company (e.g. insurance, restaurant vouchers and company cars).

To ensure the sustainability of the business, 28% of managers have medium- and long-term targets that are tied to the company's strategic objectives being achieved. In the IT business, 40% of the total variable remuneration paid to managers is tied to qualitative objectives, while this percentage is 20% in T&D.

Ten percent of the medium-term variable remuneration paid to senior management and other directors is tied to ESG targets.

## The variable remuneration of senior management is tied to sustainability objectives

The yearly targets for executive directors are published every year, as are the percentage of these targets reached at the end of the financial year in the Annual Report on Director Remuneration.

### Wage gap

[GRI 405-2]

In order to improve its management of diversity, Indra distinguishes between two kinds of indicators when assessing differences in salaries between genders. This makes it easier for the company to identify the reasons explaining these differences and define suitable improvement plans. These indicators are wage inequality and wage gap. The wage gap indicator includes all the relevant variables that could affect a person's salary and represents a more realistic measure of differences in salary for the same position.

This difference, illustrated in the table below, is partly explained by the historical structure of the company and the fact that women have been working at the company for less time, among other factors.

| Job category | Wage gap (%) (*) | | | Wage inequality (%) (*) | | |
|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| **Senior Management (**)** | 5.48 | 7.63 | 10.28 | 17 | 12 | 21 |
| **Middle Management** | 4.05 | 3.80 | 3.54 | 8 | 8 | 9 |
| **Technical staff** | 3.14 | 2.87 | 3.06 | 5 | 5 | 7 |
| **Support staff** | 3.12 | 3.55 | 2.49 | 27 | 26 | 27 |
| **Other categories (***)** | N.A. | N.A. | N.A. | 9 | 36 | 57 |
| **Total** | 3.21 | 3.11 | 3.00 | 22 | 20 | 21 |

(*) NB: the wage gap is defined as the difference in salaries between groups of employees at the same level. The wage gap is calculated by comparing the remuneration between segments of equivalent employees (same category, same business unit, same region/country). In other words, the figure obtained represents the percentage that women earn less than men, considering similar positions and responsibilities. The calculation does not include professional segments that do not contain at least one female and one male employee, meaning that it actually extends to 90% of the workforce. Wage inequality is calculated as the difference in salary (average male employees – average female salary) / (average male salary), without taking into consideration any other factor that could have an influence on a person's remuneration, such as geographical location or the department where they work. This calculation considers the fixed salary and variable amount paid. Additional concepts such as: cash grants, bonuses, long-term incentives, share-based remuneration etc. are not included. For more indicators relating to remuneration by gender and age, see the section headed "Other non-financial indicators". Includes data on 97% of the total workforce at year-end. (**) NB: in 2022, figures for the wage gap and wage inequality at management level widened due to the exit from the company of Minsait's CEO in 2022, which in the case of the wage gap was compared to other members of the Steering Committee. If the CEO had not left the company, the 2022 wage gap and wage inequality figures at the management level would have been 7.8% and 15% respectively.
(***) NB: in 2022, wage inequality in "other categories" is a result of both the type of professionals joining the company (e.g. 194 new employees at Teknatrans Consultores) and large-scale hirings in businesses such as BPO (e.g. 413 people hired at Indra Colombia and 225 at Indra BPO México) – where there is a certain time lag between joining the company and taking on roles. Within these groups (especially in the case of recent acquisitions), wages are all very much on a par with each other.

## The wage gap stood at 1.92% in Spain in 2022

There is no gender bias in the remuneration policy implemented by Indra. The two key components of the company remuneration structure (fixed monetary remuneration and variable annual remuneration) are set objectively. Fixed remuneration primarily reflects the employee's experience and their level of responsibility within the organisation, while the variable remuneration rewards the achievement of targets that are fundamentally quantitative and shared amongst the employees that work in the same departments.

Indra works to adopt the most appropriate measures to eliminate this gap. The following measures are particularly worthy of mention:

- The gender diversity strategy: this comprises four lines of action, promoting technological vocations among women, incorporating gender mainstreaming into all talent management processes, ensuring an inclusive culture, and championing female talent in key roles.
- The development of work-life balance policies: in addition to facilitating a balance between employees' personal and professional lives, these policies promote joint parental responsibility by offering the same measures to both men and women; for example, improved maternity and paternity leave following the birth of a child, the possibility of accompanying children and parents to medical appointments, etc.
- Training and awareness: in 2022, Indra continued to offer several training programmes aimed at raising awareness of various aspects of diversity, such as leadership, management of diverse labour environments, the prevention of sexual and gender harassment and unconscious bias.
- In Spain, the Equality Plans of the main companies are negotiated with the majority of union representatives.
- In Colombia, the hiring of women is favoured in the interests of equal conditions and with a view to increasing female presence in the tech sector.

> Top Employer Institute recognised Indra as offering one of the best workplace environments and for its capacity to incorporate innovation into talent management

**Improved ratings in external certifications, rankings and awards systems**

Indra has tools, rankings and awards systems in place that allow it to monitor the perceptions of its employees regarding its performance:

In 2022, Indra was ranked the best Ibex-35 company to work at in Spain for a second consecutive year. The company is the top listed company and the second in Spain according to the "LinkedIn top Companies 2022" which identifies the companies that best drive long-term professional success.

Indra is also listed in the "100 best places to work in Spain" ranking compiled by Actualidad Económica and was certified as a Great Place to Work in Mexico, Colombia, Peru and Brazil in 2022 in recognition of how the company treats its employees, its ethics and its international leadership.

In 2022, Indra and Minsait both renewed the certification awarded by Top Employers Institute to companies that offer the best work environments, obtaining the highest score possible in workplace environment, ethics and values and improving its score significantly in aspects related to its appeal.

At the seventh edition of its Health and Innovation Awards, Mutua Universal – an insurance company that works in close collaboration with Spain's Social Security – recognised Indra in the Institutional Award category for its ambitious employee well-being programme.

## 6.5 Health, safety and well-being

Indra has a strategic commitment to ensure the highest possible level of health, safety and well-being of its employees, regardless of their business division, geographical location or activity. This commitment is reflected in the Occupational Risk Prevention Policy, the Code of Ethics and Legal Compliance and in the Sustainability Policy, which also apply to the company's suppliers and subcontractors, who also accept the conditions set out in the aforementioned Code of Ethics and the Supplier Sustainability Policy. For more information, see section 7.8.

In Spain, Italy, Brazil, Colombia, Mexico, Peru, Chile and the Philippines, Indra has an annual health and safety training programme in place. All Indra's employees must complete compulsory training on the prevention of occupational risks, with the content varying slightly for different positions. Due to the nature of certain positions within the company, the training programme may include courses on specific matters such as risks at height or in confined spaces. In general terms, none of Indra's employees are authorised to carry out their roles without having completed the required training and without wearing the required PPE.

In Spain, the course on emergency measures was further developed and enhanced in 2022, given that remote working models have affected how emergency teams work and organise themselves. By offering this course, the level of training received by all of Indra's employees is now on a par with that received by emergency teams and as such the company can act appropriately in the event of an incident at any of its sites.

Another example is the Philippines where the first-aid and OHS training given to all employees particularly stands out, or Italy where first-aid training was also enhanced in 2022.

### Health and safety governance model

[GRI 403-1] [GRI 403-2] [GRI 403-3] [GRI 403-4] [GRI 403-7] [GRI 403-8] [GRI 403-9] [GRI 403-10]

As established by the Board of Directors Regulations, the Board is ultimately responsible for the supervision of the organisation's financial and non-financial risk management, the latter supported by the Sustainability Committee and the Auditing and Compliance Committee.

Inasmuch as health and safety risks are part of the company's non-financial risks, they also come under the supervision of the Board of Directors.

The ISO 45001 standard is the benchmark certification used to accredit Indra's health and safety management systems

Indra holds ISO 45001 certification for the health and safety management systems in its main companies in Spain and in the group's subsidiaries in Italy, Brazil, Colombia, Peru and Australia. 65% of Indra's employees are covered by a certified health and safety management system. In all cases, the health and safety management systems guarantee the identification of the risks, the implementation of preventative measures and the traceability of related processes (investigation of accidents and continual improvement, among others). This determines the preventative measures which the company should adopt, primarily in terms of personal protective equipment (PPE), medical fitness for work and training.

In 2022, one occupational illness was identified at Indra (endemic in a country which the Indra employee had travelled to). Nonetheless, according to the current legislation in Spain and as reflected in Indra's internal regulations, the company's employees have the right and the duty to report risk situations in the workplace, and where applicable, stop working.

In 2022, 129 work accidents were registered, with and without medical leave, excluding injuries occurring during the commute to or from work. In terms of geography, 83 of the accidents occurred in Spain, 3 in the rest of Europe, 39 in Latin America and 4 in EMEA. All the indicators are available in Appendix 11.6 of this report. During 2022, Indra also identified 3 occupational incidents in Spain, none of which resulted in physical harm to the individuals (only involving material damage). Indra investigated the causes; identified the possible consequences under different circumstances; and identified and implemented corrective action, such as replacing certain equipment or raising awareness among the workforce.

Over the past two years, Indra has steadily reduced the number of work accidents registered. This can largely be explained by the fact that, traditionally, a considerable number of these accidents were those incurred by employees during the commute to or from work. With the Covid-19 pandemic fuelling models based around remote working, employees are commuting to and from work less and as a result the number of accidents has fallen.

Indra has 148 prevention delegates in Spain, who act on behalf of its staff. In the other countries, and where it is required by local legislation, the workforce is represented by the equivalent of the prevention delegates, as contemplated in the legislation of that country. In 2022 there were no relevant formal agreements with unions on these matters.

Spain, Brazil, Colombia, Chile and Peru have an Occupational Risk Management Prevention System Handbook. In Spain, both the manual and the procedure for evaluating risks and planning preventative action are available to all employees on the company's intranet. Meanwhile, all members of the supply chain can refer to the Manual for the coordination of business activities regarding the prevention of occupational risks to see the company's health and safety principles.

In the Philippines, Indra complies with regulatory requirements regarding health and safety in the workplace, such as:

- Carrying out medical check-ups on new employees and every year on all employees.
- Ensuring that there are survival kits in offices.
- Carrying out routine earthquake and fire drills.

### Introducing more flexible work practices

[GRI 401-3] [GRI 403-6]

The company continually assesses and reviews the policies which determine the working conditions of its employees across all the geographies where it operates. Indra has had work-life balance measures in place since 2005, which differ in each of the countries where the company operates.

In line with its work-life balance and flexible working policies, Indra also respects its employees' right to disconnect from work outside working hours and makes it its goal to comply with the regulatory obligations in terms of internal policies in the various countries where it operates. In Spain, Italy, Brazil, Colombia, Mexico, Peru, Chile and the Philippines for example, the company has specific WFH policies which set out a framework for digital disconnection and flexible working hours.

These work-life balance measures are intended to offer a response at different key moments in an employee's working life, such as when they become parents, have to care for family members, or in specific situations such as incidents involving gender-based violence, or when an employee wants to pursue personal goals relating to volunteering or training. In Colombia, there are private spaces for breastfeeding mothers to express milk, while in Spain employees can take extended leave for volunteering work, and request days off to take exams or hours off to accompany a family member or person under their care to a medical appointment. The company also has agreements in place with nearby childcare facilities.

In the majority of Indra Group companies in Spain, all measures that apply are set out in its Equality Plans[18] that go above and beyond the legal requirements, offering maternity and paternity leave that is longer than legally required, along with improvements in terms of the categories of paid leave.

Amongst the company's most notable flexibility measures is its flexitime policy, which is available in the majority of its businesses and allows its employees to enjoy a better work-life balance.

Every year work schedules are drawn up. These ensure that no employee exceeds the number of days that should be worked, while in Spain they also establish the theoretical daily working hours in the daily registration tool available to employees and workers' legal representatives. The daily registration tool meets the requirements of Law 8/2019.

In line with its work-life balance and flexible working policies, Indra also respects its employees' right to disconnect from work outside working hours and makes it its goal to comply with the obligations of the Spanish regulations regarding internal policies.

> The Equality Plans signed in Spain in 2022 underline the company's commitment to flexible work practices and occupational well-being

The Equality Plans signed in the companies located in Spain in 2022 underline the company's commitment to flexible work practices and occupational well-being. These plans contain work-life balance measures designed to ensure employees are able to engage in their work and develop their capabilities in a working environment that compliments their both personal well-being and development. These measures fulfil both individual and business needs, in a global world in which work is not something rigid, but rather something that we are increasingly able to adapt in terms of the when and the where and in terms of making time for people's health and relationships – all while optimising results in the process.

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[18] List of companies with Equality Plans in place in Spain: Indra Sistemas, Indra Corporate Services, Indra Factoría Tecnológica (IFT), ALG Global Infrastructure Advisors, Prointec, Indra Soluciones Tecnologías de la Tnformación (ISTI), Indra Holding Tecnologías de la Información, Indra producción software, Indra BPO Servicios, Indra BPO, Minsait Payment Systems, Indra Business Consulting (IBC), Sistemas Informáticos Abiertos (SIA), Paradigma and Flat 101 (pending negotiation with unions).

Below, we highlight some of the measures to promote flexible working and occupational well-being that are currently in place across the company's main geographies:

- In Spain, flexibility in terms of working hours[19], offering employees flexibility in terms of the times they start/finish work and take their lunch breaks; WFH policy in place for positions in which 40-80% of the required work can be completed remotely. Employees who are pregnant will also be able to work from home as of their twenty-fourth week of pregnancy; flexibility for employees with dependent family members; reduced working hours from Monday to Thursday; parental support – childcare vouchers as part of flexible payments, parking for pregnant women, in addition to Social Security maternity and paternity payments, payments of up to 100% of normal salary applicable as of the first day of leave; nursing leave over and above the minimum required by law until the baby is nine months, with parents able to choose who will take the leave and how it will be split; paid maternity or paternity leave, in addition to the legal minimum requirement, Indra offers paid leave to anyone returning from maternity or paternity leave after the birth or adoption of a child. The beneficiary can take this leave in the way that best suits their needs: either by (i) extending their parental leave by 15 calendar days[20], or (ii) halving their working day while still on a full salary for the first 30 calendar days[21] upon their return to work.
- In Italy, as well as measures taken to offer reduced working days and parental support, the following measures designed to enhance the work-life balance and introduce more flexible work practices are particularly noteworthy; all employees are included in the flexible WFH policy; there are flexible start and finish times, and the flexible working policy also recognises staff's right to digitally disconnect.
- In Colombia the measures taken to enhance the work-life balance and introduce more flexible work practices promote quality employment, spatial and temporal flexibility and offer advantages for the employee and his or her family. Indra has also established a series of strategic work-life balance measures that help it to both fulfil its commitment to favour the country's development and help increase its birth rate. For example, it has rolled out initiatives to help working mothers, introducing private rooms for expressing milk and promoting flexible start and finish times. This policy recognises the right to digitally disconnect.
- In Peru, there is both a summer working hours policy and a flexible working hours policy which allows each project manager to agree flexible working days with their teams, adapting the start and finish times to suit.
- In Chile, matters relating to flexible working and work-life balance are set out in the Internal Code of Conduct, Health and Safety.
- The Philippines has agreements for flexible work practices in place that allow employees to work remotely via a hybrid model, offer benefits to both pregnant employees and male employees whose partners are pregnant, as well as to single-parent families.

## Occupational well-being

[GRI 403-6]

Beyond the strict compliance with its legal obligations in all the geographies where Indra operates, the company also promotes employee well-being and a culture of prevention across all its operations.

Similarly, across all the regions where it operates, Indra looks to offer training, raise awareness and inform its employees about the basic prerequisites in terms of workplace health and safety that are essential for promoting a culture of prevention. Indra is committed to fulfilling its obligations in this matter and achieving continual improvement.

In Spain, the Joint Prevention Service (SPM in its Spanish acronym) is a key tool that provides coverage to more than 29,000 employees in the field of Health, Safety, Ergonomics and Counselling. This service allows all of Indra's employees to conduct their work safely, regardless of their job or location.

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[19] This applies to Indra Sistemas, Indra Corporate Services, Indra Factoría de Software, Prointec, Indra Soluciones Tecnologías de la Información (ISTI), Indra Producción de Software (IPS), Minsait Payment Systems, Indra Holding Tecnologías de la Información, Sistemas Informáticos Abiertos (SIA) and Indra Gestión de Usuarios. It does not apply to Indra Business Consulting, Indra BPO, Indra BPO Servicios and ALG Global Infrastructure Advisors.

[20] 10 calendar days at BPO and BPO Servicios.

[21] 20 calendar days at BPO and BPO Servicios.

### Well-being programme

[GRI 403-5]

In November 2020, the company's global well-being programme was restructured around three main pillars – physical, emotional and financial well-being – that make employees the primary focus. This new approach has allowed the company to devise a far-reaching and diverse programme that is tailored to all of Indra's employees, involves the company's various geographical and business areas and takes account of its rich generational, gender, functional, cultural and sexual and affective diversity.

> Indra actively works to raise awareness among its employees of the need to avoid risks and lead healthy lifestyles

Each month, the well-being programme offers activities related to physical, emotional and/or financial well-being which is open to employees. Indra also offers free services such as an online gym, an app-based medical service or a variety of well-being apps that allow every employee to work on any aspect of their health that they wish to focus on or improve. In this regard, in 2022, the company rolled out an exclusive new telemedicine service for employees, offering remote video consults for general health, nutrition and diet, paediatrics and mental health, as well as the possibility of speaking to a personal trainer.

As far as financial well-being is concerned, each month Indra offers workshops and advice on tax returns, savings, paid leave, legal advice, mortgages, risk protection and personal finance planning. It also provides a banking service for the exclusive use of employees which, among other benefits, pays back 50% of the profits that it generates to account holders.

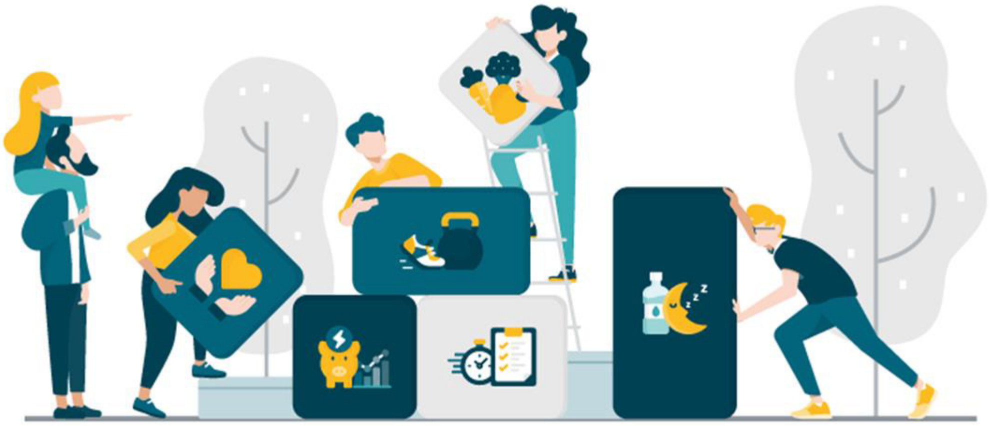
In the interests of its employees' physical well-being, Indra also offers expert-led sessions on healthy eating, physical fitness, how to prevent and manage illness and how sport and rest can have a positive impact on people's health.

### Mental health management

[GRI 403-6]

As part of its commitments to the emotional well-being of its employees, each month in Spain, Italy, Brazil, Colombia, Mexico, Peru and the Philippines Indra offers activities based on how to manage oneself and the people around you (children and people in your care). By offering different sessions each month, the company trains its employees in ways to better manage stress, such as mindfulness exercises or applying strategic planning to personal development, as well as offering counselling services.

In Spain, Italy, Peru and the Philippines the company monitors employee health through its workplace risk appraisals, its well-being programme and especially through the initiatives designed to promote well-being and stress management.



## 6.6 Dialogue

[GRI 2-30] [GRI 402-1] [GRI 407-1]

Indra respects the culture of legality that exists in each of the countries in which it operates and complies with the regulatory content of the ILO collective bargaining agreements in relation to the freedom of association and the right to collective bargaining. It therefore interacts with workers' representatives in the company, providing them with a channel for dialogue and the adoption of agreements.

Indra applies the collective bargaining agreements in force at any time to ensure compliance with all the rights established in them as a consequence of collective bargaining, including those relative to pay scales, which are what determine the minimum wage for each category or group of employees. As per the remuneration indicators in Appendix 11.6, the initial standard wage is always much higher than the local minimum wage in each country where Indra has significant operations.

The company is also a member of the Spanish Association of Consulting Companies (AEC in its Spanish acronym), which negotiates the social component of the Collective Bargaining Agreement applicable to all the companies in the sector. Over the course of 2022, negotiations continued on the 18th Collective Agreement for Consultancy Businesses. Indra is a member of the negotiation board, together with other leading consultancy and information technology companies, and the Agreement is expected to be signed and published by the first quarter of 2023.

Indra is also registered with the Asociación de Empresas del Metal de Madrid (Madrid Metal Businesses Association, "AECIM"), the governing board for the metal industry in the Region of Madrid, which is responsible for negotiating collective agreements for businesses working and trading in the metal sector in Madrid.

Indra also participates in the think-tank sponsored by the Cuatrecasas Institute of Legal Strategy in Human Resources, where leading national and international companies hold regular meetings to proactively seek innovative ways to regulate issues, discuss the changes in the regulatory framework and help authorities draft new legislation. Furthermore, the 16th edition of Merco Talento saw Minsait climb up the ranking 12 places to become the leading consultancy company in terms of attracting and retaining talent in Spain in recognition of its capacity to create an optimal work environment for employees.

99.5% of employees are covered by instruments to safeguard their rights collectively

99.5% of Indra's employees have at their disposal the wherewithal to safeguard their rights collectively, either because their interests are defended by unions or worker representatives, or because they could be sheltered by collective bargaining agreements. Of these employees, 75% are effectively covered by collective bargaining agreements.

The company Code of Ethics and Legal Compliance also establishes equal opportunities, respect for people and non-discrimination on any grounds and, specifically, on the grounds of union membership as basic principles.

As part of the active communication of Indra's Code of Ethics and Legal Compliance and its mandatory acceptance by all the company's employees, the company trains its workforce on the issues addressed by the Code and informs them that all employees are expected to participate in meeting the commitment to respect Human Rights listed in the International Charter on Human Rights, along with the principles governing the rights set out in the Declaration by the International Labour Organization, both of which contain specific references to the freedom of association.

Similarly, among the measures taken by the company to ensure strict respect for its rules of conduct and values, the Direct Channel is the main resource available to all employees to report and file a complaint in relation to any incidents occurring in this regard. As described in section 4.1 of this report, in 2022 the Direct Channel did not receive any notifications or complaints from any of the company's employees in relation to their rights of freedom of association and collective bargaining.

It is important for Indra to maintain a continued and open dialogue with social agents, ensuring they participate in the company's guidelines and strategy. In the event of significant changes in operations, the necessary mechanisms to inform the various trade union partners in advance have been put in place. In 2022, the terms for transferring employees between places of work were agreed with trade union partners in order to guarantee the well-being of workers and protect their rights. Furthermore, Indra Sistemas holds quarterly meetings with workers' representatives to facilitate dialogue on the issues that are most important to employees.

The impact that operational changes may have on employees is carefully evaluated, establishing an open dialogue with their union representatives. Even in the event that there are no legal obligations or workers' representatives, Indra ensures that it maintains regular communication with all the employees concerned.

In Spain, the company has union representatives, who act as points of contact for the Group companies. The company helps them carry out their labour union duties in all aspects, including the provision of resources such as computers and workspaces.

### Agreements reached with workers' legal representatives in 2022

The Company's commitment to equality is set out in its Code of Ethics and Legal Compliance, as well as in its Diversity Policy and Equality Plans. In 2022, Indra and the Workers' Legal Representatives in Spain jointly drew up the new Equality Plans for group companies in order to reinforce the principles of equal opportunities, diversity, personal respect and non-discrimination (on grounds of race, gender, sexual orientation, language, religion, disability, origin or any other personal or social condition or circumstance).

In addition, particular attention has been paid to the work-life balance in order to make Indra a better place to work. The Equality Plans for Indra Systems, Paradigma and Prointec have been signed with a duration of four years, while at the remaining companies they will remain in force until 2023.

### Other agreements reached with workers' legal representatives in 2022

In addition, aware of the way that the company was evolving, the technological developments seen in the area of communications and the need to find a balance between the right to reconcile professional, personal and family duties and the potential distortions that could be caused by permanent connectivity, Indra Soluciones Tecnologías de la Información and the Workers' Legal Representatives reached an agreement in Spain in relation to Digital Disconnection.

This agreement defines the way in which the right to disconnect can be exercised, along with training and awareness activities for staff relating to the reasonable use of technological tools in order to ensure respect for employee rest periods, leave and holidays, along with respect for their privacy and enjoyment of their personal lives and family relationships.

Agreements have also been reached in Argentina, Chile and Brazil to ensure that salaries reflect current inflation figures.

# 7 Technology with impact

Indra’s solutions and products have a positive impact on both environmental and social sustainability, contributing towards the achievement of the UN Sustainable Development Goals and the sustainability goals set out in the EU Taxonomy.

### Indra's contribution to climate change adaptation and mitigation

**Rail transport;** Indra develops solutions to control rail traffic and improve the safety of this low-carbon means of transport in its exposure to extreme weather events.

**Road transport;** the technology developed by Indra makes it possible to improve the management of public transport fleets, reduce CO2 emissions, increase the quality of public transport and even improve user safety.

**Air transport;** Indra's air traffic management (ATM) solutions make it possible to design more efficient routes, significantly reducing CO2 emissions per flight and improving sustainability.

**Simulation**; Indra designs and manufactures training simulators that simulate operations in real environments with a lower environmental impact, significantly reducing $CO_2$ emissions.

**Space;** Indra's satellite technology improves the resilience of communications in extreme circumstances and also makes it possible to detect alarms due to climatic risks.

**Energy;** Minsait facilitates the energy transition, addressing the integration of distributed energy resources (DER), energy storage, distributed generation, electric mobility and active demand-side management.

**Digitalisation;** through digital transformation projects for multiple sectors (banking, public administrations, healthcare), Minsait helps to improve the accessibility of services and resilience to extreme weather events, in addition to reducing $CO_2$ emissions.

**Sustainable building certifications;** Minsait helps its clients to minimise environmental and energy impacts and to promote more efficient construction and maintenance of their facilities.

## 7.1 Analysis of application of the EU Taxonomy

### Regulatory background

The EU Taxonomy is one of the measures implemented by the European Commission as part of its Action Plan for the financing of sustainable growth, which is aimed at directing capital flows towards more sustainable activities and advancing the achievement of the European Union’s environmental and social targets. The Taxonomy establishes a common language and a clear definition of which activities can be regarded as “sustainable”.

The current version of the Taxonomy has only been developed in respect of environmental issues, defining the requirements that an economic activity must meet in order to be regarded as “sustainable” in relation to Climate Change adaptation and mitigation objectives.

For an activity to be regarded as “environmentally sustainable” under the Taxonomy, a distinction must be made between eligibility and alignment. An activity is “eligible” if it is described in the relevant Delegated Regulation. An eligible activity is regarded as “aligned” if it meets the technical screening criteria (which are specific to each activity and the Climate Change adaptation and mitigation objectives), it does not cause any significant harm to the other environmental objectives (protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems), and it furthermore meets the minimum social guarantees.

Delegated Regulation (EU) 2021/2178 of 10 December establishes the reporting requirements for companies with regard to sustainable activities under the Taxonomy. From the first financial year that this regulation came into force (2021), companies were only required to disclose the percentage of their income, capex and opex that was linked to business activities regarded as eligible, i.e. activities that had the potential to make a substantial contribution to the Climate Change adaptation and mitigation objectives. During the current financial year, it is also necessary to make a complete analysis of any activities aligned with the Taxonomy in accordance with the technical screening criteria.

> In 2022, Indra carried out an analysis of the eligibility and alignment of its portfolio of activities in relation to the EU Taxonomy requirements

Against this backdrop, during 2022 Indra made a detailed analysis of its portfolio of activities in relation to the Taxonomy requirements, along the same lines as the analysis carried out during the previous year, in which Indra anticipated the reporting obligations relating to the degree to which its activities were aligned. The analysis first consisted of examining the levels of eligibility of the Company's products and services in relation to the sustainable activities defined in the Taxonomy, followed by an analysis of the degree to which these activities were aligned with the technical screening criteria defined in the Delegated Regulation and with the social safeguards.

As of March 2023, the Taxonomy has still not been fully developed, either in terms of climate-related issues or with regard to the rest of the environmental and social objectives. Publication of the Delegated Regulation with the technical criteria for the environmental objectives remains pending, as does publication of the Social Taxonomy for the activities that contribute substantially to the social objectives. The company is closely monitoring developments in the Taxonomy Regulation, and these are reported as and when required to the Sustainability Committee.

### Scope of the analysis

The analysis carried out to identify activities that were eligible under the Taxonomy criteria included the activities of Indra Sistemas and its dependent companies, i.e. all the companies in which Indra Sistemas has a holding of more than 50%.

### Interpretation and application of the Taxonomy's regulatory framework at Indra

According to Article 8 of Regulation (EU) 2020/852, non-financial companies must declare the proportion of their turnover, capex (investment in fixed assets) and opex (operating expenditure) that is eligible under the Taxonomy, together with any explanatory information that allows these three indicators to be properly interpreted.

To analyse the eligibility of Indra's activities according to the Taxonomy, the company started from the consolidated information contained in the Group's analytical accounting systems which, in accordance with its corporate criteria, classify income, capex and opex at a project level and group them together on the basis of the relevant corporate organisation level (division and business unit). The characteristics of the data used as a starting point include the fact that they are consolidated at group level and thus do not give rise to any duplication of accounts, and they are coded at a single project level in terms of income, capex and opex, which enables the criteria used to classify these three indicators to be applied consistently.

Working from this analytical accounting information, an analysis was made of the activities engaged in by the company in order to determine whether the description of each activity corresponded to any of the activities listed in the Taxonomy. Where there was any doubt, reference was made to the National Classification of Economic Activities (CNAE) code that the Regulation identifies for each type of activity.

What's more, in order to ensure consistency between the volumes of income, capex and opex reported on the basis of the analytical accounts and the information contained in the Annual Accounts, a cross-referenced review was carried out between both of these sources of information.

### Accounting criteria used as a reference

The proportion of eligible activities referred to in Article 8, section 2 of Regulation (EU) 2020/852 has been calculated as “eligible activity” = A/B

- Where in each case A is:
    - Business turnover; equals the proportion of net business turnover resulting from products or services associated with business activities included in the denominator - including intangibles - that meets the criteria for eligibility under the Taxonomy (see section 7.2)
    - Capex: equals the proportion of the investments in fixed assets included in the denominator - including additions to investments - that meets the criteria for eligibility under the Taxonomy (see section 7.2)
    - Opex: equals the proportion of operating costs included in the denominator that meets the criteria for eligibility under the Taxonomy (see section 7.2)
- Where in each case B is the initial financial information, as defined below:
    - Business turnover: net business turnover as defined in Article 2, section 5 of Directive 2013/34/EU. The turnover figure includes the income entered in accordance with International Accounting Standard (IAS) 1, paragraph 82, letter a), adopted by Commission Regulation (EC) 1126/2008.
    - Capex: includes the sum of the additions to investments set out in Note 6 (“Property, plant and equipment”) and Note 9 (“Other intangible assets”), of the notes to the Consolidated Annual Accounts, under the headings “Computer software” and “Development costs”.
    - Opex: includes the sum of the amounts entered under “Raw materials and consumables”, “Staff costs” and “Other operating expenses”, net of the amounts entered as “Change in inventories” and “Work carried out by the Company for its fixed assets”, all taken from the “Consolidated Income Statement” included in the Consolidated Annual Accounts.

The proportion of aligned activities referred to in Article 8, section 2 of Regulation (EU) 2020/852 has been calculated as “Taxonomy-aligned activity” = A/B

- Where in each case A is:
    - Business turnover: equals the proportion of net business turnover resulting from products or services associated with business activities included in the denominator - including intangibles -, that meets the Taxonomy - alignment criteria, i.e. that contributes substantially to a climate target, does no significant harm to the other targets, and complies with the social safeguards (see section 7.3).
    - Capex: equals the proportion of the investments in fixed assets included in the denominator - including additions to investments, that meets the Taxonomy-alignment criteria, i.e. that contributes substantially to a climate target, does not cause significant damage to the other targets, and complies with the social safeguards (see section 7.3)
    - Opex: equals the proportion of the operational expenses included under “Supplies”, “Personnel Costs” and “Other operational expenses” included in the denominator, that meets the Taxonomy-alignment criteria, i.e. that contributes substantially to a climate target, does not cause significant damage to the other targets, and complies with the social safeguards (see section 7.3)
- Where B is the initial financial information, as defined in the preceding section.

## 7.2 Taxonomy-eligible activities

The general results of this analysis, expressed in terms of turnover, investments (capex) and operating expenditure (opex), in line with the criteria set out in the Delegated Regulations, give the levels of eligibility shown in the attached table.

These percentages represent the proportion of Indra’s solutions and services that potentially make a positive contribution to the two climate objectives currently provided for in the Taxonomy regulations relating to Climate Change mitigation and adaptation.

As a result of these analyses, it has been found that the Indra activities that are considered eligible under the Taxonomy correspond to the following activities listed in the Taxonomy.

| | |
|---|---|
| Volume of eligible turnover | **90%** |
| Eligible capex | **89%** |
| Eligible opex | **90%** |

| Activities with capacity to make a substantial contribution to Climate Change mitigation | Activities with capacity to make a substantial contribution to Climate Change adaptation |
|---|---|
| 3.6. Manufacture of other low carbon technologies (e.g. air traffic management ATM technology or the manufacture of simulators)<br>7.3. Installation, maintenance and repair of energy efficiency equipment (e.g. investment made to improve eco-efficiency of the group's facilities by General Services)<br>9.3. Professional services related to the energy performance of buildings (e.g. activities carried out by Minsait's Sustainable Buildings unit) | 6.14. Infrastructure for rail transport (e.g. technology developed by the Transports area for the rail industry)<br>6.15. Infrastructure enabling low-carbon road transport and public transport (e.g. technology developed by the Transports area)<br>6.3. Urban and suburban transport, road passenger transport (e.g. technology developed by the Transports area)<br>8.2. Computer programming, consultancy and related activities (e.g. IT operations carried out by Minsait for a variety of sectors)<br>9.1. Engineering activities and related technical consultancy dedicated to Climate Change adaptation (e.g. activity carried out by Prointec) |

The activities not deemed to be eligible are mainly the activities associated with the manufacture of technology linked to the Defence and Security business (e.g. FCAS, Eurofighter).

In 2022, the percentage eligibility figures for turnover (90%), capex (89%) and opex (90%) remained in line with the figures for 2021 (88%; 88% and 90% respectively).

## 7.3 Taxonomy-aligned activities

Indra has analysed the alignment of its activities with regard to the Climate Change mitigation and adaptation objectives. The general results of this analysis, expressed in terms of turnover, investments (capex) and operating expenditure (opex), in line with the criteria set out in the Delegated Regulations, give the levels of alignment shown in the attached table.

These percentages represent the proportion of Indra's solutions and services that make a positive contribution to the two climate objectives currently provided for in the Taxonomy relating to Climate Change mitigation and adaptation. This should not be interpreted as meaning that Indra's remaining solutions and services are causing adverse impacts, but simply that, with regard to the climate objectives, they do not make a significantly positive impact.

| | |
|---|---|
| Aligned turnover | **18%** |
| Aligned capex | **23%** |
| Aligned opex | **16%** |

In order to assess the degree to which activities are aligned with the technical criteria set out in the Delegated Regulation, Indra has analysed the solutions representing each group of eligible activities with the aim of confirming whether or not they are Taxonomy-aligned, i.e. whether they substantially contribute to a climate objective, do not cause significant harm to the other objectives and comply with the social safeguards.

At corporate level, thanks to Indra's Human Rights policy and compliance with the regulatory framework in place in the different countries in which it operates, the minimum requirements for social safeguards are met across all its activities.

A percentage of the solutions and technologies developed by Indra contribute substantially to achieving the Climate Change adaptation and mitigation objectives set out in the EU Taxonomy, meaning that they are Taxonomy-aligned. These activities include solutions from both divisions. Some examples of these solutions include:

- Transport and Defence: air traffic management (ATM) systems that enable the optimisation of routes; operational support systems (OSS) which improve the efficiency of fleet management; safety systems on the rail network, intelligent free-flow toll systems that offer improvements for road traffic and the reduction of emissions; satellite communication systems that increase the ability of communications to withstand climate events; Earth monitoring tools that make it possible to obtain data to prevent climate-related risk, and simulators that prevent unnecessary emissions during training processes.

- Minsait: technologies for the digitalisation of processes and the migration of data to the cloud, thus providing a more secure and accessible infrastructure in the case of extreme climate events, projects to create intelligent and climate-neutral cities, the holding of online elections, solutions for monitoring energy generation systems, etc.

In 2022, eligible revenues totalled €3,447.6 million (90%), of which €686.2 million (18%) were classified as environmentally sustainable according to the Taxonomy. These mainly corresponded to revenues resulting from technological solutions for the efficient management of air transport (ATM), rail transport, road transport, simulators, digitalisation and renewable energies. The KPI relating to the eligibility of revenues for the 2021 financial year was 88%, in line with the percentage obtained in 2022.

With regard to eligible capex, the figure for 2022 totalled €48.4 million (89%), of which €12.7 million (23%) was classified as environmentally sustainable according to the Taxonomy. The KPI relating to the eligibility of capex for the 2021 financial year was 88%, in line with the percentage obtained in 2022.

Finally, eligible opex in 2022 totalled €3,193.5 million (90%), of which €580.6 million (16%) was classified as environmentally sustainable according to the Taxonomy. The eligibility percentage remained in line with the percentage obtained in 2021 (90%).

### Fulfilment of technical screening criteria

For each of the activities identified as eligible, the substantial contribution and 'do no significant harm' technical criteria were assessed in accordance with the Taxonomy Regulation. The Indra Group's compliance with the minimum social safeguards was also verified.

The activities identified as eligible in accordance with Annex I of Delegated Regulation 2021/2139 have been matched with their corresponding EU Taxonomy definitions and meet both the technical screening criteria and the 'do no significant harm' criteria that apply to these.

The following is a non-exhaustive account of how the main activities identified by Indra as being aligned with the Taxonomy Regulation's climate change mitigation and adaptation objectives meet these technical screening criteria.

## Substantial contribution to Climate Change mitigation

| Activity developed by Indra | Macro sector according to Taxonomy Regulation | Mitigation activity as defined by Taxonomy Regulation |
|---|---|---|
| **iTEC ATM Automation** | **3. Manufacturing** | **3.6 Manufacture of other low-carbon technologies** |
| | ***Technical screening criteria:*** *The economic activity manufactures technologies that are aimed at substantial life-cycle GHG emission savings.* | |
| | Indra is the technology provider for the iTEC Alliance,[22] the group tasked with building the Single European Sky. The air traffic management (ATM) solutions that Indra develops for this alliance allow flight routes to be optimised, reducing flight time and fuel use, and therefore $CO_2$ emissions, in the aviation sector. To be precise, Eurocontrol estimates that the use of collaborative air traffic management solutions in free route airspace (FRA) areas can lead to reductions of up to: one billion nautical miles, six million tons of fuel and 20 million tons of $CO_2$. | |
| **Simulation** | **3. Manufacturing** | **3.6 Manufacture of other low-carbon technologies** |
| | ***Technical screening criteria:*** *The economic activity manufactures technologies that are aimed at substantial life-cycle GHG emission savings.* | |
| | Indra manufactures simulators that allow training and simulation exercises to be carried out in high-precision virtual environments, which reduce the $CO_2$ emissions and other types of impact on the environment that would result from carrying out these exercises in a real-world setting. Indra's flight simulators substantially reduce aviation sector GHG emissions from training aircraft pilots. These simulators allow steps to be repeated until they have been perfected without the need to consume fuel, which would be the case if such training was to be carried out in the real world. For an H175 helicopter for example, this would mean a saving of more than 340 litres of fuel per flight hour (given a tank capacity of 2,067 kg and a range of six hours nine minutes at an average speed of 155 km/h). The main energy source for these simulators is electricity, which means a significant reduction in emissions compared to the fuels used in aviation (mainly kerosene), since electricity (in Spain) has a lower emission factor than kerosene (0.259 kg $CO_2$/kWh vs. 3.179 kg $CO_2$/kg kerosene). | |
| **Traffic control using Free Flow tollgates** | **3. Manufacturing** | **3.6 Manufacture of other low-carbon technologies** |
| | ***Technical screening criteria:*** *The economic activity manufactures technologies that are aimed at substantial life-cycle GHG emission savings.* | |
| | Indra's Free Flow tollgate solutions allow tolls to be paid automatically without the need for vehicles to stop, improving traffic flow and reducing the time spent in congestion, which means lower fuel consumption and thus lower $CO_2$ emissions. According to data from Ferrovial, Free Flow is a significant improvement over traditional tollgates: by cutting out the emissions associated with vehicles stopping and starting, it reduces GHG emissions by between 10% and 30%. | |
| **Measures to improve energy efficiency (eco-efficiency) at Indra's facilities** | **7. Construction and real estate activities** | **7.3. Installation, maintenance and repair of energy efficiency equipment** |
| | ***Technical screening criteria:*** *The activity consists in one of the following individual measures: a) addition of insulation to existing envelope components; b) replacement of existing windows with new energy efficient windows; c) replacement of existing external doors with new energy efficient doors; d) installation and replacement of energy efficient light sources; e) installation, replacement, maintenance and repair of heating, ventilation and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies; f) installation of low water and energy using kitchen and sanitary water fittings which comply with established technical specifications.* | |
| | The initiatives Indra has identified are mainly associated with investments (capex) to modernise its buildings' climate control systems and make them more energy efficient. These include the use of more efficient light sources, and the replacement of heating, ventilation and cooling systems with more efficient versions. | |

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[22] iTEC is an alliance made up of seven of Europe's leading air navigation service providers (ANSPs) — DFS (Germany), ENAIRE (Spain), NATS (United Kingdom), LVNL (Netherlands), AVINOR (Norway), PANSA (Poland) and Oro Navigacija (Lithuania) – which manage some of the world's busiest and most complex airspaces.

<table>
<tr><th>Activity developed by Indra</th><th>Macro sector according to Taxonomy Regulation</th><th>Mitigation activity as defined by Taxonomy Regulation</th></tr>
<tr><td rowspan="3"><b>Technical consultation on introducing sustainable building practices and obtaining certification</b></td><td><b>9. Professional, scientific and technical</b></td><td><b>9.3 Professional services related to the energy performance of buildings</b></td></tr>
<tr><td colspan="2"><b><i>Technical screening criteria:</i></b> <i>The activity involves one of the following: a) technical consultations linked to the improvement of energy performance of buildings; b) accredited energy audits and building performance assessments; c) energy management services; d) energy performance contracts; e) energy services provided by energy service companies.</i></td></tr>
<tr><td colspan="2">Through its subsidiary Minsait, Indra has a specialist unit that provides technical consultation on how to create workspaces with a lower environmental impact by implementing sustainable building practices and obtaining the related certifications (e.g. LEED/BREEAM certification). By introducing the improvements proposed by Minsait, buildings and common areas consume between 35% and 45% less energy, and nearly 40% is saved on tap water. Technical consultation activities include drawing up proposals for action plans for the building and implementing the measures necessary to obtain certification (e.g. proposing and implementing energy saving measures); monitoring, measuring and optimising energy performance; and conducting training on sustainability and energy efficiency.</td></tr>
</table>

## Substantial contribution to Climate Change adaptation

<table>
<tr><th>Activity developed by Indra</th><th>Macro sector according to Taxonomy Regulation</th><th>Adaptation activity as defined by Taxonomy Regulation</th></tr>
<tr><td rowspan="3"><b>Operational and safety systems for rail transport</b></td><td><b>6. Transport</b></td><td><b>6.14 Infrastructure for rail transport</b></td></tr>
<tr><td colspan="2"><b><i>Technical screening criteria:</i></b> <i>The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.</i></td></tr>
<tr><td colspan="2">Indra develops and implements operational and safety system solutions for the railway sector that improve the use of resources – planning for traffic requirements and traffic control – and that help modernise the safety systems used in railway infrastructure. All of which helps rail transport infrastructure better adapt to extreme weather events, to which this sector is highly exposed – as was determined by the Spanish government’s Working Group on Climate Change Adaptation Requirements for the country’s core transport infrastructure network.<br>Systems such as the Indra Rail TMS implemented in Ireland, for example, allow better management of the rail network through digitalisation and the use of CyberRail IoT, satellite ERTMS, big data and artificial intelligence, with the ultimate goal being to place the train at the centre of the next generation of transport. Indra Rail TMS allows for transport services to be adapted to meet actual demand and users’ needs, improves the experience for passengers, and optimises infrastructure and service capacity and their maintainability; it supports increased automation and transport that is more intelligent, sustainable, collaborative and accessible, while also being safe and resilient to extreme weather phenomena.</td></tr>
<tr><td rowspan="3"><b>Road transport and intelligent traffic control systems and enforcement</b></td><td><b>6. Transport</b></td><td><b>6.15 Infrastructure enabling low-carbon road transport and public transport</b></td></tr>
<tr><td colspan="2"><b><i>Technical screening criteria:</i></b> <i>The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.</i></td></tr>
<tr><td colspan="2">Indra's intelligent traffic system (ITS) solutions such as the Free Flow tollgate, its connected vehicle solutions, the AI-based high-occupancy vehicle detection system (DAVAO), and the automatic incident detection system based on LIDAR laser technology (DAVAO), allow current traffic management systems to be modernised, helping road transport better adapt to Climate Change. These new technologies provide real-time data on the road network and allow routes to be replanned in the event of unexpected incidents.<br>Enforcement solutions help increase compliance with traffic rules. By digitalising these processes, traffic control units can continue to operate remotely even in the event of an extreme weather event.</td></tr>
</table>

| | | |
|---|---|---|
| **Urban/interurban transport and operation support systems** | **6. Transport** | **6.3 Urban and suburban transport, road passenger transport** |
| | ***Technical screening criteria:*** *The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.* | |
| | The urban and interurban transport solutions that Indra has developed, such as its operation support systems (OSSs), improve the management of public transport through route planning, issue and incident detection (e.g. road closures due to torrential rain), and the re-planning of routes as a result of this. The technology developed by Indra for managing urban and interurban transport helps it adapt to situations resulting from incidents caused by Climate Change. | |
| **Space: Satellite communication, geolocation and Earth observation solutions** | **8. Information and communication** | **8.2 Computer programming, consultancy and related activities** |
| | ***Technical screening criteria:*** *The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.* | |
| | The solutions developed by Indra in the field of space technology (for satellite communications, geolocation and Earth observation) help increase the Climate Change resilience of various activities, and thus their ability to adapt. The use of space infrastructure (satellites), which is not affected by Climate Change, means that technological support can be provided for telecommunications, and important satellite data on the Earth can be used to detect potential risks resulting from Climate Change and support decision making.<br>Such solutions help, for example, improve communications in hard-to-access locations, increase efficiency and sustainability in route planning, and also increase the efficiency of traditional primary activities (e.g. precision agriculture). | |
| **Solutions for the Energy industry: Onesait Phygital Grid, Onesait Flexibility, Onesait Metering** | **8. Information and communication** | **8.2 Computer programming, consultancy and related activities** |
| | ***Technical screening criteria:*** *The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.* | |
| | By digitalising operational processes and using new technologies such as AI, virtual assistants and machine learning, Minsait’s Energy solutions reduce the cost, improve the quality and increase the efficiency of the power grid’s processes and systems.<br>Moreover, by automatically detecting issues and the need for maintenance, the centralised monitoring of the grid that sensorisation allows results in more effective maintenance that is able to cope with the possible consequences of Climate Change, allowing faster action to be taken in the event of a fault or failure (e.g. caused by extreme weather events). | |
| **Digitalisation: Onesait Banking Platform, cloud migration and management systems for Public Administrations** | **8. Information and communication** | **8.2 Computer programming, consultancy and related activities** |
| | ***Technical screening criteria:*** *The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.* | |
| | Solutions involving digitalisation and cloud migration are a more resilient way of managing data processes and infrastructure in the sense that they reduce the risks associated with extreme weather events, allowing state-owned companies and public administrations to continue their work in the event of extreme weather. Indra has helped create platforms, for example, that allow services offered by banks (such as online loans) and public administrations (e.g. judicial services, through the creation of support systems) to be accessed remotely. | |
| **Smart cities** | **8. Information and communication** | **8.2 Computer programming, consultancy and related activities** |
| | ***Technical screening criteria:*** *The economic activity implements physical and non-physical solutions (‘adaptation solutions’) that substantially reduce the most important identified physical climate risks that are material to the activity.* | |
| | Indra’s smart city solutions allow the information cities hold (e.g. on public services, energy requirements, etc.) to be digitalised and centralised, helping improve authorities’ management of this information and increase the general public’s access to it. All of which also helps cities better adapt to Climate Change, since it means that people can access information and perform administrative tasks online, even in the event of extreme weather events that might prevent or impede them from making journeys. | |

### Compliance with DNSH criteria

The following section details how the ‘do no significant harm’ (DNSH) criteria most relevant to Indra’s economic activities have been met. The assessment the company carried out covered all the DNSH criteria and looked at how each activity fulfilled these.

- ‘Do no significant harm’ to Climate Change adaptation (only for the activities that make a substantial contribution to Climate Change mitigation): the principle of ‘do no significant harm’ to Climate Change adaptation requires the identification and assessment of the physical climate risks associated with Indra’s activity by considering climate projection scenarios in order to identify and implement adaptation solutions that substantially reduce the material risks identified. Indra has analysed the physical risks of Climate Change using climate projections to 2030, 2040 and 2050 for pathways RCP2.6 (temperature rise below 2ºC by the end of the century) and RCP 8.5 (temperature rise of around 4ºC by the end of the century). The climate risks identified are described in section 5.2 of this report.
- ‘Do no significant harm’ in relation to the sustainable use and protection of water and marine resources: The water Indra consumes is mainly used to supply sanitary facilities. The company does not release any waste into natural or marine waterways which might cause harm or have a significant negative impact. The water consumed is only intended for the consumption of sanitary water.
- ‘Do no significant harm’ in relation to the transition to a circular economy: Ninety-one percent of the waste generated by Indra is non-hazardous, consisting mainly of paper and cardboard (29%), organic waste (24%) and packaging (19%). Indra contracts out waste collection to authorised waste management companies and performs proper waste control. For more information, see section 5.3 of this report.
- ‘Do no significant harm’ in relation to the protection and restoration of biodiversity and ecosystems: The economic activities carried out by Indra do not, on the whole, have a significant environmental impact, and therefore do not require an environmental impact assessment. The company’s economic activities are also not carried out in areas considered important in terms of their biodiversity (Natura 2000 areas, World Heritage Sites and Key Biodiversity Areas), and therefore do not cause significant damage to any such areas.
- ‘Do no significant harm’ in relation to pollution prevention and control: Since they do not require any physical hardware, software-based solutions do not use or include any of the substances listed in Appendix C of Delegated Regulation (EU) 2021/2139. The Indra Group has also committed to complying with regulations on the use of hazardous substances through its Procurement Terms and Conditions and in the Supplier Sustainability Policy.

### Minimum social safeguards

In order for an economic activity to be considered environmentally sustainable, it must be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the UN’s Guiding Principles on Business and Human Rights.

Indra has due diligence processes in place, as well as company policies and mechanisms, that reflect the company's commitment to following the OECD Guidelines for Multinational Enterprises and the Guiding Principles on Business and Human Rights.

It also has policies and procedures covering, for example, competition, anti-corruption, conflicts of interest and fiscal responsibility, which bolster the company's commitment to social rights.

Corporate codes and company policies that play a role in meeting the minimum social safeguards include:

- Sustainability Policy. See section 3.3.
- Code of Ethics and Legal Compliance and Direct Channel. See section 4.1.
- Due Diligence, Human Rights Policy and Modern Slavery Statement. See section 4.2.
- Supplier Sustainability Policy. See section 7.8.

Given all the points mentioned in the previous sections, Indra is implementing all the necessary requirements in relation to the economic activities reported here in order to ensure compliance with all three levels of technical criteria associated with the climate change mitigation and adaptation objectives.

Details of the eligibility and alignment of Indra’s economic activities with the EU Taxonomy Regulation based on the template provided in Annex II of Delegated Regulation (EU) 2021/2178 can be found in Appendix 11.5 of this report.

## 7.4 Sustainability-focused innovation

Innovation is one of the core principles of Indra's business model as a company that operates in highly competitive sectors with a strong technological component. It is precisely innovation that is enabling the company to expand its future product offering and achieve key differentiation with its competitors. Indra's 2020-2023 Sustainability Master Plan includes objectives to drive innovation in response to current and future sustainability-related challenges.

For the Company, innovating means developing new skills, on the one hand to improve the activities related to the design, development and implementation of processes; and on the other hand, to improve how well the systems, platforms and services work and perform. Its innovation-based activities include research, the development of new products and the continual improvement of existing products. The benefits offered by this innovation include increased efficiency, a reduction in time-to-market, and improved reliability, competitiveness and positioning in an ever-changing climate.

Indra's innovation is inspired by the ideas of its own employees, with its open, agile and flexible innovation model designed to actively help to generate and attract ideas.

The objectives of Indra's innovation model are:

- To respond to the strategic needs of the business and make its product offering stand out by creating innovation-based competitive advantages.
- To encourage employees to come up with innovative ideas and seize opportunities for generating in-house technologies and/or patents.
- To improve Indra's product offering in the medium and long term by identifying emerging technologies and collaborating with start-ups, spin-offs and other agents within the innovation ecosystem.

| | |
|---|---|
| R&D investment over sales | **8.1%** |
| Collaborative R&D projects | **+130** |
| Employees working full time on R&D in Spain | **+3,800** |
| Percentage of women amongst employees working full time on R&D in Spain | **30%** |
| Collaborative agreements with universities and research centres | **+900** |

The Innovation Committee, which is the body that governs the innovation model, comprises the Strategy and Innovation management team, representatives from all of the company's business units and technology experts. Its purpose is to ensure alignment between innovation, strategy and products, encouraging cooperation and an inclusive, fluid approach to maximise synergies between markets and generate a real impact on the company's business.

The innovation model is certified for the European quality standards CEN/TS 16555-1 Innovation Management System and for Spain's new UNE 166002:2021 R&D&i Management from AENOR. In 2022, Indra successfully renewed these certifications, associated with a total of 23 centres and covering 95% of the company's innovation-based actions.

The Innovation Model is detailed on the company website and its objectives are set out in the company's R&D Policy.

Through innovation, Indra contributes to the UN's Sustainable Development Goals for the 2030 Agenda with solutions for key sectors such as transport, energy, health, public administrations and safety, among others. Indra responds to a broad spectrum of needs, from both the public and private sectors. Through its innovation-based activities, the company drives technological and industrial progress across a multitude of sectors that play a key role in economic and social development and in helping the business communities in the countries where it operates to grow.

### Ranked second in Software and Computer Services in Spain

Having dedicated €312 million to R&D&i in 2022, Indra is one of the companies in Spain and the rest of its sector in Europe to invest the most in innovation. In the Software and Computer Services sector – which comprises a total of 97 companies – it ranks second in Spain and seventh in Europe. The company plays a leading role in some of the most innovative domestic and European initiatives that are set to shape the future of next generation technology across all sectors.

Indra was also recognised in 2022 by the ATCA (Air Traffic Control Association) and CANSO (Civil Air Navigation Services Organisation) with the Maverick Awards for outstanding achievements in innovation, collaboration, resiliency and sustainability in air traffic management via the innovative digital remote tower operation at Budapest Ferenc Liszt airport at the height of the Covid-19 pandemic.

## Innovation strategy: culture and relationship with the innovation ecosystem

Indra's innovation strategy aims to help generate innovative tech-based ideas that offer solutions to the challenges faced by the sectors in which the company is active, both in Transport and Defence and in Information Technology.

Under the leadership of the Innovation Committee, the Indraventures corporate unit actively encourages collaboration between all agents within the innovation ecosystem, creating opportunities that promote a culture of innovation among Indra's employees.

Indra also collaborates both nationally and internationally with leading associations from the sector via joint programmes and initiatives that guarantee the availability of the resources required for its innovation activities, thereby allowing the company to reduce the risks associated with its technological developments.

## Innovators initiative: Think the unthinkable

Innovators is Indra's in-house entrepreneur programme that aims to foster the generation of innovative ideas among its employees and help fast track and develop the best ideas via a tailor-made business plan. Each year, all Indra employees receive either an individual or group invitation to present tech-based disruptive ideas that offer a solution to the challenges proposed by the Innovation Committee.

Employee participation in Innovators 2022 (no.)

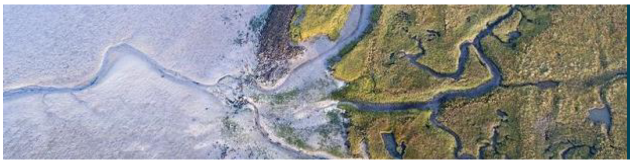
**+11,400**

Four winning ideas are chosen in each edition of Innovators, three by a panel of experts and a fourth by the employees themselves. In addition to a cash prize and a positive assessment in their performance review, the winners get the opportunity to work alongside the Indra business area that their idea applies to in order to draw up a business plan. If the business plan is approved, the selected initiatives are provided with the means required to develop and turn the idea into a product that can be offered as part Indra's portfolio.

The 2022 edition focused on challenges that are critical for society and the future in sectors that are key for Indra.

### Innovators challenges 2022

| | | | | | |
|---|---|---|---|---|---|
| New models of **citizen services** in Public Administrations | New solutions for **connected and autonomous mobility** | **5G-enabled** use cases | Use cases of **Artificial Intelligence in Defence** | Solutions for managing our **identity in the Metaverse** | **Code prototypes** for **interacting** with and **visualising information** |
|  |  |  |  |  |  |



**New solutions and business opportunities aligned with Indra and Minsait**

In 2022, more than 11,400 employees from 36 countries presented more than 280 innovative proposals.

The three winning proposals offered solutions for the defence sector with a threat radar simulator; for the energy sector with a project aimed at modelling and analysing smart and sustainable electricity distribution networks; and for the security industry, improving the threat detection capabilities of counter-drone systems in order to avoid false positives involving birds.

Indra employees selected an additional winner, which was the proposal to apply Social Media Intelligence with a view to protecting children from the misuse of social media by monitoring abnormal behaviour.

## European research and innovation programmes

Together with the sector's other main players in Europe, Indra plays an active role in defining and implementing a common strategy to improve competitiveness, support inclusive and sustainable economic growth and reduce its environmental impact via scientific excellence and the development of the most advanced technologies.

In 2022, Indra continued to play a very active role both in various research and innovation programmes and the European R&D&I ecosystem.

Indra was the leading Spanish company and the second most prominent company in Europe in the **Horizon 2020** innovation programme. Indra was the company to obtain the largest return in Spain, leading the Smart, Green and Integrated Transport sector and participating in almost a hundred R&D&i projects.

Indra is also involved in **Horizon Europe**, the European Union's new framework programme for research and innovation (R&I) running from 2021 to 2027, leading innovative projects that take on the EU's priorities for action, such as the ecological transition, the digital transition and meeting the UN's Sustainable Development Goals.

It also participates in the **Connecting Europe Facility** programme, the aim of which is to develop high-performance, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services.

**OMICRON**: Indra is overseeing this project aimed at ensuring roads are in good condition and reducing accidents by digitalising infrastructure.

**SPACEWAYS**: Indra will use its extensive experience in Air Traffic Management (ATM) to develop recommendations and guidelines for the European Commission to be used in Space Traffic Management (STM).

## Innovation in air traffic: safety and efficiency

Passengers from all five continents fly thanks to the use of Indra technology, whose latest in-house technology provides an integrated response to the challenges of air traffic at a global level.

**SESAR 3 JU:** Indra is one of the founding members of this macro innovation programme, which has a budget of more than €1,600 million up to 2030, to create a more digital, sustainable, connected and accessible Digital European Sky for all airspace users.

As part of the SESAR programme, the **ECHOES** project, co-led by Indra, aims to revolutionise the air navigation sector using space technology to make it more sustainable and achieve the EU's 2050 decarbonisation target, as well as provide a better quality service in areas that cannot currently be covered by terrestrial systems.

**iTEC Alliance:** Indra forms part of the iTEC Alliance, comprising the leading European navigation service providers. At the World ATM Congress 2022, Indra presented the progress it had made in developing the air traffic control system on which the creation of the Single European Sky is based.

## Innovation in transport: digitalisation and sustainability

Indra leads the main European innovation initiatives aimed at digitalising transport via the use of new intelligent solutions based on cutting-edge technologies.

**Europe's Rail:** Indra is one of the 25 founding members of this major innovation programme for Europe's rail network, which, with a budget of €1,200 million, aims to promote digitalisation and sustainability in the sector. As part of Europe's Rail Joint Undertaking, Indra will develop new large-scale digital and sustainable solutions that place the train at the centre of the transition to green transport.

**R3CAV** (Robust, Reliable and Resilient Connected and Automated Vehicle for People Transport): Financed with NextGenerationEU funding, this project promoted by Indra aims to develop technology that can be used to create the autonomous and connected vehicles of the future, and address the challenges of sustainable transport. Indra is overseeing the development of the connected infrastructure for self-driving cars.

### Innovation in Defence and Security: protection and cyber defence

In terms of its innovation in the area of Defence and Security, Indra works in collaboration with clients, partners and governments across the five continents to make the world a safer place. Indra has end-to-end innovative solutions in the five areas of defence: land, sea, air, space and cyberspace.

Through its participation in major European programmes such as the EFA, A400M, NH90, Meteor and ESSOR and the NATO framework, among others, Indra develops critical projects for the defence of the countries in which it operates.

**FCAS:** Indra plays a key role as industrial coordinator of the largest European defence programme, the aim of which is to develop the next generation of air combat systems, with the FCAS and EuroDrone being two standout examples. In Phase 1B of the programme, Indra expects to be awarded a contract worth more than €600 million for work to be carried out over the next three years. This will lay the groundwork for Phase 2, which will last a further three years, bringing the programme up to 2029, and ending with test flights of working demonstrator aircraft.

**European Defence Fund (EDF):** Indra is one of the three European companies most involved in the new European Defence Fund. The company is participating in 19 projects, representing 60% of the €1,200 million pledged by the EU. One example of Indra's leading role in these is as coordinator of the EU-GUARDIAN project, which will transform cyber defence, using artificial intelligence to detect and respond to cyber attacks. Other key projects for the company will be MDOC, which aims to develop combat clouds for multi-domain operations, and ARTURO, which focuses on evolving the next generation of radars to respond to new threats.

Among its land-based projects, Indra will expand the capabilities of next-generation armoured vehicles as a member of the FAMOUS2 consortium, provide key systems for unmanned vehicles as part of the COMMANDS project and, through ACHILE, help equip soldiers with new sensors that will enhance their capabilities.

Indra will also play a role, through the EDINAF project, in the development of the ships of the future, as well as participating in a long list of projects covering areas such as space surveillance, the security and resiliency of satellite communications, the use of quantum technologies, and energy efficiency and independence.

### Innovation in sustainability: Biodiversity and digital transformation

**enerTIC Awards:** three Indra projects received prizes at the 2022 enerTIC awards in recognition of their commitment to sustainability: the Reads project to assess how natural capital is impacted; the bird detection solution to safeguard protected bird species on wind farms; and Madrid Multicloud, Madrid City Council's digital transformation project.

## 7.5 Design and manufacture of products and services in line with ESG criteria

[GRI 416-1]

For Indra guaranteeing the maximum level of quality, safeguarding the health and safety of its clients and end users, and incorporating responsible design principles in the product development process is vital.

Indra's integrated quality management systems cover projects and services that account for 91% of the group's sales across 50 companies in 16 countries, including the company's main geographies: Spain, Italy, Brazil, Colombia, Mexico, Peru and the Philippines. More than 28,000 employees located across 75 workplaces actively participate in Indra's quality management.

**Integrated quality management systems ISO 9001:2015**

**91%**
**Sales**

**~28,000**
**Professionals**
In 175 workingsites in 16 countries

**50**
**Companies**
Argentina, Australia, Brazil, Chile, Colombia, Czech Republic, Italy, Mexico, Panama, Peru, Philippines, Portugal, Spain, Philippines, United Kingdom, USA, Uruguay

**Transport, defence and aerospace activities certifications**

Rail
- ISO 22163, IRIS

Defence
- PECAL/AQAP 2110-2310
- PECAL 2210

Aerospace
- UNE 9100
- UNE 9110
- EN 9110 y EN 9120

Maintenance
- PERAM 145, EASA 145c

**Certifications of software development and testing activities**

- TMMi level 3 for software testing and engineering, in 5 countries
- CMMi level 3 and level 5 for software development at Minsait in 9 and 5 countries respectively
- CMMi level 3 for software development in the Transport market and in the area of Defence Simulation and Automation
- CMMi level 3 for software development in the areas of Radars, C2I, Digital Labs and Software Development Centres
- CMMi level 5 for software development in ATM, I&T CES Operations, Communications.

### Quality auditing

Internal and external quality audits are some of the main tools Indra uses to identify opportunities to improve the way products and services are developed:

- External audits: in 2022, 44 external audits were carried out, including those conducted by independent and accredited firms as part of certification processes and those undertaken – in line with standard practice – at the request of clients as part of their approval processes or as a contractual requirement. It is important to note that Indra also audits its suppliers and subcontractors to guarantee the quality of the products and services supplied to its clients (see section 7.9).
- Internal audits: in 2022, the quality team completed 307 internal audits in addition to the audits carried out on business operations and those aimed at ensuring the quality and effectiveness of the Quality Management System processes.

### Product health and safety conditions

[GRI 417-1]

Indra guarantees the highest standards of quality and safety required by legislation and industry certifications (e.g. EASA, PECAL, IRIS), as well as those expected by its end clients. The company has also established the CE marking procedure, which informs users and competent authorities that the equipment placed on the market complies with the binding legislation regarding essential requirements, including the health and safety of products.

## 7.6 Client satisfaction

The Corporate Quality department is responsible for monitoring client satisfaction and reporting back internally to the company's governing bodies. To ensure that client feedback reaches these bodies correctly, the Corporate Quality department, which falls under Corporate Services and Media, is structurally independent of Indra's business lines.

The Corporate Quality department monitors the needs and opinions of clients through two main channels: the annual satisfaction survey, and the complaints and claims reported to project managers.

Taken together, these channels allow it to keep track of the main risks and opportunities arising from Indra's relationship with its clients, such as those relating to service quality, the quality of the Indra's customer service and the competitive context.

The information gathered from these two channels is presented to both the Sustainability Committee and the Board of Directors. Survey results and records of complaints and grievances are presented at least once a year.

In order for the necessary improvements to be made, the Corporate Quality department passes on the main conclusions arrived at as part of this process to Indra's operating units. The company has the following mechanisms for this:

- Feedback Committee: a body set up in Indra's Transport and Defence markets to monitor client satisfaction and propose initiatives for improvement. On the committee are representatives from Quality, Business Development for the Transport and Defence Markets, Legal, Management Control, Operations, Operations Transformation and Global Risks.
- Minsait committees: with Minsait's Operations division, with client complaints and claims monitored quarterly, and with Markets and Verticals, as milestones for the Annual Satisfaction Survey are reached.

### Complaints and claims management

[GRI 417-3] [GRI 418-1]

Indra has a clear process in place for dealing with complaints and claims made by its clients. This process is subject to various internal and external reviews and audits which verify its effectiveness. Being aware of clients' complaints and claims and how they are appropriately and effectively dealt with is essential to improve client satisfaction and the relationship with them, as well as the company's processes.

During 2022 the Quality Organisation received 32 complaints and claims, of which 78% were customer complaints and 22% were claims. 69% of all complaints and claims received were dealt with and closed in 2022 and the remainder are in the process of being managed.

### Implementing improvement measures

As part of the Client Experience framework, Indra continues to identify, analyse and implement improvements aimed at enhancing client relationships and increasing their loyalty and satisfaction, as well as improving processes and the quality of the products and services offered.

As part of this process of continual improvement, and as a result of the client feedback gathered from the satisfaction survey and in the form of complaints and claims, 2022 saw Indra introduce various improvements with a bearing on client satisfaction. These include:

- Holding regular meetings with important clients.
- Devising action plans for clients when deemed necessary.
- Setting up bodies to share insights on client experience, similar to the Feedback Committee in Regions.
- Introducing a quality scorecard for complaints/claims and nonconformities for the Traffic and Defence markets, which will be rolled out to Minsait at the beginning of 2023.
- Improvements to management reporting.
- Identifying and measuring the costs of quality and non-quality, and establishing an economic impact matrix that determines the correlation between origins/causes and effects/typologies based on the lifecycle of the product.

# 7.7 Information security, privacy and data protection

The company's annual double materiality assessment, described in more detail in Appendix 11.2 of this report, has identified information security and data privacy as the company's most significant sustainability topic. This reflects the critical nature of the information managed by the systems and technologies that Indra helps to implement, as well as how important it is to customers and end users.

As a result, Indra has developed a number of policies and procedures that govern cybersecurity and privacy within the company. Although the management systems for information security and data privacy themselves have been included in this section, it is worth noting that, as a general rule, Indra's undertakings in this area are covered in the company's Code of Ethics and Legal Compliance and Human Rights Policy. In this way, Indra recognises that for every one of the stakeholders with whom it interacts, data security and privacy is a fundamental human right, and the company therefore complies with its obligation to respect and defend these rights.

### Governance of information security and data protection

[GRI 418-1]

Critical cybersecurity incidents

**0**

Percentage of employees trained in information security and data protection

**95%**

Indra's objective is that all places and channels where information can be stored or transmitted from guarantee:

- Its confidentiality, ensuring that only authorised parties who need to have access – on a need-to-know-basis – can access the information, thus avoiding problems of leaks or unintentional deletions of sensitive information.
- Its integrity, ensuring information and the methods used to process it are accurate and complete, avoiding any potential unauthorised modifications.
- Its availability, ensuring that the authorised users can access the information and its associated assets when they need to, and guaranteeing access to the company's critical systems at all times by drawing up business continuity plans.
- That any alteration, loss or unauthorised processing or access of data of a personal nature is avoided.

> The long-term objective is to remain cyber resilient, ensuring that cybersecurity incidents do not have a critical impact on Indra

Indra has defined a global Security Governance Model that ensures the correct coordination and organisation in matters of Information Security. The Information Security Department is responsible for overseeing the implementation of the most effective controls and procedures that will help minimise the privacy and information security risk to which the company is exposed. On a regular basis, and at least once a year, the CISO (Chief Information Security Officer) and the DPO (Data Protection Officer) report to the Board's Auditing and Compliance Committee and to the Risk Coordination Unit, informing them of the performance of the controls and any potential incidents that have occurred during the financial year.

The reports made to these governing bodies allow information security and privacy risks, as one of the main risks identified by the company, to be monitored. The members of the Auditing and Compliance Committee have been appointed based on their experience in the management of financial and non-financial risk. Its president, Virginia Arce, for example, has extensive experience in the field of auditing, notably for companies in the Telecommunications, Media and Technology sector, where cybersecurity risks are a major concern.

### Information security management

Indra has developed an Information Security Management System, certified under the ISO 27001 standard and which covers the companies representing 93% of Indra's sales and which are located in Spain, Brazil, Mexico, Colombia, Peru, Italy, Portugal and the Philippines. The system is responsible for defining, implementing and improving controls and procedures to minimise and manage the risks in the company's internal processes, in its daily operations, in the development and execution of projects, programmes and services and in client management.

93% of Indra’s sales are via companies certified under the Information Security ISO 27001 standard

The Information Security Strategy is based on five fundamental principles:

- Governance of Information Security, ensuring the proper coordination and organisation of information security at all levels.
- The Regulatory Framework on Information Security, applicable to all the company’s markets and departments – as well as to all Indra’s companies, branches and subsidiaries – and compliance with which is mandatory for the entire Indra collective. The Information Security Policy, which is publicly available (together with the Privacy Policy), establishes the core principles for achieving the objectives related to confidentiality, availability and integrity.
- Awareness-raising and continued training on Information Security for all company employees. Indra also offers cybersecurity training to its suppliers following the findings of its audits.
- Technology and security controls designed to safeguard the confidentiality, integrity and availability of both information and resources.
- Audits and monitoring of compliance. Internal audits are carried out to complete security and network control processes, procedures to audit the technical vulnerabilities of platforms and applications, and processes to validate the security architecture prior to the connection of platforms to Indra’s network, as well as continuous monitoring processes. External audits are also completed to verify compliance with all applicable regulations and international standards, as well as with the requirements established in this regard by clients. For example, the audits completed by AENOR under the ISO 27001 standard, the financial audits, the audits of the Internal Control Over Financial Reporting (ICFR) and TIC audits. Additionally, Indra assesses a sample of 25 suppliers deemed critical to the company’s use of information. In the event that a flaw is identified in the data security management of these suppliers, Indra makes recommendations for improvement by referring to a Basic Guide to Cybersecurity, based on the principles and recommendations of INCIBE.[23] The company subsequently performs checks to ensure that the recommendations are being complied with, with any failure to comply potentially leading to the supplier being dropped or replaced.

In addition, to ensure that its information security management is sufficiently robust, Indra has an ISO 22301-compliant business contingency and continuity plan. Certification to ISO 22301 standards means that Indra has the necessary governance model, strategies and recovery solutions in place to deal with a variety of disruptive scenarios, such as cyberattacks, natural disasters, pandemics and armed conflicts. The business contingency and continuity plan is tested periodically. As part of the plan, which is governed by the company's internal regulations, various exercises were carried out in 2022 involving simulations of technical failures, malicious attacks, and other events that could threaten the continuity of Indra’s services.

To ensure the proper implementation of this strategy and guarantee the company's cyber resilience, Indra periodically tests (at least once every six months on average) its information security systems using:

- Cyber exercises, including targeted attacks, role-playing and simulations of security incidents, in order to prepare and increase the company’s defence and resilience capabilities in response to attacks or situations of imminent risk.
- Exchanges between the Red Team and Blue Team to evaluate the effectiveness of our capacity to respond to threats, based on tactics and techniques from the MITRE ATT&CK[24] methodology and international framework.
- Intrusion tests designed to identify possible security weaknesses.

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[23] Spain’s National Institute for Cybersecurity

[24] MITRE ATT&CK is a knowledge base that models cyber adversaries’ behaviour, reflecting the various phases in an attack lifecycle and the platforms known to be targeted.

## Data protection

Since 2010, Indra has had an Office for Privacy and Data Protection, and since 2017 the Privacy and Data Protection Policy has been adapted to the requirements of Regulation EU 679/2016 (GDPR). Additionally, the Code of Ethics and Legal Compliance, compliance with which is mandatory for Indra's employees and partners, includes aspects related to information security and protection.

The Privacy and Data Protection Policy, which is publicly available, establishes that data of a personal nature collected has to be appropriate, pertinent and not excessive, and collected for explicit and legitimate ends; identifies the channels facilitated by the company so that users can exercise their rights; describes the assumptions made by the company when processing personal information; and defines what type of personal data are considered to be sensitive.

Indra is a B2B company, so its treatment of the personal data of clients which represent the legal entities with which the company holds a commercial relationship allows for no other treatment and it is therefore not necessary to use personal data for secondary purposes. Also, in relation to the users who contact the company via its website, the legal advice on privacy recognises that the supply of information regarding products and services is the main purpose of the information collected, and this information is not used in any other way that could be considered a secondary purpose. This principle is further supported by the principle of "data minimisation" via which Indra only gathers the minimum and purely essential information to contact other companies. With this sole purpose, Indra maintains a register of website users who have contacted the company, storing only the minimum amount of information necessary (email and IP address and the contents of the consultation made) in accordance with applicable law. This information is not used for any other secondary purpose given that Indra's relationship with website users does not involve the provision of services, and therefore there are no cases where the transfer of this data to other service providers is requested.

The implementation and effectiveness of the privacy policy is reviewed as part of the audits for the UNE 19601 certification of the Legal Compliance System and the ISO 27001 certification of the Information Security Management System.

## Information security culture

In 2022, Indra continued its work to increase security awareness and culture within the company. To this end, in addition to the mandatory training for all staff on data security, personal data protection and data privacy described in the company's onboarding plan, a new mandatory course, based on the dos and don'ts associated with the most frequent security problems, will be run annually, and is intended to provide information on the most common risk situations for the company and the specific procedures to follow in the event that they occur.

In addition, a series of courses on security is available for all employees to voluntarily sign up to, allowing them to take the training that they deem necessary. This includes special courses on the National Security Scheme, Secure Development, Advanced Security, and Indra's Information Security and Privacy and Information Security Regulatory Framework policies, as well as access to other courses and materials on more specialised matters which are available for self-study. Similarly, in order to increase awareness at every level, special training on information security has also been provided to the Board of Director's Audit and Compliance Committee.

## Initiatives undertaken in 2022 to improve information security

In 2022, the company continued to roll out the Information Security Transformation Plan that it began in 2020. The following initiatives undertaken in 2022 in each of the five priority areas are particularly worthy of mention:

- Improvements to the security of operations: The company's operations were divided up, and security management procedures adapted and developed accordingly based on the operations' level of criticality and the requirements of clients and external auditors.
- Improvements to information security governance: Indra has worked to improve information security management across its operations by refining both the internal measures used by all companies belonging to the group, as well as those used by the suppliers and third parties that process information on Indra's behalf.

- Improvements to the security measures applied to key company processes: Improvements to tools providing information on the exposure of the public perimeter and security controls in multicloud environments, and the removal of insecure protocols for connecting to corporate systems, etc.
- Improvements to technology and the management and service model: Implementation of a zero trust security model, a device hardening system and a system for classified information based on the specifications made by Spain's National Cybersecurity Centre (CCN), and adapting of early detection tools for incidents and attacks to the MITRE ATT&CK methodology.
- Greater awareness and responsible use: Indra has been working on increasing employee awareness and encouraging more responsible use by carrying out cyber exercises and simulations of phishing attacks. This has led to increased resilience, according to measurements performed by Spain's National Institute for Cybersecurity (INCIBE).

### Complaints relating to privacy and action taken as a result

In 2022, Indra Sistemas S.A. was the subject of a privacy complaint, filed with the Catalan data protection authorities (Autoritat Catalana de Protecció de Dades), relating to a service performed for a client. The incident that led to the complaint was remedied within hours and did not involve the leaking of any sensitive data with a significant effect on individuals' privacy, nor did it involve any direct damage to the client or have an impact on the proper execution of the project.

In response to this complaint, Indra set in motion the procedures intended to be used in such cases, responding to requests from the relevant authorities in a timely and appropriate manner and reviewing its existing processes to ensure that they include response and prevention measures for avoiding this type of situation occurring. As a result of the complaint, Indra was fined €23,000, an amount that it has already paid.

Indra continues to implement measures in relation to data protection that ensure the security and proper provision of the services that it offers its clients.

## 7.8 Sustainable supply chain management

Indra is aware of the importance of its supply chain in meeting its objectives, both due to its international presence and the supply chain's importance and impact on the company's revenue. The Code of Ethics and Legal Compliance, and the Supplier Sustainability Policy approved by the Board of Directors, set out the principles that guide the company's procurement processes. These are included in the Procurement Terms and Conditions for all orders, which is available to view both on the Supplier Portal and the company website.

Indra's Procurement Department is tasked with setting the strategy and procedures for the procurement of services and products, as well as overseeing this process and ensuring that the strategic objectives established by the Board of Directors are met. One of the aims of the procurement strategy is to effectively incorporate environmental, social and governance (ESG) criteria into the company's supply chain management.

Principles of the Supplier Sustainability Policy for Suppliers

Indra's commitments to excellence in the supply chain:

- Transparency, ethics and compliance
- Independence
- Value generation and competitiveness
- Local impact (purchases from local suppliers)
- Reliability and efficiency

The aim is to secure the best suppliers via business procedures designed to ensure transparency and equality of conditions for all bidders.

Indra periodically identifies the suppliers that it deems most critical in terms of income generated, how essential the products/services provided are, associated risks and the extent to which the company is dependent on the supplier. Given the nature of its business, the most critical procurements for Indra as a whole are those related to the outsourcing of production, the purchase of equipment, and electrical and electronic components.

During the purchasing process, Indra ensures that a supplier risk assessment is carried out. The following risks in particular are gauged: credit risk, fraud risk, cybersecurity, ethics, ESG, human resources and tax risk.

The volume of purchases Indra makes from a given supplier is directly correlated to its local presence and the projects it carries out in these countries, and is consistent with its practice of encouraging partnerships with local suppliers.

By looking specifically at the ESG risks associated with suppliers, the company aims to determine the impact of its supply chain on sustainable development, as well as to identify any operational, legal or reputational risks that might arise from its cooperation with suppliers.

### Sustainable supply chain management

[GRI 308-1] [GRI 308-2] [GRI 407-1] [GRI-408-1] [GRI 409-1] [GRI 412-1] [GRI 414-1] [GRI 414-2]

It is Indra's responsibility to encourage its suppliers to improve their ethical, social and environmental performance. With this in mind, Indra has developed a management model for suppliers and incorporated ESG principles into every stage of the supplier management process.

In the supplier approval phase, an initial evaluation is carried out before the supplier is authorised to provide products or services to Indra. All suppliers must pass this stage without exception. Indra verifies that its suppliers are aligned with the company's policies, codes and operating principles. In order to receive approval, suppliers must meet the following criteria (listed in order of importance):

- ✓ Acceptance of Code of Ethics and Legal Compliance
- ✓ Compliance with applicable local law in supplier's country
- ✓ Evidence of a stable financial position and absence of credit risk
- ✓ Reputational risk
- ✓ Sustainability performance
- ✓ Civil liability (for certain contracts)

Indra requires its approved suppliers to comply with applicable local laws in relation to occupational risk prevention, as well as any associated legislation. The supplier undertakes to provide the required documentation to fulfil these obligations within the framework of the services provided.

In 2022, the Procurement Department began the process of introducing a global model for evaluating suppliers' sustainability performance which would be adapted to Indra's global presence and based on the ESG criteria. Suppliers are evaluated by measuring how well they perform in areas such as Climate Change risk management, Human Rights due diligence, talent management, and information security and privacy. In addition to this, critical suppliers must also provide evidence and documentation supporting their claims and attesting to their performance. The three bases on which suppliers are evaluated are their environmental (management policies and system, carbon footprint), social (Human Rights and employment practices) and governance (ethics and compliance, information security) standards.

By the end of 2022, 70% of Indra's critical suppliers had been evaluated using the company's sustainability criteria. Of these suppliers, 66% exceeded the level of sustainability considered adequate (scoring more than 51 points out of a possible 100).

Critical suppliers assessed using ESG criteria

**70%**

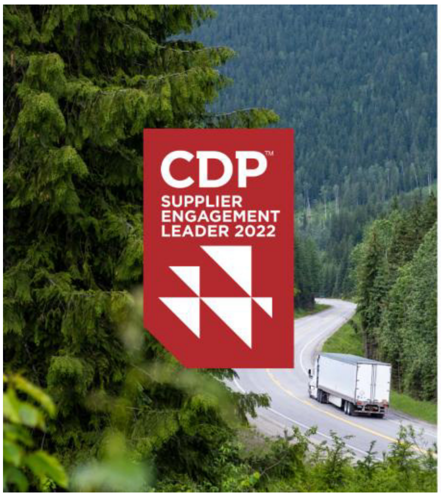
Volume of purchases in countries with a high sustainable development score

(SDG Index Score)

**97%**

The objective in carrying out an ESG evaluation of suppliers is not only to allow Indra to select those that perform best from a sustainability perspective, but also to motivate suppliers to improve their ESG performance, thereby increasing their competitiveness.

To determine the level of risk that the company assumes through its supply chain as a result of the local contexts in which its suppliers operate, Indra refers to the SDG Index Score[25], which uses indicators such as peace, prosperity, and care for people and the planet. Of the purchases Indra makes from direct suppliers, 97% come from countries with a high sustainable development score[26].



As **Supplier Engagement Leader** Indra works with its suppliers to extend environmental measures to its supply chain

The procurement process is periodically subjected to an internal audit. The recommendations and opportunities for improvement that emerge from these reviews are analysed and implemented, and their implementation is then periodically monitored to ensure the continual improvement of the company's processes. During the audits performed in 2022, no significant weaknesses were detected.

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[25] The SDG Index Score is a summary index developed by Bertelsmann Stiftung, the Sustainable Development Solutions Network and Cambridge University Press that measures each country's level of progress towards achieving the UN Sustainable Development Goals.

[26] A high SDG Index Score is a score of 70 points or more out of 100.

### Social and Human Rights requirements for suppliers

Indra promotes and defends the protection of Human Rights in its supply chain. Since 2017 it has required all of its approved suppliers to accept and comply with its Code of Ethics and Legal Compliance, which are included in the General Procurement Terms and Conditions.

The Code of Ethics and Legal Compliance reflects the company's commitment and what it requires its suppliers to respect: the International Declaration of Human Rights, the principles relating to the rights set out in the Declaration of the International Labour Organization and the principles of the United Nations Global Compact. In addition, compliance with Indra's Supplier Sustainability Policy, in place since 2021, is also mandatory for suppliers, and this policy forms part of the company's General Procurement Terms and Conditions.

Similarly, Indra has a Statement on Conflict Minerals, which sets out its commitment to not use minerals or components in its products that have been extracted from "conflict" mines. Thereby further strengthening its responsibility in the defence of Human Rights throughout its value chain.

In 2022, there were no incidents involving suppliers and the rights to freedom of association and collective bargaining or the use of child or forced/non-consensual labour, nor is there any record of complaints in this regard having been received. Moreover, no suppliers were identified as having a significant negative social impact.

In 2022, five suppliers were reported through the mechanism set up to handle complaints (the Direct Channel). All reports were investigated and there were no confirmed findings. For more information, see section 4.1.

### Carbon footprint training for suppliers

In 2022, the Environment team launched a series of training sessions on carbon footprint for certain critical suppliers in Spain selected for their emissions intensity. Over 100 suppliers were asked to attend, representing more than 15% of Indra's total emissions from purchases. The sessions focused on explaining the basic principles for calculating carbon footprint, the importance of monitoring $CO_2$ emissions, future regulatory requirements in this area, and how to record emissions through the platform that Indra has set up for its suppliers. Thanks to this initiative, the ESG and carbon footprint information on suppliers available to Indra has increased 143% for those suppliers who attended the sessions.

### Responsibility to suppliers

Indra is committed to the sustainability of its supply chain and developing production and the social fabric locally. The company is therefore mindful of the following when setting out terms:

- Ensuring that invoices are paid within an interval that does not extend beyond local legal limits, and that such payment terms are in no way abusive towards the supplier.
- Maintaining stable relationships with suppliers that provide them with visibility in terms of levels of cooperation into the long term, as well as financial and economic security.
- Working with local suppliers whenever possible.

### Supply chain: purchases from local suppliers

[GRI 204-1]

In 2022, €1,843 million worth of purchase orders were placed with more than 6,600 approved suppliers in over 87 countries.[27] By purchasing from local suppliers, Indra contributes to the development and growth of the business network in its local communities. In 2022, 77% of purchases were made through local suppliers – meaning that 85% of all approved suppliers were local. Suppliers are considered to be local when their country of origin (registered address) coincides with that of the purchaser. The high volumes of local purchases made by Indra are a driver of growth in the regions in which it operates, stimulating business growth and industrial and social development within these countries through the creation of jobs at the companies supplying products and services.

| | |
|---|---|
| Local suppliers (no.) | **85%** |
| SME suppliers in Spain | **71%** |

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[27] Supplier data covers 91% of Indra's total purchases and does not include purchases made by companies that do not use the corporate procurement model, such as Indra Navia, Avitech and Indra USA, although Avitech is expected to be incorporated in 2023.

# 8 Society and commitment to local communities

## 8.1 Social investment and volunteering

[GRI 203-1] [GRI 203-2] [GRI 413-1]

Investment in social projects

**€1.3 million**

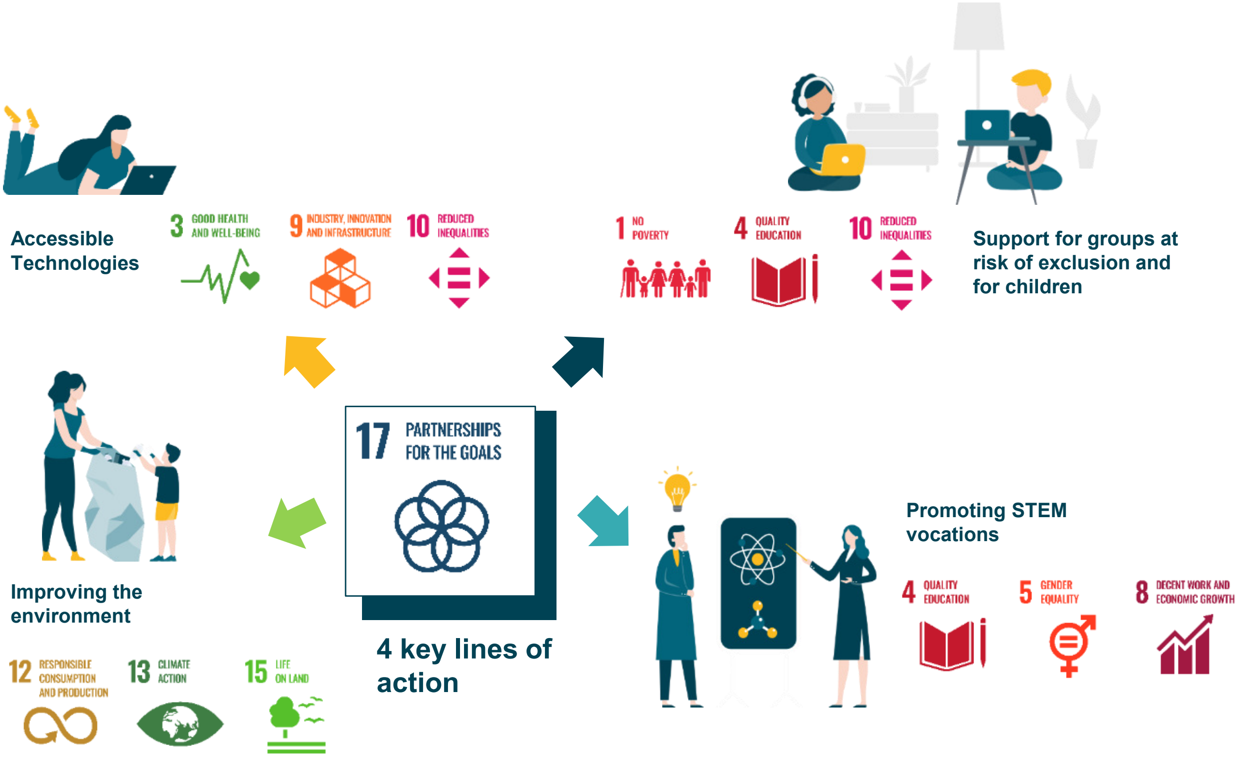
Volunteers (no.)

**+900**

Indra is committed to making a meaningful contribution to the socio-economic development of the communities where it operates. It therefore believes that contributing to the sustainability of the communities where it operates forms part of the company's responsibility and long-term value creation aims for all its stakeholders. At the same time, Indra firmly believes that, to maximise the positive impact it has on its local communities, it must focus its support for social causes through initiatives that are closely linked to its core business and to areas in which the company is most skilled: promoting knowledge and innovation.

In 2022, Indra's investment in social action shrank 26% compared to 2021, as a result of allocating more funds to hiring through Special Employment Centres and the increased amount of people with disabilities forming part of the company's workforce – in line with the General Act on the Rights of Persons with Disability.

Indra champions a variety of initiatives – direct donations, accessible technology projects and corporate volunteering – that all form part of four key lines of action: Accessible technology, improving the environment, promotion of STEM careers and support to groups at risk of exclusion and to children. These key lines of action for social initiatives take on a different form in each of the countries where Indra operates and are also tailored to the specific needs of each region's local community. Appendix 11.6 to this report details the main social impact initiatives undertaken by country.



### Developing accessible technologies

As a technology company, Indra understands that it has a significant capacity both to resolve the problems encountered by people with disabilities through the use of technology and to reduce the digital gap in accessing technology and the services that may be associated with this group. In 2022, as well as promoting inclusive technology, Indra spearheaded, together with the FDI Foundation and HandsOn Spain, the second call for the entrepreneurship platform Ventures4inclusión which is open to innovative tech-based projects presented by people with disabilities and charitable organisations and designed to help this collective access the jobs market.

### Promoting STEM careers

Many of the markets where Indra operates are suffering from a shortage of professionals with STEM qualifications and skills, areas that are key to the company's business. The company therefore believes that promoting STEM careers will not only benefit the communities where it operates, but also the company's long-term interests by ensuring the future availability of qualified professionals in these fields.

As such, Indra aims to promote the presence of women with disabilities in STEM positions, collaborating once again in the third edition of the RADIA initiative. Currently only one out of every six employed ICT specialists is a woman. In addition, having a disability only makes it even more difficult for women to enter higher education and find employment. This is why the RADIA initiative seeks to offer training and employment that includes more women with disabilities in the digital sector, recognising both the value of their contribution and their talent, factors which are key to building an inclusive, competitive and dynamic digital society.

### Improving the environment

Indra is committed to protecting the environment and contributing to the fight against Climate Change. It is therefore important for the company to take action that can partially offset its environmental impacts, while at the same time help it to improve its employee relations and their pride in being a part of the company.

Indra engages in volunteer work that as well as helping to conserve and restore the ecosystem also helps to integrate people at risk of social exclusion. In 2022, in collaboration with Fundación FDI (*Fundación para el Fomento del Desarrollo y la Integración*) the company took part in an initiative to repopulate forests across Spain. The initiative saw close to 280 Indra employees volunteer and join forces with over 200 people with learning disabilities from ten social organisations across various provinces and with conservation specialists to take part in the project.

### Supporting groups in danger of exclusion and children

Access to and demand for technology is heavily dependent on an individual's socio-economic profile. The greater the level of development, the greater the demand for technology. As such, Indra firmly believes that supporting socio-economic development and eliminating any kind of risk of social exclusion benefits both the community and the company itself.

Together with the Red Cross, Indra works to support primary and secondary school children in Spain in their learning and homework to reduce the risk of social exclusion and help secure them a more successful future.

Indra has also strengthened its social commitment by collaborating with the CEOE Foundation in its Sustainable Digitalisation campaign and providing the Labdoo non-profit with laptops.

## Employee participation in social initiatives

Indra is a socially responsible company committed to sustainable development, which helps to encourage, channel and expand the positive impact of its employees, clients and collaborators on the planet and on individuals.

In 2022, Indra continued to encourage its employees to participate in various social initiatives designed to help the most vulnerable groups. These initiatives took a variety of forms, including: *Charity food delivery,* delivering food at Christmas to more than 60 families and people belonging to vulnerable groups and attending soup kitchens; supporting those affected by the eruption of the La Palma volcano with Red Cross and supporting those affected by the war in Ukraine with World Central Kitchen.

### Volunteering in 2022

- ✓ More than 5,400 volunteer hours
- ✓ 10,600 direct beneficiaries and more than 51,000 indirect beneficiaries
- ✓ More than 40 collaborating entities

# 9 Stakeholder relations

[GRI 2-29]

## 9.1 Commitments and communication channels with stakeholders

Via its Sustainability Policy, Indra commits to certain fundamental principles that govern the way it conducts its relations with the company's stakeholders.

| Stakeholder | Summary of the policy undertaking made | Section of the report in which it is described |
|---|---|---|
| **Shareholders and investors** | Guarantee shareholder rights.<br>Guarantee representation of the interest of all shareholders.<br>Ensure diversity in governing bodies. | 3.2 Business model and strategy<br>9.2 Shareholders and investors |
| **Clients** | Guarantee security and the highest standards of quality.<br>Manage projects responsibly.<br>Facilitate communications with the company's clients.<br>Guarantee data protection. | 7.8 Information security, privacy and data protection<br>7.6 Design and manufacture of products and services in line with ESG criteria |
| **Professionals** | Promote creativity and innovation.<br>Integrate employees into the workforce and supporting their development.<br>Promote employment stability.<br>Actively champion health, safety and well-being.<br>Broaden the channels of communication with employees.<br>Guarantee the rights of social dialogue and collective bargaining. | 6 People and talent<br>9.1 Commitments and communication channels with stakeholders |
| **Suppliers** | Integrate principles of responsibility and sustainability into supply chain management.<br>Maintain standards of respect for Human Rights.<br>Treat suppliers fairly and impartially and encourage local contracting.<br>Apply due diligence processes in relation to third parties. | 4.2 Guiding principles on Business and Human Rights<br>7.9 Sustainable supply chain management |
| **Local communities** | Develop solutions that benefit the development of a more integrated society.<br>Promote STEM careers.<br>Encourage employee participation.<br>Develop fiscal activities within a framework of ethics, transparency and integrity. | 3.2 Business model and strategy<br>4.3 Responsible taxation<br>6.2 Attracting talent<br>8.1 Social investment and volunteering |
| **Foundations and society in general** | Undertake a commitment to combat Climate Change.<br>Minimise environmental impact of facilities, operations, solutions and services.<br>Incorporate principles of the circular economy.<br>Collaborate on social action programmes for the benefit of society as a whole. | 5 The planet and Climate Change<br>9.3 Associations and foundations |

| Stakeholder | Summary of the policy undertaking made | Section of the report in which it is described |
|---|---|---|
| **Entrepreneurial ecosystem** | Promote in-house entrepreneurship to foster the generation of innovative ideas.<br>Create entrepreneurship platforms for vulnerable groups, providing them with the tools they need to help facilitate their integration.<br>Reduce the digital gap for accessing technology and services. | 7.4 Sustainability-focused innovation<br>11.6 Table of sustainability indicators – Society – Social and accessible technology initiatives |
| **Universities and research centres** | Drive innovation in response to current and future sustainability-related challenges.<br>Work on research projects in the field of accessible technology and using technology to drive social integration.<br>Fast-track the development of highly specialist tech profiles. | 7.4 Sustainability-focused innovation<br>11.6 Table of sustainability indicators – Society – Social and accessible technology initiatives<br>6.2 Attracting talent |

### Communication channels with stakeholders

Indra provides its stakeholders with various communication, participation and dialogue channels which are continuously reviewed and updated.

| | |
|---|---|
| Shareholders and investors | 🤝 👤 ☎ 📄 🖱 🔗 |
| Clients | 🤝 ♥ ☎ 🖱 🔗 |
| Professionals | 🤝 👤 ♥ ☎ 📄 🖱 🔗 |
| Suppliers | 🤝 ♥ ☎ 🖱 |
| Local communities | 🤝 🖱 🔗 |
| Foundations and Society in general | 🤝 🖱 🔗 |
| Entrepreneurship ecosystem | 🤝 👤 🖱 🔗 |
| Universities and training centers | 🤝 🖱 🔗 |
| Regulator and authorities | 🤝 👤 🖱 |
| Media | 🤝 📄 🖱 🔗 |

**Legend**

🤝 Direct relation
👤 Specific events or events
♥ Satisfaction surveys
☎ Channel for communications or complaints
📄 Specific publications
🖱 Indra and Minsait websites
🔗 Social and professional networks

## 9.2 Shareholders and investors

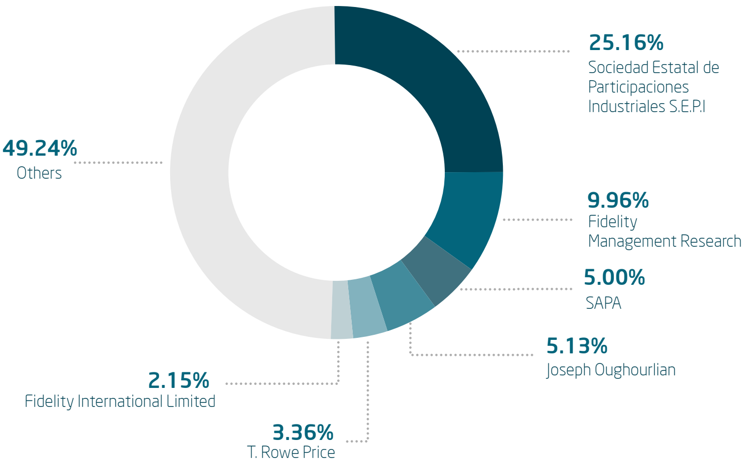
### Ownership structure

[GRI 2-9]

The ordinary shares have been listed on the Continuous Market since 23 March 1999 within the Communications and Information Services industry and the Electronics and Software sub-sector.

Since 1 July 1999 Indra has also formed part of the IBEX 35 selective index, which includes the leading 35 companies in the Spanish securities market in terms of market capitalisation and liquidity.

The shareholders in the graph below have a holding of more than 3% registered on the CNMV's official site at the end of 2022.



*Source: Indra corporate website, data updated to 31/12/2022. With regard to the position of Mr. Joseph Oughourlian, it should be noted that 3.24% of his stake is held directly by Amber Capital Investment Management ICAV - Amber Global Opportunities Fund, which is a fund managed by Amber Capital UK LLP, which has the discretion to exercise voting rights. The remaining interest (1.89% of the share capital) is held by other funds managed by the Amber management companies.*

On 22 February 2022 the Cabinet announced its decision to allow SEPI to acquire an additional 10% of Indra's capital and thereby take its stake up to 28%. In its notification to the CNMV, SEPI stated that its decision was a response to the State's commitment to the company, which had taken on particularly important challenges relating to the national interest (FCAS) and the interests of the country's closest allies, and was also aimed at providing the company with shareholder stability.

On 16 September 2022, the Council of Ministers announced that it was granting authorisation for joint foreign investment in the Spanish company Indra Sistemas, S.A. from the companies Amber Capital UK, LLP (United Kingdom) and Amber Capital Italia SGR, S.P.A. (Italy), up to a joint total holding, either in shares or other financial instruments representing shares in the said company in the form of underlying value, amounting to 9.99% of the share capital.

### Shareholder rights

As set out in the Regulations governing the General Shareholders' Meeting, Indra's relations with its shareholders are founded on principles of equal treatment among shareholders, transparency and the continuous provision of comprehensive information.

Under Article 12 of the Regulations, each share entitles the holder to one vote, and the resolutions proposed at the General Shareholders' Meeting are adopted by a simple majority of votes, except where the Law requires a specific majority.

Under the terms of Article 3 bis of the Regulations and Article 519 of the Spanish Companies Act, any shareholder representing at least 3% of the company's share capital may ask for an item to be included in the Meeting's agenda, or submit proposals on items already in the Meeting's agenda.

As a way of encouraging shareholder participation, before convening a Meeting, Indra sends out a notice to all of the company's shareholders, inviting them to submit proposals for items to be included in the Meeting's agenda.

The rights of shareholders to participate in the General Shareholders' Meeting are explained in the company's internal regulations, as well as in the notice in which each General Shareholders' Meeting is convened.

The two basic channels through which shareholders can access information are the company website, particularly the Shareholders and Investors section, and the Shareholders' Office. Under the Shareholders and Investors section, the sub-section relating to Corporate Governance includes comprehensive information on the company's General Shareholders' Meetings, including ways in which shareholders can take part, the agenda and the results of any votes taken. In addition, as a measure designed to increase transparency for shareholders and the various shareholder groups, every General Shareholders' Meeting is broadcast live on the Indra website. Once the Meeting has ended, a recording of the session is also made publicly available on the Indra website. In addition, while every General Shareholders' Meeting is being held, the Shareholders' Office remains open to shareholders as a point of access between them and the company.

### Relationship model

The Board of Directors is responsible for overseeing the information provided to shareholders, institutional investors and the various stakeholders at the highest level. It is also responsible for maintaining contact and communications with all of these groups, ensuring, protecting and facilitating the exercise of their rights and interests within the framework of defending the Company's interests, all in accordance with the following general principles: i) Transparency and veracity of information; ii) Equality of treatment in the distribution of information; iii) A guarantee that information can be accessed by all target audiences via the use of adequate information vehicles; iv) Compliance with the provisions set out in Law, the Company's internal regulations and the recommendations relating to Corporate Governance, along with the principles of cooperation and transparency with the authorities, regulatory bodies and competent administrative bodies.

In accordance with Recommendation 4 of the Code of Good Governance for Listed Companies, the company has a policy for communicating with shareholders, institutional investors, proxy advisors and other stakeholders, and criteria for reporting financial data, non-financial data and corporate information.

Most notably, the policy regulates the various channels for communicating with and informing the public and the markets in general, the main channels being:

- The General Shareholders' Meeting is the main way in which Indra's shareholders can participate.
- Communication with the CNMV (Spanish Securities Markets Commission) and other regulatory bodies to notify the market of any information that is classified as privileged or relevant under the legislation in force.
- The company website is the main channel used by the company to communicate with and inform its shareholders, institutional investors, proxy advisors and the markets in general.
- Regular informative meetings (roadshows) with shareholders, institutional investors and proxy advisors.
- Conference calls and webcasts via which Indra presents its quarterly results to investors and analysts.
- Shareholders' office: channel available to all shareholders to answer their questions and offer any other information they may require.
- Investor magazine: a digital means of communication specifically aimed at minority shareholders.
- Widely accepted and broadly distributed traditional media outlets and social media networks that are present and followed in the European Union. This distribution is carried out adhering to the recommendations and criteria set out by the CNMV for this matter.

## 9.3 Associations and foundations

[GRI 2-28] [GRI 415-1]

Indra works with a large number of associations and foundations, with a view to achieving a broad range of goals, including:

- Further develop the company's political, economic and social intelligence
- Increase the company's external visibility, improving its positioning and protecting and enhancing its reputation
- Apply Indra's focus on open innovation through the development of innovation-based projects
- Work on social action programmes to benefit the local communities where the company operates.

In some cases, the legal remit of the associations and foundations that Indra collaborates with, includes the power to consult with State bodies with regard to the public policies implemented by government (such as, for example, the Spanish Chamber of Commerce). Any actions that may result in influence from a company such as Indra being applied through these institutions, is therefore governed by law. These associations and foundations are the only intermediary to the regulator, outside of the company itself.

Indra is not aware of having collaborated with any type of organisation whose objective could be understood to be political influence and has therefore made no contribution to lobbying or representation of interests, organisations or similar; to political campaigns, organisations or candidates; or any other expense associated with political influence.

When Indra enters into agreements with different kinds of associations or engages in direct contact with governments or their representatives abroad, it is careful to ensure that their lobbying activities conform to the same principles of cooperation and transparency that are set out in Indra's own Code of Ethics and Legal Compliance.

The Code of Ethics and Legal Compliance sets out the following obligations for Indra's employees in this regard:

- The prohibition of donations to political parties: the Code of Ethics and Legal Compliance prohibits any direct or indirect financing of political parties, their representatives or candidates.
- The prohibition of facilitating payments and restrictions on corporate hospitality: under the appendix on corporate hospitality, the Code of Ethics and Legal Compliance prohibits so called facilitating payments and limits the conditions and amounts in which Indra employees are allowed to offer business gifts to public officials.
- As the Code of Ethics and Legal Compliance sets out, Indra's internal procedures and processes include certain additional control measures relating to the engagement of politically exposed persons, given the greater risk of bribery and corruption to which these kinds of relations are subject. Indra is committed to complying with the legislation in force regarding transparency of lobbying activities.

The table of non-financial indicators in the appendix to this report includes the breakdown of the total contributions to associations and foundations.

In 2022, Indra maintained collaborative relationships with associations in the general sphere and its own sector or linked to lobbying and dialogue. The most relevant are listed below:

| Transport and Defence | |
|---|---|
| AED – Aeronautics, Space and Defence Cluster<br>UNIFE - European Rail Supply Industry Association<br>ALAMYS - Latin American Metro and Subway Association<br>ASD – Aerospace and Defence Industries Association of Europe<br>CANSO – Civil Air Navigation Services Organisation | EOS – European Organisation for Security<br>Eurocae<br>ITS Spain - New Technologies in Transport Forum<br>MAFEX - Spanish Railway Association<br>TEDAE - Spanish Association of Defence Technologies, Security, Aeronautics and Space<br>UITP – International Association of Public Transport |
| **Information Technology** | |
| ABES - Brazilian Association of Software Companies<br>AMITI – Mexican Association of Information Technologies Industry | AEC - Spanish Association of Consulting Companies<br>ENERTIC Platform - Platform for ICT companies for the improvement of energy efficiency |
| **Innovation and Sustainability** | |
| AEC - Spanish Quality Association<br>Global Compact<br>Forética | Spanish Platform for Climate Action<br>OECC - Spanish Climate Change Office<br>Ellen Mac Arthur Foundation |
| **Foundations and associations devoted to forming relationships with foreign states** | |
| Spain-Australia Council Foundation<br>Spain-Brazil Council Foundation<br>Spain-China Council Foundation<br>Spain-Colombia Council Foundation | Spain-USA Council Foundation<br>Spain-India Council Foundation<br>Spain-Peru Council Foundation<br>Fundación Iberoamericana Empresarial |

In 2022, Indra contributed a total of €1,557,231 (€1,717,605 in 2021) to associations and organisations associated with political and institutional lobbying. The most significant of these contributions are listed below:

| Most significant contributions (not an exhaustive list) | | | |
|---|---|---|---|
| ASD – European, Aerospace and Security Association | 78,746 | AEC – Spanish Association for Consulting Companies | 43,600 |
| TEDAE – Spanish Organization for Aerospace and Defence | 76,188 | Spanish Chamber of Commerce | 65,000 |
| EOS – European Organization for Security | 14,520 | Confederation of Employers and Industries of Spain (CEOE) | 25,000 |
| UITP – International Association of Public Transport | 24,950 | | |
| UNIFE - European Rail Supply Industry | 13,390 | | |

In short, the company's public lobbying activities are directed towards supporting its business interests, stressing the importance of investment in innovation and its potential to contribute to economic and social development, and highlighting the impact of the company's products and services on society, on people and, therefore, on the pursuit of the Sustainable Development Goals (SDGs). In this way, the company showcases the positive effects of innovation and technology and their potential to make a contribution in a range of areas such as energy, health, education, financial inclusion, access to essential resources such as water, sustainable mobility, security and defence, combatting Climate Change through solutions aimed both at adapting and mitigating its effects, improving the way in which public administrations operate, and promoting and consolidating democratic societies through transparent election processes that are in line with international standards. Indra therefore legitimately promotes its commercial interests within the limits imposed by the company's Code of Ethics and Legal Compliance.

## 9.4 ESG indices and analysts

In 2022, and for a second consecutive year, Indra was named the global leader of the IT Services sector, after achieving the highest score on the Dow Jones Sustainability World Index (DJSI). The company leads the ranking in terms of social criteria, achieving the sector's maximum score in innovation, privacy, social and environmental reporting, workplace practices, attracting talent, climate strategy, institutional relations, fiscal strategy and corporate citizenship.

After being included in the index for 17 uninterrupted years, maintaining the highest position for the second year running is the ultimate recognition of Indra's commitment to improving its financial, social and environmental performance, using technology to make its contribution to the 2030 Agenda and increasing the positive impact that it has on people and on the planet. These results are testament to the continued effort made by the company to place sustainability at the heart of its stated mission and strategy.

2022 also saw Indra rated an A-List company in the fight against Climate Change by *Carbon Disclosure Project* (CDP). A classification that easily outstrips the sector average (C). This is true recognition of the company's environmental strategy which is fully integrated into its management of Climate Change risks and opportunities. Indra also obtained the highest rating for areas such as its governance model for climate-related issues, emissions reduction targets and its carbon footprint.

Other indices such the FTSE4Good and the MSCI-ESG rating agency have also recognised Indra's practices in matters of sustainability as far superior to the sector average.

In fact, in 2022, Sustainalytics lowered Indra's ESG risk rating, with the company remaining in a low-risk category (12.9), a level that places it in percentile 3 for the Software and Services sector and percentile 4 for the IT Consulting sub-sector.

In 2022, Indra was also included in the Bloomberg Gender Equality Index for a third consecutive year, and it was also certified once again as a Top Employer along with Minsait. These acknowledgements recognise the good practices of Indra and Minsait in talent management, especially the group's commitment to gender equality.

## Prominent presence in major ESG indices

### No. 1 in the industry in DJSI World in 2021 and 2022

**89 points overall rating**

In 2022 Indra is for the **second consecutive year the leader in the IT Services sector**, achieving the best score in the sector in the economic and governance dimension, obtaining the **highest possible score** (100 points) in the criteria that value **lobbying** practices, **fiscal** strategy, **innovation**, **environmental** reporting and **social** reporting.

### AA sector rating on MSCI-ESG

**AA Rating**

MSCI-ESG has awarded Indra an AA rating. This is the **second best score awarded by this index**, which shows the company's efforts in terms of sustainability and transparency. Above-average performance in ethics and fiscal transparency stand out.

### Top 11% of the sector on Ftse4Good

**4.2 overall rating points**

Indra has the **highest possible rating** in the **Climate Change**, **labour standards and supply chain** categories, and in the **Governance pillar** (risk management, corporate governance and anti-corruption).

## Participation in specific social and environmental assessments

### Advanced level of reporting to the Global Compact

Indra has been a member of the Global Compact **since 2004** and annually reports progress on the Compact's 10 principles using the "advanced" format.

### Member of the Bloomberg Gender Equality Index

Indra is one of only 18 Spanish companies that form part of the **Bloomberg Gender-Equality Index** (GEI). This index distinguishes companies that stand out with respect to the promotion of equality and the transparency of reported data.

### Top Employer company

**Top Employer Institute** has recognised Indra and Minsait as two of the best companies to work for in Spain for the third consecutive year.

Indra's **emission reduction targets** are set according to the Science Based Target Initiative methodology with ambition **1.5ºC** and have been formally approved in 2021.

The company has received an **A List** rating for its 2022 **Climate Change** strategy, which means it is recognised as a leading company in the fight against Climate Change.

Indra has a **low ESG risk** rating according to Sustainalytics.

# 10 Financial and non-financial risk management

The risk factors which affect Indra depend on the countries where it carries out its activities and the nature of the sectors in which it operates. Indra aims to identify and evaluate the risks so that it can introduce measures far enough in advance in order to mitigate the probability of these risks actually materialising and/or having a potential impact on its business objectives.

The main risks that affect Indra implementing its strategy are outlined in section 8 of the Management Report.

### Risk management policies and procedures

Indra's Risk Management and Control System is a process advocated by the Board of Directors and Senior Management, the responsibility of which falls upon each and every member of the company. The purpose of the system is to provide reasonable certainty regarding the achievement of the established objectives.

The Risk Management System, externally certified under the ISO 31000 standard, places a special focus on ESG risk assessment

In 2022 Indra renewed its Risk Management certification with AENOR under the ISO 31000 standard. This highlights that the company's Risk Control and Management System is compliant with the principles, processes and best practices in terms of governance and accredits the effective integration of risk management across the group's operations, with the special consideration of non-financial aspects related to its performance in matters of ESG and Climate Change in the internal and external risk factor management process.

### Risk Management Process

Definition of effective risk information flows. The objectives are to ensure that key issues are known, appropriate decision making is made and stakeholder expectations are met

Continuous monitoring of risks by means of tools to assess their evolution

Identification of internal and external events affecting the company's objectives

Identification of the possible causes and consequences of risks in terms of probability of occurrence and impact

Selection of possible responses by the company's management

Definition of actions to align risks with the company's risk acceptance and risk tolerances

This certification is valid for three years, with annual audits ensuring that the key elements of the system are effectively in place, and that the company continues to strive to make continual progress and improvements. This allows Indra to demonstrate its commitment to sustainability and further strengthen its resilience, as continually identifying and managing threats and opportunities places the company in a privileged position regarding the challenges faced in an increasingly competitive and ever-changing global environment.

In terms of adapting to an ever-changing world, Indra regularly updates its Risk Management and Control Policy, which was approved by the Board of Directors in 2016. The last review was conducted in 2022 and is available on the website. In addition to the Policy, Indra also has policies and procedures in places for its main processes. These are also reviewed and regularly updated to ensure compliance with the legislation in force and the best risk management practices.

Indra’s Global Risks Unit has a Risk Management Manual which outlines the processes for the company’s risk identification and management. The main procedures for Indra’s risk management include:

- Risk Management and Control Policy
- Risk Management Manual and procedures
- Risk management criteria
- Code of Ethics and Legal Compliance
- Criminal Risk Prevention Programme
- Competition Risk Prevention Programme
- Policies and procedures for Business Continuity, Information Security and Privacy Protection
- Occupational Risk Management System Prevention Programme
- Human Resources Policies
- Tax Policy
- Indra Project Management and Project Risk Management Method
- Procurement Policies and Procedures
- Sustainability Policy
- Human Rights Policy
- Diversity Policy
- Director Remuneration Policy
- Environmental Policy
- Position on Climate Change
- Energy Policy
- Statement on “Conflict Minerals”
- Tendering Committee Regulations

For further information on the description of the risks and the Risk Management and Control System, please see section 8 of the Management Report and section E of the Annual Corporate Governance Report, both of which are available on the company website.

### Three-pronged risk management model

**First line**
Operational management

All Indra professionals.
They must identify, assess, manage and report on the risks in the processes for which they are responsible.

**Second line**
Global risksManagement controlLegal adviceQuality and production auditing

Areas related to Indra's internal control and risk management system. They facilitate and supervise the management and reporting of risks by the operational management units.

**Third line**
Internal Audit
Compliance Unit

Internal audit management.
Provides reasonable assurance on the proper functioning of the internal control and risk management system. Audits the first and second line of defence.

**Report to the Management Committee***

**Reporting to the Board of Directors and the Audit and Compliance Committee**

*Except for the Global Risk Unit, which reports directly to the Board of Directors and the Audit and Compliance Committee

**External assurance**
External auditors, regulators and supervisors, among others

### Integration of risk management culture

Based on the framework set out in the COSO Report entitled Enterprise Risk Management, Integrating with Strategy and Performance (ERM 2017)[28], which particularly stresses the importance of culture and the principled approach, Indra integrates risk management concepts within its culture based on the following principles:

- Identifying, assessing, monitoring and reporting risks: Indra's Global Risks Unit involves the company's various operational and corporate units in the regular (at least once a year) review and update of the catalogue and map of the company's risks. The company identifies its global risks through specific analysis of recognised sources, internal documents and interviews with key employees. It also regularly monitors risks and mitigation actions and, as with the Risk Map, reports its findings to the Auditing and Compliance Committee in the interests of its risk supervisory obligations. Additionally, Indra has formal committees for identifying risks. These allow employees to proactively identify and report potential risks as soon as a project enters the bidding stage. These risks are documented in the corporate tools. Indra has management tools that enable the company to identify, quantify and propose measures to mitigate risks throughout the entire lifecycle of a project. Finally, monitoring committees are set up to identify and analyse risks related to the company's operations.
- Disclosure and training: the company's key values (set out in the definition of its culture) are actively notified to all Indra employees via the various channels at the company's disposal, including the onboarding courses for new recruits and the company's intranet. In 2022, the Global Risks Unit has carried out culture initiatives by updating its risk management criteria and distributing the risk map and the risk functions to the Steering Committees and the Senior Management of the main geographies where the company operates, such as Italy, Brazil, Chile, Colombia, Mexico and Peru. As part of the annual process to update Indra's Training Plan, the company identifies training requirements, including those that may be associated with risk management. In 2022, via its Training Plan Indra developed specific training to target important areas such as people management, occupational risk prevention, cybersecurity, project management and the management of tenders, tax management, ethics and compliance. Via these courses, the company controls risk such as talent retention, health and safety, information security and privacy, compliance with project milestones, fiscal compliance, competition and corruption and bribery.
- Screening and performance assessments: the professional profiles of the positions at Indra (particularly in the case of the management team) and annual performance assessments are based on the company's key values and incorporate the principles of risk management.
- Remuneration and financial incentives: the company's remuneration system is aligned with risk management principles. At the highest level of the organisation, decisions on the remuneration of Indra's executive directors and senior management incorporate the necessary precautions to avoid assuming excessive risks and rewarding unfavourable management results, as reflected in the Remuneration Policy. The variable remuneration paid to the heads of departments that manage company risk (e.g. the departments of compliance, prevention of occupational risk, information security, etc.) is dependent upon the proper management, disclosure and integration of risks throughout the whole company.

Section 7.5 of this report describes the measures taken to integrate risk management into the products and services offered by the company.

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[28] COSO (Committee of Sponsoring Organizations of the Treadway) is a voluntary committee comprising representatives of five private-sector organisations in the US to give intellectual leadership to three interrelated themes: corporate risk management (ERM), internal control and the deterrence of fraud.

## Emerging risks

As part of the risk-management cycle described above, Indra includes a timeline that allows it to identify, assess and manage any risks that may have an impact on the business over the medium or long term and that may require specific mitigation or response measures.

As an example of these emerging risks identified by Indra, two particularly worthy of note are the difficulty the EU is facing to bring down inflation, and the geopolitical polarisation caused by the conflict in Ukraine and the reversal of globalisation that this has caused.

### High inflation in Europe over a prolonged period

**Description**

A total of 67% of the company's revenue comes from Europe (50% from Spain). In 2022, the region was particularly affected by the high level of inflation that came with the gradual shift to post-Covid economic recovery beginning as early as the end of 2021. This was then aggravated by the energy crisis triggered by Russia's invasion of Ukraine in 2022, which spread to the economy as a whole thanks to higher industrial and transportation costs. Although the general trend since July 2022 has been for inflation to fall, inflation in Spain remains at levels not seen since 1992. In addition to which, the European Central Bank’s use of monetary policies to curb inflation by raising interest rates are increasing the cost of debt and serving to encourage investments and discourage spending in the economy. Although the impact of all this has at least been partially mitigated in 2022 by circumstances such as fixed rates on debt and salaries remaining stable, if high inflation persists, it will end up having an effect on the company's financial and personnel costs once it has to carry out its annual salary reviews and review its debt and financing structure and agreements. The risk is therefore that high inflation and interest rates will persist over a prolonged period or be compounded by a slowdown in economic activity.

**Impact on Indra**

Indra is exposed to this risk as a result of its strong presence in Europe, and particularly in Spain. Its intensive use of talent (and the associated risk of wage inflation) also play a role, as does the need for investment in its Transport and Defence and Information Technology businesses in order to retain a technological edge. If Indra fails to pass this inflation in costs on to its customers, it would result in lower profitability and less capacity to invest. Moreover, measures such as wage restraint could lead to increased employee turnover and a loss of productivity. Finally, if higher interest rates are sustained over a longer period, this will have an effect on the cost of the company’s debt. In short, persistent inflation could affect Indra’s capacity to innovate and have an impact on ongoing and future projects, the quality of its products and services and, more generally, the company's competitiveness.

**Mitigating measures**

On the whole, the policies aimed at improving operational efficiency that Indra has been implementing in recent years (such as Minsait's Operational Transformation Plan, Margin Boost in Transport and Defence, Lean Making and automated testing) should make it possible to absorb part of the cost increases associated with inflation. However, the company has plans to adopt special measures if the risk persists over time, such as:

- Continuing with its strategy to optimise the cost of its debt through diversification.
- Introducing wage restraint measures, to be compensated for by other, non-monetary benefits connected with flexibility and work-life balance in order to mitigate any impact on employee turnover.
- Distributing the workload more evenly among the different countries in which Indra operates by offshoring more of its production to locations where inflation has been lower and which offer a cost advantage over Europe.

## Geopolitical polarisation and its reversal of globalisation

### Description

More than a year into Russia's invasion of Ukraine and with no near-term resolution in sight, there is a risk of the conflict persisting and becoming endemic. The sanctions imposed by the EU and other Western countries continue to escalate. Russia's isolation from the West is prompting it to strengthen its ties with other countries, such as China. This could lead to the formation of two opposing blocs that do not see eye to eye geopolitically, and result in an escalation of the conflict in commercial, economic or military terms. It is in this context that countries have become increasingly concerned with assuring their independence and sovereignty in areas such as energy, raw materials, technology and industry. Problems affecting the energy market, global supply chains, and barriers to export (due to increased protectionism) could be aggravated and become persistent.

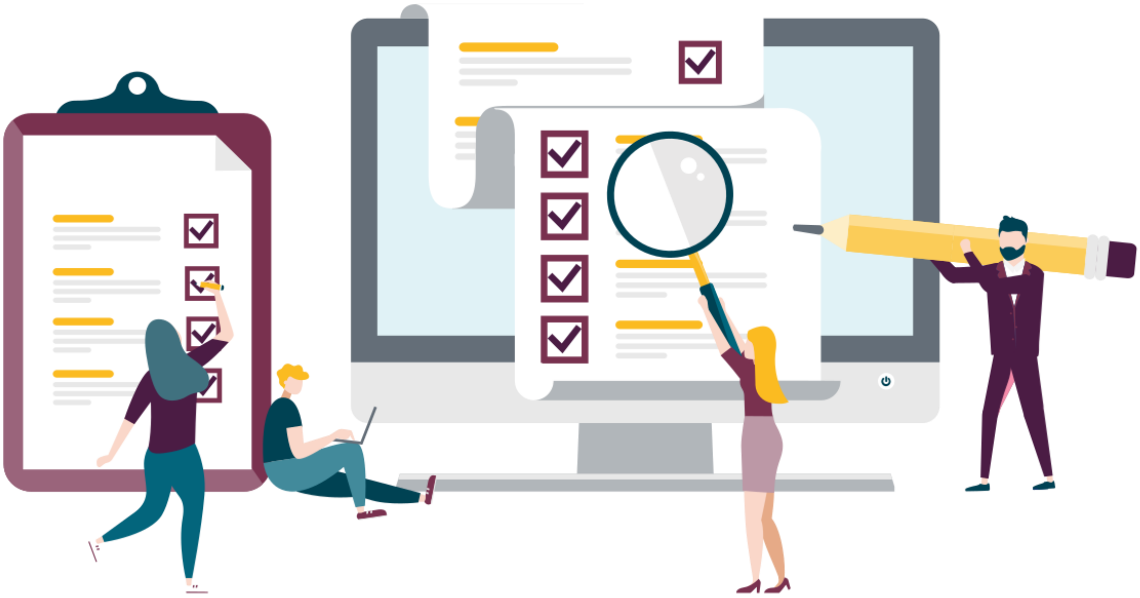
### Impact on Indra

For Indra's Transport and Defence division, it is important to ensure that the cost of the raw materials (mainly metals) and components (semiconductors, electronic components, etc.) needed to manufacture products remains stable. At the same time, many T&D projects apply the export model (teams are deployed to different locations for implementation). Protectionism and greater geopolitical polarisation could lead to reduced sales for the company, as well as higher supply costs and delays to production.

### Mitigating measures

The main mitigation measures adopted by Indra involved:

- Diversifying the supply chain.
- Proper stock planning for the materials needed to manufacture products. Indra constantly monitors the state of its supply chains, and in the event of any disruption to these, its reserves of materials are increased by making advance purchases to prevent gaps in their supply.
- Developing local capacity in the different countries in which the company operates through alliances with local partners, and knowledge and technology transfer.



### Impact of the conflict in Ukraine on Indra's business

The invasion of Ukraine by the Russian military had wide-ranging repercussions for the economy in 2022, resulting in economic downturn and high inflation which worsened as the year progressed, particularly in Europe.

The conflict has had little direct impact on Indra's business, as it has no permanent local presence or implementation companies based in the countries involved in the conflict (i.e. Russia, Ukraine and Belarus). In the rest of Eastern Europe, Indra has a limited presence (less than 1% of its entire workforce* as of the end of 2022). Indra's priority has been to ensure the safety of its professionals working in countries close to the conflict. Indra's Corporate Security team are carefully monitoring the situation in the region, and while such a scenario is highly unlikely to ever occur, evacuation plans are in place for local personnel should they be needed.

With regard to energy, the conflict and the resultant shortage of natural gas from Russia have resulted in a change in Europe's energy mix. This has not, however, affected Indra's climate targets. Spain and Portugal – which account for 87% of the company's electricity use – benefit from their status as "energy islands" and have an energy mix that is not dependent on Russian fossil fuels.** Indra is therefore pressing ahead with its energy transition plan based on science-based targets (SBT), committing to the use of renewable energies (100% in Spain and Italy, and 88% globally) and the implementation of energy efficiency measures, with more than one million euros invested in Spain in 2022.

For further information, please refer to the Consolidated Financial Statements 2022, Note 2.

(*) NB: Bulgaria, Czech Republic, Slovakia, Estonia, Latvia, Lithuania, Moldova, Poland and Romania
(**) NB: In January 2022, Russian fuels accounted for just 2% of oil imports and 6% of gas imports, according to data from CORES, Spain's Corporation for Strategic Reserves of Petroleum Products. Moreover, since mid-2021, Spain has halved its imports.

# Appendices

# 11 Appendices

## 11.1 About this report

[GRI 2-2] [GRI 2-3] [GRI 2-4]

In accordance with the provisions set out in Law 11 of 28 December 2018 in respect of non-financial information and diversity, this Sustainability Report and Non-financial Information Statement forms part of the 2022 Consolidated Management Report for Indra and subsidiaries. It is subject to the same criteria for approval, presentation and publication, and has been verified by an independent verification services provider. In particular, the report was prepared by the Board of Directors together with the Management Report at its meeting of 27 March 2023, with a favourable recommendation from the Sustainability Committee and the Auditing and Compliance Committee.

This report includes the information required to understand the risks, business model, policies, strategy, performance, results and the situation of the Group and the impact of its activity in relation to environmental and social issues, as well as those relating to staff, respect for Human Rights and combatting corruption and bribery.

In line with its commitment to continual improvement regarding transparency, before preparing this report, Indra carried out a review of its materiality assessment, which led it to review the structure of the content and indicators used in the report. More specifically, the structure of the report has been aligned with Indra's 2020-2023 Sustainability and Social Impact Master Plan and the contents relating to the environment, Climate Change, data privacy and other emerging risks have been substantially revised.

The 2022 Sustainability Report refers to the period from 1 January 2022 to 31 December 2022, with the last report published in March 2022.

This report has been prepared in accordance with the following recommendations, standards and regulations:

- Act 11 of 28 December 2018, amending the Spanish Commercial Code; the consolidated text of the Spanish Companies Act, approved by Royal Legislative Decree 1 of 2 July 2010; and Act 22 of 20 July 2015, on Auditing Accounts in matters of non-financial information and diversity. The selected GRI standards have been applied in order to ensure compliance with this legislation.
- GRI Standards for the preparation of Global Reporting Initiative (GRI) Sustainability Reports in their comprehensive format.
- Article 8, section 2, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (EU Taxonomy), which requires non-financial companies to disclose information on the proportion of their turnover, investments in fixed assets and operating expenditure ("key results indicators") that is associated with actions or processes linked to economic activities that qualify as environmentally sustainable, with regard to the goals established for Climate Change mitigation and adaptation.
- EU Guidelines 2017/C125/01 on the presentation of non-financial reports (Methodology for reporting non-financial information).
- The recommendations issued by the Task Force on Climate-Related Financial Disclosure (TFCD) for the analysis of Climate Change risks and opportunities, as well as the supplement published on 20 June 2019 to the EU Guidelines on reporting of climate-related information (Climate supplement).

The table showing the contents of Spanish Act 11/2018 (Appendix 11.8) and the table listing the GRI indicators (Appendix 11.7) indicate exactly where the information can be found (either the page(s) in the report, the reference in the sustainability indicator table (Appendix 11.6) and/or the URL for an external reference), or the reasons justifying its omission.

The economic, social and environmental information included throughout the various sections of the report and, in particular, in the sustainability indicator table in Appendix 11.6, has been externally verified by an independent third party. The scope, description of the work and conclusions of this verification are found in the Deloitte Verification Report.

The information presented includes all the companies which Indra has financial control over – those in which its stake is more than 50% – unless otherwise indicated. For a complete list of the companies that form part of Indra as of 31 December 2022, please refer to the 2022 Consolidated Annual Accounts.

In the drafting of this report, Indra has taken into account the principles set out in the Global Reporting Initiative on Sustainability Reports, as detailed below.

**Content principles**

- Inclusion of stakeholders: Indra provides its stakeholders with various channels of communication, participation and dialogue, which are continually reviewed and updated and which it uses to detail its future expectations.
- Sustainability: this report details how the company creates value for its stakeholders, as well as its management strategy and approach for the various areas of sustainability.
- Materiality: the company has reviewed its materiality analysis to detect and update the relevant sustainability-related issues for the company and its stakeholders.
- Completeness: throughout this report Indra provides qualitative and quantitative information on the company's environmental impact.

**Quality principles**

- Accuracy: all of the information included in this report is collected and analysed through Indra’s various Information Systems.
- Balance: the report addresses the main issues in relation to the matters identified in the materiality assessment.
- Clarity: the company is aware of the importance of presenting information in an orderly, schematic and summarised format, to ensure stakeholders find it easy to read and understand.
- Comparability: the information is presented in accordance with international standards and it compares the performance of the company in 2022 with prior years.
- Reliability: as part of Indra’s commitment to the reliability of the information reported, the information has been verified externally by an independent third party.
- Timeliness: Indra has been publishing annual sustainability reports since 2003.

## 11.2 Double materiality assessment

[GRI 3-1] [GRI 3-2] [GRI 3-3]

Prior to preparing the Sustainability Report, each year Indra updates its corporate materiality assessment in order to define the content that would be relevant to its stakeholders and identify non-financial aspects that would have a bearing on the sustainability and value creation of its business operations in the short, medium and long term. As well as defining the way in which this report is structured, the topics identified as material have an impact on the company's decision-making processes. Likewise, the materiality analysis also allows Indra to identify its non-material topics in line with the characteristics of its business model, and as described throughout this report.

In recent years, Indra has been progressively adapting to the new methodological requirements for materiality assessments imposed by the new versions of the GRI Standards (particularly GRI 3) and EFRAG's draft European Sustainability Reporting Standards (ESRSs). Specifically, since 2020, Indra has been assessing material topics from the perspective of the impact they have on all stakeholders, as well as their financial impact on the company (in terms of revenue and costs), in a way that is more or less aligned with the new concept of "double materiality" developed by EFRAG.

In addition, and with a view to expanding on this impact materiality approach, in 2021 Indra conducted a comprehensive impact study to quantify, including in monetary terms, the contribution to sustainable development that it makes as a corporation and through the solutions and services that it provides.

In 2022, Indra updated its double materiality assessment, allowing it to take greater account of EFRAG's reporting standards. In order to prepare the double materiality assessment, Indra follows the procedure indicated below:

1. Identification of potentially material topics. As in previous years, Indra has taken "topics" to mean anything of significance for the company in terms of the impacts (whether positive or negative) that it has on people and the environment, and the risks and opportunities presented by the business environment in which Indra operates. This is all also considered from a value chain perspective which takes into account both the company's own operations and its links with business partners. In order to identify potentially material topics, Indra referred to the following information sources:
    - 2021 Indra materiality assessment.
    - Reporting rules and standards: Spanish Act 11/2018 on the reporting of non-financial information and diversity, the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the Sustainability Accounting Standard Board (SASB) materiality map.
    - ESG investment analysts: ISS-Oekom, DJSI, FTSE4Good, VigeoEiris and MSCI-ESG.
    - World Economic Forum (WEF) Global Risks Report.
2. External prioritisation in accordance with ESG reporting standards and investment analysts: Indra uses these external arbiters on matters of sustainability and its reporting as an indirect approximation of the views of the stakeholders with whom it interacts. This assumption is based on the fact that these groups have developed their lists of priorities in consultation with stakeholders and experts.
    - Reporting standards: the GRI publication "Sustainability Topics for Sectors" was used to identify the topics that are particularly important in the "Software and Services" sector, along with the aspects identified by SASB as relevant in the "Software and IT Services" sector.
    - ESG investment analysts: the company has applied the weightings allocated to each of the assessment criteria used by each of the analysts for the sector in which Indra is classified.
3. Internal prioritisation based on consultations with managers: a survey was conducted among a representative sample of 178 managers – including corporate level, business and country-level managers – asking them their views on various issues relating to the importance of each potentially relevant ESG aspect identified: the impact on their business, society and the environment. This was a marked improvement on the previous year, since significantly more directors were consulted (178 this year compared with 38 the year before). This allowed Indra to conduct a separate materiality assessment for each of the main countries in which it operates, in line with the new EFRAG requirements.
4. The double materiality perspective: the Corporate Sustainability Reporting Directive (CSRD) introduced the double materiality perspective in 2019, meaning that companies must report on how sustainability issues affect their business and the impact that the company's operations have on society and the environment. In ESRS 1 and 2, EFRAG's proposed European Sustainability Reporting Standards (ESRSs) set out the methodology and requirements for materiality reporting.
5. Identification of indicators: finally, for each material topic, Indra has identified the information and indicator requirements set out by the main reporting standards and ESG analysts, including Spanish Act 11/2018 and the GRI standards.

The list of material topics identifies the non-financial issues linked to the company's operations that significantly affect its performance and the decisions made by its stakeholders.

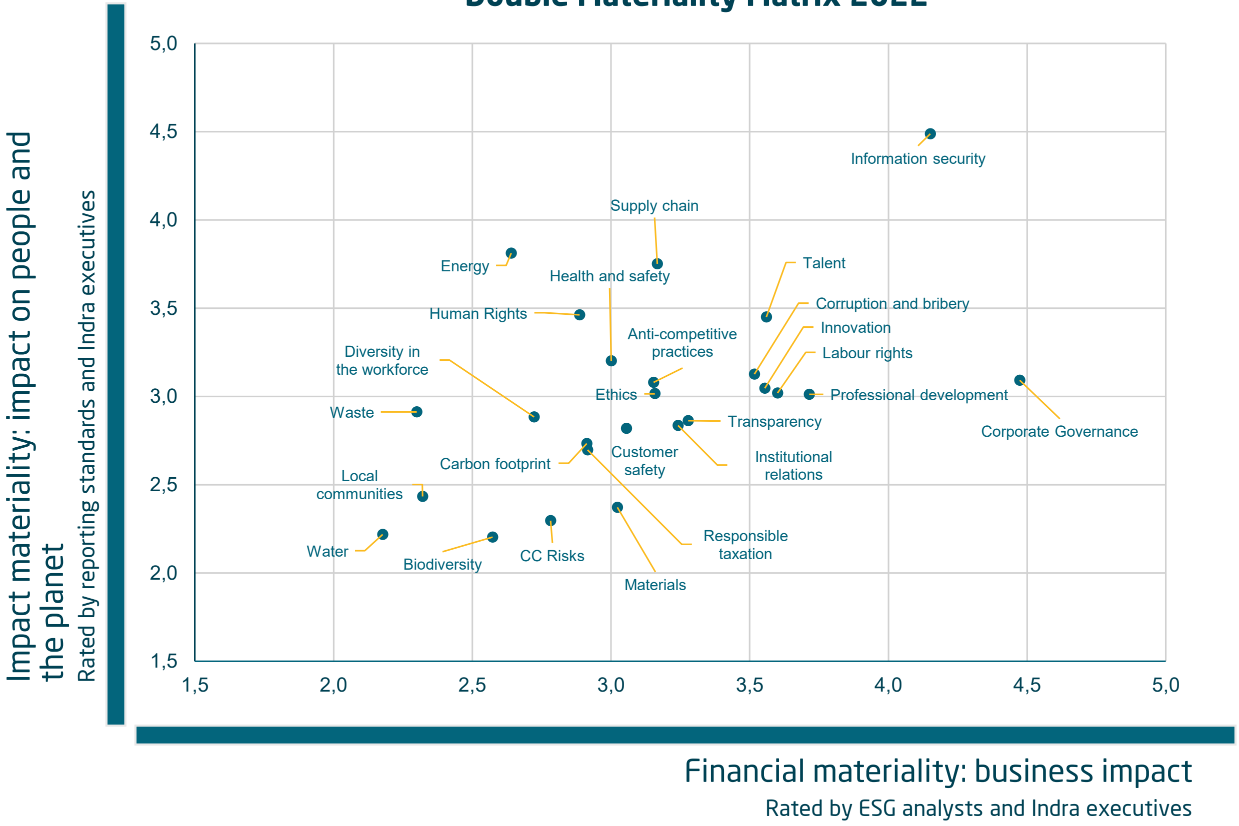
This year, Indra carried out separate materiality assessments for each of the main countries in which it operates (Spain, Brazil, Mexico, Colombia, Peru, Italy and the Philippines). Although there were slight variations between these countries in terms of their priorities, overall, the assessments were consistent in identifying topics related to information security, talent (including labour rights and professional development), corporate governance and innovation as those most significant for the company.

The materiality assessment was presented to the Sustainability Committee, which reports directly to Indra's Board of Directors, at its November 2022 meeting, to ensure that topics are also being prioritised as part of the decision-making process at the highest level.

Moreover, Indra's sustainability department, which was responsible for conducting the assessment, held meetings with the heads of the company's various management departments to inform them of the results of the assessment. These meetings included a working session with the risk department to allow the findings of the materiality assessment to be incorporated into the company's overall risk management.

As a result of its materiality assessment, Indra identified the following issues as the ten most important for the company.

**Double Materiality Matrix 2022**



The different sections of the report contain a description of the company's main policies and rules, the challenges faced and milestones reached during the year and the indicators and results relating to each of the material topics:

| Material topic |
|---|
| **Governance** |
| **Information security and privacy:** some of Indra's solutions are directed towards the management of critical infrastructure (Transport, Energy, Defence, etc.), or involve the management of key personal data (health, financial services, election processes, etc.). Indra's ISO 27001 certified Information Security Management System is responsible for defining, implementing and improving highly effective controls and procedures to minimise and manage the risks in the company's internal processes, in its daily operations, in the development and execution of projects, programmes and services and in client management. For more information, see section 7.7.<br>**Corporate governance**: Although the decision-making process is equally important to all types of organisations, the regulator and the capital markets make greater demands of large listed companies such as Indra. For example, Indra has to comply with the corporate governance requirements imposed by Spain's Law on Limited Companies, the Spanish National Securities Market Commission's (CNMV's) recommendations on good governance for listed companies, and the demands of international analysts and investors or proxy advisors, to list but a few. The company therefore takes care to ensure that modifications are constantly being made to its internal regulations to bring them in line with best international practices and facilitate swift and efficient decision-making, benefiting all the stakeholders it interacts with. For more information, see section 3.4.<br>**Corruption and bribery:** in the normal course of its business, Indra forms relationships with a large number of stakeholders in their capacity as clients, suppliers and shareholders. With regards to these relationships, Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anti-corruption policy. For more information, see section 4.1. |
| **Human Rights:** as a benchmark, the company acts in accordance with the international frameworks in matters concerning Human Rights, including the International Bill of Human Rights, the principles relating to rights set forth in the Declaration of the International Labour Organization, the principles of the United Nations Global Compact, of which Indra has been a signatory since 2004, and the UN's Guiding Principles on Business and Human Rights. Indra is committed to promoting responsibility and respect for Human Rights in all the company's actions, ensuring it does not infringe the rights of third parties and that it addresses the potential adverse impacts which may arise from its activity. For more information, see section 4.2. |
| **People** |
| **Recruitment and talent retention:** as a technology company Indra's employees are renowned for their high level of professional expertise and STEM qualifications (Science, Technology, Engineering and Mathematics). The jobs market often experiences a shortage of professionals with this kind of profile, which means that companies can encounter problems when it comes to attracting and retaining talent. Indra therefore places great emphasis on managing culture and diversity to improve the commitment and retention of its employees. For more information, please see sections 6.2, 6.3 and 6.4. |
| **Professional development:** the capacity to innovate, create solutions and offer customers the best service lies with the company's employees. Having the talent that makes this possible depends on both the capacity to attract the best professionals in the marketplace and the ability to fully develop their potential within the company. Indra's assessment model, Performance Experience, is an integrated and personalised model aimed at ensuring professional growth and development. Indra also offers a 360º learning environment in which each person can receive training, however and whenever they wish, using the tools provided by Open University, Indra's own corporate university. For more information, see section 6.3. |

**Employment conditions and rights:** as a tech-based service company, Indra is a staff intensive company, and takes safeguarding its employees' fundamental employment rights extremely seriously. Indra complies with the regulatory content of the International Labour Organization's (ILO) Collective Bargaining Agreements in relation to the freedom of association and the right to collective bargaining. As such, it works and liaises with workers' representatives in the company, providing them with a channel for dialogue and the adoption of agreements. For more information, see section 6.6.

### Planet

**Energy**: The energy consumed by computer equipment and data processing centres means that the Information Technology sector is a major consumer of electricity. Introducing renewable sources of energy and ensuring that processes and equipment are as efficient as possible is therefore key to mitigating the impacts of Climate Change, while also reducing the company's energy costs. That is why Indra espouses a philosophy of continuous improvement in relation to optimising its technological infrastructure, processes and company culture. In 2021, Indra decided to migrate its main data processing centres to the cloud. The company also ensures that its IT equipment has energy certifications and encourages its professionals to use technology responsibly. For more information, see section 5.3.

### Impact

**Innovation:** as a company that operates in highly competitive sectors with a strong technological component, innovation is one of the core principles of Indra's business model. Innovation implies developing new skills to improve the activities related to the design, development and implementation of systems and processes. Indra's innovation activities include research, the development of new products and the continual improvement of existing products. For more information, see section 7.5.

**Supply chain:** the supplier management process aims to secure the best suppliers via procedures designed to ensure transparency and equal conditions for the various bidders. Indra's relationship with its supply chain is based on a commitment to independence, transparency and compliance and the creation of long-term value. For more information, see section 7.9.

Finally, it is also worth mentioning that between 2021 and 2022, Indra carried out an impact assessment of both its externalities as a company and those of its solutions and services. This assessment provided it with an objective and quantifiable measurement in monetary terms of Indra's material topics that have an impact on people and the environment.

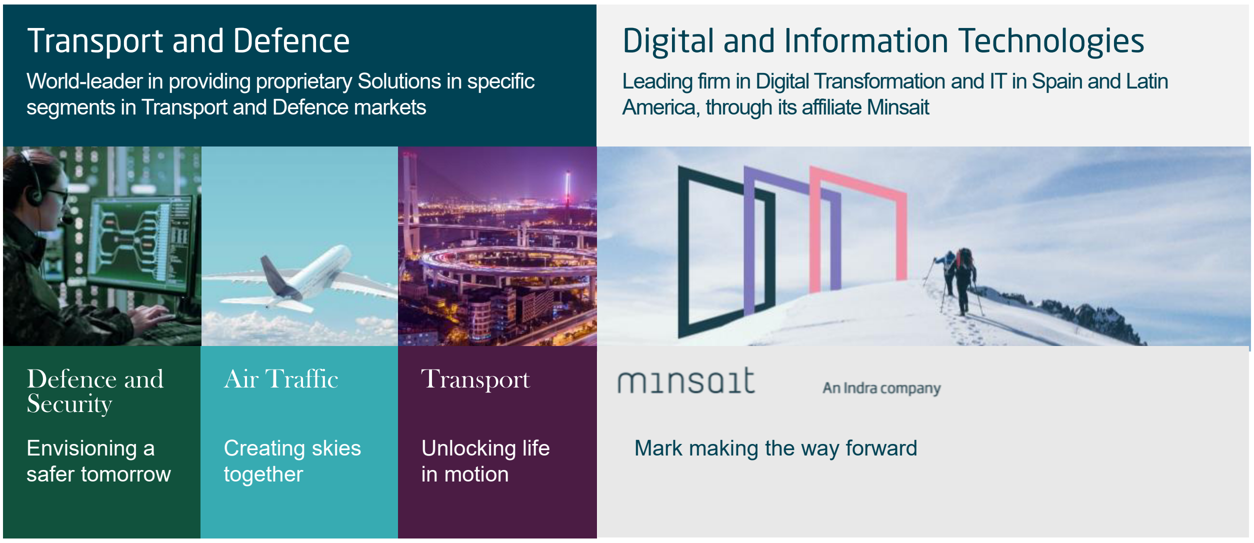
## 11.3 Main brands

[GRI 2-6]

In a firm commitment to specialisation, the company supplements its corporate brand with its own identifying brands in each market sector.

In the Transport and Defence markets, the company operates under the Indra brand.

It groups all its Information Technology businesses under the Minsait brand, which trades as “An Indra Company”. Minsait is known for creating high-impact solutions aimed at reinventing its customers’ businesses – following its slogan “Mark Making the way forward”. Minsait’s new sales-marketing approach provides greater clarity and simplifies its offering, bringing all its products under one single product sub-brand – Onesait.



**Transport and Defence**

World-leader in providing proprietary Solutions in specific segments in Transport and Defence markets

**Digital and Information Technologies**

Leading firm in Digital Transformation and IT in Spain and Latin America, through its affiliate Minsait

**Defence and Security**

Envisioning a safer tomorrow

**Air Traffic**

Creating skies together

**Transport**

Unlocking life in motion

Mark making the way forward

## 11.4 Value creation model: economic value generated, distributed and retained

[GRI 201-1] [GRI 203-1] [GRI 203-2]

The economic value generated, retained and distributed by Indra is calculated based on the GRI 201-1 indicator. In accordance with the GRI Standards, information on the creation and distribution of economic value indicates how an organisation generates wealth for stakeholders. Some components of economic value generated and distributed also reflect the economic profile of the organisation, which allows for the normalisation of performance-related figures. The components of the indicator are: revenues, operating costs, employee wages and benefits, payments to capital providers, payments to government and community investments.

The economic value generated includes ordinary income and other income amounting to €3,904 million, corresponding to the financial year 2022. On the other hand, the economic value distributed amounted to €3,669 million in 2022 and corresponds to: personnel expenses; accrued income taxes and levies; investment in social action; supplier expenses including consumption and other supplies and other operating expenses minus investments in social action and levies; financiers, which includes the financial result and the result of companies valued by the equity method. The economic value retained by the company is the result of subtracting personnel expenses, taxes on profits and other taxes, social action, expenses on suppliers and financial backers from income.

**Economic value generated, distributes and retained by Indra calculated according to GRI 201-1**

Note: figures in thousand euros

# 11.5 EU Taxonomy

## Revenues

| | | | | Substantial contribution | | DNSH criteria | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Total revenues | Proportion of revenues | Climate Change mitigation | Climate Change adaptation | Climate Change mitigation | Climate Change adaptation | Sustainable use and protection of water and marine | Transition to circular economy | Pollution prevention and control | Protection and restoration of biodiversity and | Minimum safeguards | Percentage of revenues aligned with taxonomy 2022 | Percentage of revenues aligned with taxonomy 2021 | Category of activity (enabling/transition) |
| | | M€ | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E/T |
| **A. ELIGIBLE ACTVIITIES ACCORDING TO THE TAXONOMY** | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (aligned)** | | | | | | | | | | | | | | | |
| Fabrication of other hypo carbonic technologies | 3.6 | 163.22 | 4.24 | 4.24 | - | N.A. | Y | Y | Y | Y | Y | Y | 4.24 | N.A. | E |
| Infrastructure for the railway transport | 6.14 | 54.68 | 1.42 | - | 1.42 | S | N.A. | Y | Y | Y | Y | Y | 1.42 | N.A. | E |
| Infrastructure that enables hypo carbonic transport by road and public transport | 6.15 | 62.29 | 1.62 | - | 1.62 | S | N.A. | Y | Y | Y | Y | Y | 1.62 | N.A. | E |
| Urban and suburban transport, road passenger transport | 6.3 | 8.20 | 0.21 | - | 0.21 | N.A. | N.A. | N.A. | Y | Y | N.A. | Y | 0.21 | N.A. | E |
| Installation, maintenance and repair of energy-efficient equipment | 7.3 | 0.00 | 0.00 | 0.00 | - | N.A. | Y | N.A. | N.A. | Y | N.A. | Y | 0.00 | N.A. | E |
| Programming, consulting and other activities related to informatics | 8.2 | 391.63 | 10.17 | - | 10.17 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | Y | 10.17 | N.A. | E |
| Professional services related to energy efficiency in buildings | 9.3 | 6.27 | 0.16 | 0.16 | - | N.A. | Y | N.A. | N.A. | N.A. | N.A. | Y | 0.16 | N.A. | E |
| **Total volume of revenues of sustainable activities (A.1)** | | **686.29** | **17.82** | **4.40** | **13.42** | | | | | | | | **17.82** | **-** | |
| **A.2. Eligible activities but not environmentally sustainable according to the Taxonomy (not aligned)** | | | | | | | | | | | | | | | |
| Fabrication of other hypo carbonic technologies | 3.6 | 287.01 | 7.45 | | | | | | | | | | | | |
| Infrastructure for the railway transport | 6.14 | 0.00 | 0.00 | | | | | | | | | | | | |
| Infrastructure that enables hypo carbonic transport by road and public transport | 6.15 | 0.00 | 0.00 | | | | | | | | | | | | |
| Urban and suburban transport, road passenger transport | 6.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| Installation, maintenance and repair of energy-efficient equipment | 7.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| Programming, consulting and other activities related to informatics | 8.2 | 2,423.17 | 62.92 | | | | | | | | | | | | |
| Technical engineering services and other activities […] | 9.1 | 51.20 | 1.33 | | | | | | | | | | | | |
| Professional services related to energy efficiency in buildings | 9.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| **Total volume of revenues of activities eligible but not sustainable (A.2)** | | **2,761.38** | **71.70** | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **3,447.68** | **89.52** | | | | | | | | | | **89.52** | **N.A.** | |
| **B. NOT ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY** | | | | | | | | | | | | | | | |
| **Volume of revenues of not eligible activities** | | 403.71 | 10.48 | | | | | | | | | | | | |
| **Total (A+B)** | | **3,851.39** | **100.00** | | | | | | | | | | | | |

**Details on the analysis carried out to determine eligible activities aligned with the Taxonomy can be found in sections 7.1 to 7.3.**

## CAPEX

| | | | | Substantial contribution | | DNSH criteria | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Total capex | Proportion of capex | Climate Change mitigation | Climate Change adaptation | Climate Change mitigation | Climate Change adaptation | Sustainable use and protection of water and marine | Transition to circular economy | Pollution prevention and control | Protection and restoration of biodiversity and | Minimum safeguards | Percentage of capex volume aligned with taxonomy 2022 | Percentage of capex volume aligned with taxonomy 2021 | Category of activity (enabling/transition) |
| | | M€ | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E/T |
| **A. ELIGIBLE ACTVIITIES ACCORDING TO THE TAXONOMY** | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (aligned)** | | | | | | | | | | | | | | | |
| Fabrication of other hypo carbonic technologies | 3.6 | 4.70 | 8.60 | 8.60 | - | N.A. | Y | Y | Y | Y | Y | Y | 8.60 | N.A. | E |
| Infrastructure for the railway transport | 6.14 | 2.16 | 3.94 | - | 3.94 | S | N.A. | Y | Y | Y | Y | Y | 3.94 | N.A. | E |
| Infrastructure that enables hypo carbonic transport by road and public transport | 6.15 | 0.40 | 0.74 | - | 0.74 | S | N.A. | Y | Y | Y | Y | Y | 0.74 | N.A. | E |
| Urban and suburban transport, road passenger transport | 6.3 | 0.58 | 1.06 | - | 1.06 | N.A. | N.A. | N.A. | Y | Y | N.A. | Y | 1.06 | N.A. | E |
| Installation, maintenance and repair of energy-efficient equipment | 7.3 | 1.34 | 2.45 | 2.45 | - | N.A. | Y | N.A. | N.A. | Y | N.A. | Y | 2.45 | N.A. | E |
| Programming, consulting and other activities related to informatics | 8.2 | 3.17 | 5.80 | - | 5.80 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | Y | 5.80 | N.A. | E |
| Professional services related to energy efficiency in buildings | 9.3 | 0.39 | 0.72 | 0.72 | - | N.A. | Y | N.A. | N.A. | N.A. | N.A. | Y | 0.72 | N.A. | E |
| **Total volume of capex of sustainable activities (A.1)** | | **12.74** | **23.31** | **11.77** | **11.54** | | | | | | | | **23,31** | **N.A.** | |
| **A.2. Eligible activities but not environmentally sustainable according to the Taxonomy (not aligned)** | | | | | | | | | | | | | | | |
| Fabrication of other hypo carbonic technologies | 3.6 | 2.21 | 4.04 | | | | | | | | | | | | |
| Infrastructure for the railway transport | 6.14 | 0.00 | 0.00 | | | | | | | | | | | | |
| Infrastructure that enables hypo carbonic transport by road and public transport | 6.15 | 0.00 | 0.00 | | | | | | | | | | | | |
| Urban and suburban transport, road passenger transport | 6.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| Installation, maintenance and repair of energy-efficient equipment | 7.3 | 11.54 | 21.10 | | | | | | | | | | | | |
| Programming, consulting and other activities related to informatics | 8.2 | 21.91 | 40.07 | | | | | | | | | | | | |
| Technical engineering services and other activities […] | 9.1 | 0.00 | 0.00 | | | | | | | | | | | | |
| Professional services related to energy efficiency in buildings | 9.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| **Total volume of capex for eligible but not sustainable activities (A.2)** | | **35.65** | **65.21** | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **48.39** | **88.52** | | | | | | | | | | **88.52** | **N.A.** | |
| **B. NOT ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY** | | | | | | | | | | | | | | | |
| **Total volume of capex for not eligible activities** | | 6.29 | 11.48 | | | | | | | | | | | | |
| **Total (A+B)** | | **54.68** | **100.00** | | | | | | | | | | | | |

**In sections 7.1 to 7.3 is the detail on the analysis carried out to determine the eligible activities aligned with the Taxonomy.**

## OPEX

| | | | | Substantial contribution | | DNSH criteria | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic activities | Code(s) | Total Opex | Percentage of opex | Climate Change mitigation | Climate Change adaptation | Climate Change mitigation | Climate Change adaptation | Sustainable use and protection of water and marine | Transition to circular economy | Pollution prevention and control | Protection and restoration of biodiversity and ecosystems | Minimum safeguards | Percentage of opex volume aligned with taxonomy 2022 | Percentage of opex volume aligned with taxonomy 2021 | Category of activity (enabling/transition) |
| | | M€ | % | % | % | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | % | % | E/T |
| **A. ELIGIBLE ACTVIITIES ACCORDING TO THE TAXONOMY** | | | | | | | | | | | | | | | |
| **A.1. Environmentally sustainable activities (aligned)** | | | | | | | | | | | | | | | |
| Fabrication of other hypo carbonic technologies | 3.6 | 123.61 | 3.49 | 3.49 | - | N.A. | Y | Y | Y | Y | Y | Y | 3.49 | N.A. | E |
| Infrastructure for the railway transport | 6.14 | 49.64 | 1.40 | - | 1.40 | S | N.A. | Y | Y | Y | Y | Y | 1.40 | N.A. | E |
| Infrastructure that enables hypo carbonic transport by road and public transport | 6.15 | 55.01 | 1.55 | - | 1.55 | S | N.A. | Y | Y | Y | Y | Y | 1.55 | N.A. | E |
| Urban and suburban transport, road passenger transport | 6.3 | 10.04 | 0.28 | - | 0.28 | N.A. | N.A. | N.A. | Y | Y | N.A. | Y | 0.28 | N.A. | E |
| Installation, maintenance and repair of energy-efficient equipment | 7.3 | 0.00 | 0.00 | 0.00 | - | N.A. | Y | N.A. | N.A. | Y | N.A. | Y | 0.00 | N.A. | E |
| Programming, consulting and other activities related to informatics | 8.2 | 336.83 | 9.50 | - | 9.50 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | Y | 9.50 | N.A. | E |
| Professional services related to energy efficiency in buildings | 9.3 | 5.55 | 0.16 | 0.16 | - | N.A. | Y | N.A. | N.A. | N.A. | N.A. | Y | 0.16 | N.A. | E |
| **Total volume of opex of sustainable activities (A.1)** | | **580.68** | **16.38** | **3.65** | **12.73** | | | | | | | | **16.38** | **N.A.** | |
| **A.2. Eligible activities but not environmentally sustainable according to the Taxonomy (not aligned)** | | | | | | | | | | | | | | | |
| Fabrication of other hypo carbonic technologies | 3.6 | 237.43 | 6.70 | | | | | | | | | | | | |
| Infrastructure for the railway transport | 6.14 | 0.00 | 0.00 | | | | | | | | | | | | |
| Infrastructure that enables hypo carbonic transport by road and public transport | 6.15 | 0.00 | 0.00 | | | | | | | | | | | | |
| Urban and suburban transport, road passenger transport | 6.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| Installation, maintenance and repair of energy-efficient equipment | 7.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| Programming, consulting and other activities related to informatics | 8.2 | 2,329.68 | 65.72 | | | | | | | | | | | | |
| Technical engineering services and other activities […] | 9.1 | 45.77 | 1.29 | | | | | | | | | | | | |
| Professional services related to energy efficiency in buildings | 9.3 | 0.00 | 0.00 | | | | | | | | | | | | |
| **Total volume of opex for eligible but not sustainable activities (A.2)** | | **2,612.88** | **73.71** | | | | | | | | | | | | |
| **Total (A.1 + A.2)** | | **3,193.56** | **90.10** | | | | | | | | | | **90.10** | **N.A.** | |
| **B. NOT ELIGIBLE ACTIVITIES ACCORDING TO THE TAXONOMY** | | | | | | | | | | | | | | | |
| **Total volume of opex for not eligible activities** | | 351.06 | 9.90 | | | | | | | | | | | | |
| **Total (A+B)** | | **3,544.62** | **100.00** | | | | | | | | | | | | |

**In sections 7.1 to 7.3 is the detail on the analysis carried out to determine the eligible activities aligned with the Taxonomy.**

# 11.6 Table of sustainability indicators

## Governance

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Ethics and Compliance | | | | | |
| Communications via the Direct Channel (nº) | 307 | 407 | 371 | 396 | 470 |
| Enquiries (nº) | 183 | 270 | 276 | 293 | 369 |
| Irregularities (nº) | 124 | 137 | 95 | 103 | 101 |
| Employees that have received training in ethics and compliance (nº) (*) | 38,396 | 47,849 | 21,251 | 50,965 | 55,270 |
| (*) Note: for more information on ethics and compliance training, see chapter 4.1 of this report. | | | | | |
| Employees trained in the Code of Ethics by category and gender (m \| f) (no.) (*) | | | | | |
| (*) Note: the data on employees trained in the Code of Ethics broken down by category and gender correspond to 54,691 employees, representing 96% of the reporting perimeter. | | | | | |
| Senior management | 391 \| 85 | 408 \| 90 | 409 \| 90 | 411 \| 84 | 387 \| 79 |
| Middle management | 2.678 \| 863 | 2,841 \| 928 | 2,865 \| 991 | 2,903 \|1,041 | 3,129 \| 1,109 |
| Technical staff | 20,017 \| 9,559 | 20,663 \| 10,310 | 18,872 \| 8,739 | 22,543 \| 10,323 | 24,870 \| 10,907 |
| Support staff | 2,101 \| 1,473 | 6,510 \| 4,435 | 5,143 \| 4,130 | 6,031 \| 4,773 | 5,892 \| 2,917 |
| Other categories | 201 \| 132 | 57 \| 65 | 341 \| 208 | 373 \| 476 | 2,350 \| 3,051 |
| Employees trained in the Code of Ethics by geographical area (nº) (*) | | | | | |
| (*) Note: the data on employees trained in the Code of Ethics broken down by geographic area correspond to 54,691 employees, representing 96% of the reporting perimeter. | | | | | |
| Spain | 24,281 | 27,235 | 25,968 | 27,677 | 28,832 |
| Europe | 1,514 | 1,945 | 1,959 | 2,989 | 2,998 |
| America | 9,912 | 15,139 | 12,018 | 16,376 | 20,852 |
| Asia, Middle East and Africa | 1,780 | 1,988 | 1,843 | 1,916 | 2,009 |
| Employees trained in ethics and compliance in the last 3 years (2020-2021-2022) | | | | | |
| Employees trained in ethics and compliance in the last 3 years (2020-2021-2022) | 88 | 98 | 89 | 95 | 97 |
| Employees trained in ethics and compliance in the last 3 years by gender (m \| f) (%) | 89 \| 85 | 98 \| 98 | 89 \| 88 | 95 \| 95 | 97 \| 97 |
| Suppliers trained in the Code of Ethics (*) | | | | | |
| (*) Note: suppliers integrated in the corporate purchasing model representing 91% of the Group's purchases in 2022. | | | | | |
| Total suppliers (no.) (*) | - | - | 6,716 | 6,338 | 6,661 |
| Suppliers under the scope of application of the Code of Ethics (no.) | - | - | 6,716 | 6,338 | 6,661 |
| Suppliers under the scope of application of the Code of Ethics (%) | - | - | 100 | 100 | 100 |
| Suppliers to whom the Code of Ethics has been communicated (no.) | - | - | 6,716 | 6,338 | 6,661 |
| Suppliers who have received communication of the Code of Ethics (%) | - | - | 100 | 100 | 100 |
| Suppliers trained in the Code of Ethics at some point in the last 3 years (no.) | - | - | 274 | 5,684 | 10,400 |
| Suppliers trained (%) (*) | - | - | 50 | 86 | 100 |
| (*) Note: the increase in the percentage of suppliers trained in the Code of Ethics from 2021 is due to the inclusion in the orders of training content on this subject. In 2022, the figure corresponds to suppliers whose orders comply with the Group's Terms and Conditions. | | | | | |
| Cybersecurity and data privacy (*) | | | | | |
| IT infrastructure covered by ISO 27001-certified management system (% of sales) | - | 74 | 83 | 83 | 93 |
| Cybersecurity incidents with critical impact (no.) | 0 | 0 | 0 | 0 | 0 |
| Substantiated complaints regarding breaches of customer privacy and loss of customer data (no.) | 0 | 0 | 0 | 0 | 1 |
| Requests for customer information received from governments (no.) | N.A. | 0 | 0 | 0 | 0 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Users whose information is used for secondary purposes (%) | - | 0 | 0 | 0 | 0 |
| (*) Note: in accordance with the company's policies and as reported in the database of these incidents. | | | | | |

### Competence matrix of the Board of Directors 2022

| | M. T. Murtra | L. Abril | J. Aperribay | A. Cuevas | F. J. García | I. Mataix | M. Sebastián | B. Amatriain | V. Arce | A. Arendt | C. Armero | O. San Jacinto | B. Villazán | J. Moscoso |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Competence** | ▨ | 🟨 | 🟦 | 🟦 | ⬜ | 🟨 | 🟦 | ⬜ | ⬜ | ⬜ | ⬜ | ⬜ | ⬜ | 🟦 |
| **Management experience** | | | | | | | | | | | | | | |
| Top level business management (CEO, COO) | ● | ● | ● | | ● | ● | | ● | | ● | | | ● | |
| Senior Administration and Civil Service | ● | | | ● | | | ● | | | | | | | ● |
| **Experience on the boards of listed companies** | | | | | | | | | | | | | | |
| Member of the Board / Committees | ● | ● | | ● | ● | ● | ● | ● | | ● | ● | | ● | |
| Chairman / commissions chairman / leading director | ● | | | | ● | | | ● | | | ● | | ● | |
| **Sector** | | | | | | | | | | | | | | |
| IT | ● | ● | | ● | | | ● | ● | ● | | | ● | ● | |
| Defence / Aerospace / Transport | | | ● | ● | | ● | | | | ● | | | | |
| Industry | ● | | ● | ● | ● | ● | ● | ● | | ● | ● | | ● | |
| Services | ● | ● | | ● | | ● | | | ● | | ● | ● | | ● |
| **International experience** | | | | | | | | | | | | | | |
| Europe | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | | ● | ● | ● |
| Latinamerica / USA | ● | ● | ● | | ● | ● | ● | ● | ● | ● | ● | ● | ● | |
| AMEA | | ● | | | ● | ● | | | | ● | | | | |
| **Functional** | | | | | | | | | | | | | | |
| CFO / Controller / Risk Management / Audit Partner | | | ● | | | ● | | | ● | ● | | ● | | |
| Production / Manufacturing / Operations | ● | ● | | ● | ● | ● | | ● | | ● | | | ● | |
| Talent / Top management / Remuneration | ● | ● | ● | ● | | | ● | ● | ● | ● | ● | | ● | |
| ESG | | | | ● | | | | ● | ● | | ● | ● | ● | |
| Cybersecurity | ● | ● | | ● | | | ● | | | | | | | |
| **Other** | | | | | | | | | | | | | | |
| Engeneering | ● | | | | ● | | | | | ● | | | ● | |
| Finances | ● | | ● | | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| **Tenure of office** | | | | | | | | | | | | | | |
| 0 to 3 years | ● | ● | ● | | ● | | | ● | ● | ● | ● | ● | ● | ● |
| 4 to 9 years | | | | ● | | ● | ● | | | | | | | |
| 10 years or more | | | | | | | | | | | | | | |

⬜ Independent
🟦 Proprietary
🟨 Executive
▨ Other external

# Planet

| Indicators | 2018 | 2019 | 2019 (operational control) | 2020 (operational control) | 2021 (operational control) | 2022 (operational control) |
|---|---|---|---|---|---|---|
| Energy consumption [GRI 302-1] [GRI 302-2] [GRI 302-3] [GRI 302-4] (*) | | | | | | |
| (*) Note: Indra has carried out an analysis of how the GHG Protocol operational control criteria is applied to each of its emissions sources, including energy consumption and leakage of fluorinated refrigerant gases. This may influence the development of energy consumption data between 2019 and 2020. In 2021, an improvement has been made in the selection of conversion factors used for diesel data expressed in MWh, natural gas data expressed in m3 and energy data in MWh for the years 2019 and 2020. | | | | | | |
| Diesel oil C (litres) (*) | 24,659 | 24,426 | 57,939 | 47,988 | 40,639 | 115,915 |
| Diesel C (MWh) (*) | 238.7 | 236.4 | 560.9 | 464.5 | 393.4 | 1,122.3 |
| Natural gas (m3) | 437,628 | 344,741 | 276,005 | 209,456 | 244,201 | 253,629 |
| Natural gas (MWh) | 5,121.2 | 4,033.5 | 3,229.3 | 2,450.6 | 2,857.2 | 2,967.4 |
| Electricity (MWh) (*) | - | - | 65,508.4 | 52,453.9 | 49,962.6 | 43,830.0 |
| Electricity from renewable sources (MWh) | - | - | 44,369.1 | 40,565 | 40,908.5 | 38,764.3 |
| Electricity from renewable sources (%) (*) | 56 | 57 | 68 | 77 | 82 | 88 |
| Energy from non-renewable sources (MWh) | - | - | 21,139.3 | 11,888.9 | 9,054.1 | 5,066 |
| Other energy sources (MWh) (*) | 8.8 | 5.0 | 1,301.1 | 643.7 | 802.3 | 1,029.4 |

(*) Note: the reasons for the variations between the data reported in 2021 and 2022 are explained below.

**Diesel C:** in 2022 the consumption of Diesel C has increased due to the opening of the simulation centre located in Coslada (Spain) where a generator set is temporarily being used to supply energy to the centre while waiting for the transformation centre planned for 2023 to be commissioned. The figures for Diesel C in 2022, excluding the consumption of this centre, are 26,805 l and 259.5 MWh respectively.

**Natural gas:** in 2022 consumption has increased due to the return to face-to-face work (in Spain the percentage of occupation of the centres has increased from 17% to 33% in 2021 vs. 2022) and consequently the change in the operating patterns of the work centres. During 2021, the low presence of workers during the afternoon allowed the air conditioning to be switched off in unoccupied areas. In 2022 consumption is close to 2019 levels.

**Electricity:** in 2022 electricity consumption has been reduced as a result of the Space Optimisation Plan and the changeover to coworking centres where there is no operational control over consumption.

**Electricity from renewable sources:** in 2022, the percentage of green energy in Spain has been increased (100%) and other geographies such as Chile (95%), Portugal (88%) and Australia (10%) have been included in the calculation.

**Other energy sources:** this concept includes the residual energy sources used in some facilities, in particular the urban heating and cooling network known as "Districlima" in the 22@ centre located in Barcelona (Spain).

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Total energy consumption at global level (with or whitout Operational control) [GRI 302-1] [GRI 302-2] [GRI 302-3] [GRI 302-4] | | | | | |
| Total electricity (MWh) | 76,840.2 | 77,374.7 | 60,073.2 | 56,082.8 | 55,349.6 |
| Total energy (MWh) (*) | 82,208 | 82,945.7 | 63,632.1 | 60,135.6 | 60,671.1 |
| (*) Note: in 2022 energy consumption (with and without operational control) has been increased due to the implementation of an improved calculation method to make additional estimates of consumption in the absence of primary data. | | | | | |
| Energy efficiency corresponding to the San Fernando de Henares DPC. In 2021, the San Fernando DPC facilities were sold to a third party and ceased to form part of the infrastructure owned by Indra. | | | | | |
| PUE (*Power Usage Effectiveness*) in data centers | 1.681 | 1.703 | 1.730 | - | - |
| Energy consumed in data centers (MWh) | 7,415 | 7,912 | 7,836 | - | - |
| Percentage of renewable energy (%) | 100 | 100 | 100 | - | - |
| Carbon Footprint [GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5] (*) | | | | | |
| (*) Note: during 2020, Indra has made certain methodological improvements in the measurement of its carbon footprint that may affect comparability with previous years. Specifically, in 2019, Indra carried out a project to determine the most relevant Scope 3 categories for the company and measure those that apply to them. As a conclusion of the analysis, Indra has identified that 81.2% of Scope 3 emissions are concentrated in three of the categories: acquisition of goods and services (59.0% of total Scope 3 emissions), business travel (15.2%), and commuting of professionals between home and work (7%). As a result of the scope 3 emissions measurement project, Indra has also reviewed the criteria used to include certain energy consumption as sources of scope 1 and 2 emissions, to ensure that there are no relevant duplications or omissions in the measurement of the footprint. In particular, Indra has reviewed those centres in which it has operational control and whose footprint should therefore be considered as scope 1 or 2. In addition, in accordance with the GHG Protocol methodology, Indra has improved the measurement of its scope 1 emissions to include the fluorinated gases (HCFs) associated with its refrigeration equipment. To ensure comparability of data, below is the 4-year history with the old methodology and the new one.<br>Note: in 2021, Indra, following the indications of the UNE EN ISO 14064-1 Standard: energy from the "Districlima" source has been reclassified as scope 2, as it is a source of heat originated by steam (this change represents a variation of 7.46 tonCO2e); the classification of vehicles with operational control assigned to work centres has been improved (this change represents an upward variation of less than 1% in scope 1 emissions in 2021). | | | | | |
| **Old Methodology** (up to 2019) | | | | | |
| Scope 1: direct CO2 emissions (tonCO2e) | 949 | 828 | N.A. | N.A. | N.A. |
| Scope 2: indirect CO2 emissions from electricity consumed (tonCO2e) | 9,555 | 9,169 | N.A. | N.A. | N.A. |
| Scope 3: indirect CO2 emissions from company transport by third-party vehicles (tonCO2e) | 24,110 | 24,759 | ,N.A. | N.A. | N.A. |
| Scope 1 intensity (tonCO2e/average number of certified sites) | 0.039 | 0.033 | N.A. | N.A. | N.A. |
| Scope 2 intensity (tonCO2e/average number of certified sites) | 0.230 | 0.194 | N.A. | N.A. | N.A. |
| Intensity (Scope 1 intensity + Scope 2 intensity) | 0.269 | 0.227 | N.A. | N.A. | N.A. |
| **New methodology** (from 2019) (*) | | | | | |
| (*) Note: in 2022 the percentage of green energy in Spain and other geographies (Portugal, Chile and Australia) has been increased. For the calculation of Scope 1, the emission factors used for fuel consumption and fluorinated gases are DEFRA 2022 (UK Government GHG Conversion Factors for Company Reporting 2022 version 2) and those provided by the supplier for vehicles. 100% of the activity data used are primary data. The emission factors used for the Scope 2 calculation are the energy mix emission factors for each geography published by the International Energy Agency (IEA) - location-based - and those provided by energy traders - market-based. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Scope 1: direct CO2 emissions (tonCO2e) | N.A. | 2,733 | 1,764 | 1,759 | 1,681 |
| Scope 2 (market-based) indirect CO2 emissions per consumed electricity (tonCO2 e) | N.A. | 6,198 | 2,923 | 1,897 | 1,211 |
| Scope 2 (location-based) indirect CO2 emissions per electricity consumed (tonCO2 e) | N.A. | 19,075 | 11,161 | 8,211 | 7,211 |
| Scope 3: all categories (*) | N.A. | 507,063 | 375,417 | 335,583 | 378,127 |
| (*) Note: in 2022 for emissions calculated from economic data (categories 1, 2, 4, 6, 8 and 15), emission factors from CEDA - Comprehensive Environmental Data Archive - with price base 2021 USD have been used. For emissions calculated from direct activity data (categories 3, 6, 7, 8 and 11), emission factors from DEFRA 2022 - UK Government GHG Conversion Factors for Company Reporting 2022 version 2 have been used. For emissions from waste treatment (categories 5 and 12), emission factors from DEFRA 2022 - UK Government GHG Conversion Factors for Company Reporting 2022 version 2- , Ecoinvent version 3.7 and IHOBE 2021 - Calculation tool 2021 Department of Economic Development, Sustainability and Environment of the Basque Government - have been used. In addition, emissions data provided directly by service providers (categories 1, 4 and 6) have also been used. | | | | | |
| Scope 3: most relevant categories, procurement of goods and services, business travel and commuting | N.A. | 411,936 | 291,531 | 267,333 | 283,007 |
| Category 1: purchase of goods and services (*) | N.A. | 299,163 | 255,274 | 234,574 | 236,688 |
| (*) Note: the volume of purchases is calculated using orders issued excluding intercompany. Purchases from suppliers represent 91% of the Group's total, excluding companies that do not use the corporate purchasing model (including Indra Navia, Avitech and Indra USA, with Avitech expected to join in 2023). Out-of-scope emissions do not exceed 5% of total emissions in the category. | | | | | |
| Category 6: business travel | N.A. | 77,251 | 24,303 | 18,273 | 25,087 |
| Category 7: *commuting* | N.A. | 35,522 | 11,954 | 14,487 | 21,232 |
| (*) Note: in 2022 the reduction of emissions, compared to the base year 2019, in the business travel and commuting categories (categories 6 and 7) has increased the relevance of emissions from the use of products sold (category 11), therefore this information is broken down. | | | | | |
| Category 11: use of sold products | N.A. | 41,787 | 39,430 | 37,674 | 66,751 |
| Scope 1 intensity (tonCO2e/average template) (*) | N.A. | 0.058 | 0.036 | 0.035 | 0.031 |
| Scope 2 (market-based) intensity (tonCO2e/average template) (*) | N.A. | 0.131 | 0.060 | 0.038 | 0.022 |
| Intensity (Scope 1 intensity + Scope 2 intensity/average template) (*) | N.A. | 0.188 | 0.096 | 0.073 | 0.053 |
| (*) Note: In 2022, an average workforce of 54,816 professionals is assumed. | | | | | |
| Water consumption [GRI 301-1] [GRI 301-2] [GRI 301-3] [GRI 303-1] [GRI 303-2] [GRI 303-3] [GRI 306-1] [GRI 306-2] (*) | | | | | |
| (*) Note: from 2020, the scope of the information is 97% of Indra's workforce. | | | | | |
| Drinking water from utilities (m3) (*) | 144,383 | 139,008 | 78,742 | 93,048 | 112,431 |
| Well water (m3) | 7,073 | 5,693 | 5,233 | 5,867 | 5,942 |
| Water discharges (m3) | - | - | 0 | 0 | 0 |
| (*) Note: In 2022 the increase in drinking water consumption is due to higher occupancy of workplaces. | | | | | |
| Waste generation [GRI 301-1] [GRI 301-2] [GRI 301-3] [GRI 303-1] [GRI 303-2] [GRI 303-3] [GRI 306-1] [GRI 306-2] (*) | | | | | |
| (*) Note: 89% scope in 2022 including all production centres in Spain and excluding centres with less than 20 workstations and co-working, condominiums and campuses where waste management is carried out by the property. | | | | | |
| Total hazardous waste (Kg) | 104,755 | 102,860 | 96,655 | 58,946 | 69,486 |
| Electronic waste (WEEE) (Kg) (*) | - | - | 57,524 | 38,160 | 43,659 |
| Fluorescent (Kg) | - | - | 7,636 | 1,821 | 1,555 |
| Others (Kg) (**) | - | - | 31,495 | 18,965 | 24,273 |
| (*) Note: in 2022, WEEE hazardous waste increased mainly due to the replacement of screens in the workstations of the centres in Spain and the closure of the San Fernando centre (Madrid).<br>(**) Note: the "Other" waste category includes lead batteries, paint, coolant, absorbents and filtration materials, contaminated metal waste, laboratory chemicals, packaging containing traces of hazardous substances and toner, among others. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Non-hazardous waste (Kg) | 2,228,031 | 2,048,812 | 793,910 | 560,976 | 737,676 |
| Paper (Kg) (*) | - | - | 167,077 | 127,299 | 217,281 |
| Plastic (Kg) (*) | - | - | 68,781 | 53,382 | 18,743 |
| MSW (organic) (Kg) (*) | - | - | 282,063 | 223,333 | 175,661 |
| MSW (mixed packaging) (Kg) (*) | - | - | - | - | 137,377 |
| Non-hazardous WEEE (*) | - | - | - | - | 26,125 |
| Other (Kg) | - | - | 275,989 | 156,961 | 162,489 |
| (*) Note: the differences between the data reported in 2021 and 2022 are mainly due to the implementation of several improvements in the calculation as detailed below. Paper, in Spain, includes withdrawals of confidential paper from projects and withdrawals from cleaning providers in urban containers; Plastic, mixed packaging is segregated in the category of "municipal solid waste (mixed packaging)"; MSW (organic), there has been an increase mainly due to increased activity at the centres and the reactivation of canteens (especially at the corporate headquarters and at the production centres in Spain). In 2022, the catering service and corners, which during 2021 were still operating with reduced opening hours, have been recovered; MSW (mixed packaging), previously accounted for as plastics, is now segregated in a separate category; non-hazardous WEEE, previously accounted for as hazardous WEEE, is now segregated. | | | | | |
| Total waste (Kg) (*) | 2,332,786 | 2,151,672 | 890,566 | 619,922 | 807,162 |
| (*) Note: the increase in 2022 is due to improved accounting of paper-type waste and an increase in municipal solid waste as a result of higher occupancy at workplaces. | | | | | |
| Recycled waste (%) (*) | - | - | 66.7 | 58.5 | 65 |
| (*) Note: scope 89% corresponding to waste generated in Spain. Using the principle of prudence, waste pending recovery is considered to have 0% recovery. | | | | | |
| Hazardous waste recycled/recovered in production sites (%) (*) | - | - | 61 | 70 | 78 |
| (*) Note: scope of production centres located in Spain. Using the principle of prudence, waste pending recovery is considered to have 0% recovery. In 2022, the simulation facility in Coslada (Madrid) is included. | | | | | |
| Hazardous and non-hazardous waste recovery/disposal operations (*) | | | | | |
| (*) Note: in 2022, the scope of reporting on treatment methods has been increased to all the Group's geographies (in 2021 only Spain), which has meant an increase in the scope of the information. | | | | | |
| Waste recycled/reused (Kg) | - | - | - | 324,247 | 710,408 |
| Waste disposed of (Kg) (*) | - | - | - | 77 | 19,502 |
| Waste sent to landfill (Kg) | - | - | - | 426 | 59,408 |
| Waste incinerated (with or without recovery) (Kg) | - | - | - | 0 | 312 |
| Wastes with unknown disposal method (Kg) | - | - | - | 229,913 | 17,532 |
| (*) Note: disposed waste implies that it has been treated by means other than landfill or incineration e.g. biological, physico-chemical, evaporation, thermal drying, sterilisation and other treatments. | | | | | |
| Occupants in environmentally certified centres (%) (*) | 59 | 53 | 67 | 73 | 72 |
| (*) Note: until 2020, the calculation was made considering professionals occupying permanent positions at the work centres. As of 2021, with the acceleration of the implementation of remote work and the flexibility of positions at work centres, the percentage is calculated considering the professionals assigned to companies with ISO 14001 certified centres. | | | | | |

## People

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Professionals | | | | | |
| Total workforce (nº) | 43,707 | 50,349 | 49,027 | 52,083 | 56,735 |
| Smartpaper, Smartest and Baltik workforce (nº) | N.A. | N.A. | 1,047 | N.A. | N.A. |
| Subcontracted employees (nº) (*) | 3,210 | 2,928 | 3,216 | 4,903 | 2,259 |
| (*) Note: In 2022 the reduction of subcontracted employees is mainly due to the reduction of BPO outsourcing. | | | | | |
| Distribution of staff by country and gender (m \| f) (nº) | | | | | |
| Spain | 17,747 \| 8,875 | 18,669 \| 9,342 | 18,413 \| 9,063 | 19,181 \| 9,232 | 20,632 \| 9,684 |
| Europe | | | | | |
| Germany | - | - | 69 \| 26 | 84 \| 30 | 86 \| 31 |
| Belgium | - | - | 1 \| 8 | 5 \| 2 | 2 \| 3 |
| Bulgaria | - | - | 0 \| 4 | 2 \| 0 | 2 \| 0 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Slovakia | - | - | 63 \| 16 | 56 \| 18 | 69 \| 24 |
| Italy | - | - | 1,081 \| 991 | 1,176 \| 981 | 1,228 \| 962 |
| Latvia | - | - | 41 \| 105 | 29 \| 115 | 31 \| 118 |
| Moldova | - | - | 17 \| 4 | 20 \| 5 | 17 \| 5 |
| Norway | - | - | 180 \| 62 | 172 \| 59 | 169 \| 58 |
| Netherlands | - | - | - | 3 \| 0 | 3 \| 0 |
| Poland | - | - | 2 \| 0 | 2 \| 0 | 2 \| 0 |
| Portugal | - | - | 378 \| 165 | 421 \| 193 | 387 \|190 |
| United Kingdom | - | - | 44 \| 10 | 30 \| 9 | 40 \| 11 |
| Czech Republic | - | - | 24 \| 11 | 23 \| 10 | 24 \| 11 |
| Romania | - | - | 47 \| 32 | 48 \| 29 | 48 \| 29 |
| America | | | | | |
| Argentina | - | - | 301 \| 126 | 271 \| 107 | 254 \| 88 |
| Bolivia | - | - | 7 \| 36 | 36 \| 7 | 28 \| 4 |
| Brazil | - | - | 3,422 \| 7,884 | 4,560 \| 3,448 | 4,722 \| 3,446 |
| Chile | - | - | 497 \| 133 | 535 \| 137 | 880 \| 321 |
| Colombia | - | - | 1,935 \| 1,216 | 2,457 \| 1,482 | 3,020 \| 1,772 |
| Costa Rica | - | - | 5 \| 1 | 5 \| 0 | 4 \| 0 |
| Ecuador | - | - | 19 \| 7 | 57 \| 32 | 69 \| 28 |
| El Salvador | - | - | 3 \| 0 | 3 \| 0 | 3 \| 0 |
| United States | - | - | 32 \| 158 | 104 \| 30 | 107 \| 25 |
| Guatemala | - | - | 0 \| 1 | 1 \| 0 | 1 \| 0 |
| Mexico | - | - | 1,296 \| 514 | 1,930 \| 789 | 2,451 \| 940 |
| Panama | - | - | 59 \| 33 | 58 \| 29 | 63 \| 29 |
| Peru | - | - | 1,294 \| 370 | 1,398 \| 468 | 1,778 \| 516 |
| Dominican Republic | - | - | 60 \| 17 | 60 \| 15 | 66 \| 13 |
| Uruguay | - | - | 74 \| 55 | 64 \| 57 | 77 \| 51 |
| Asia, Middle East and Africa | | | | | |
| South Arabia | - | - | 55 \| 5 | 60 \| 5 | 59 \| 7 |
| Algeria | - | - | 16 \| 7 | 27 \| 8 | 31 \| 8 |
| Australia | - | - | 80 \| 10 | 76 \| 10 | 79 \| 9 |
| Bahrain | - | - | 34 \| 11 | 35 \| 10 | 36 \| 11 |
| China | - | - | 18 \| 13 | 18 \| 10 | 18 \| 9 |
| South Korea | - | - | - | - | 0 \| 1 |
| United Arab Emirates | - | - | 17 \| 11 | 25 \| 9 | 42 \| 11 |
| Philippines | - | - | 1,127 \| 470 | 1,075 \| 454 | 1,118 \| 483 |
| India | - | - | 27 \| 0 | 23 \| 0 | 23 \| 0 |
| Indonesia | - | - | 3 \| 5 | 3 \| 5 | 3 \| 4 |
| Kazakhstan | - | - | 2 \| 2 | 0 \| 2 | 0 \| 2 |
| Kenya | - | - | 40 \| 29 | 38 \| 29 | 45 \| 32 |
| Malaysia | - | - | 25 \| 12 | 16 \| 10 | 15 \| 7 |
| Morocco | - | - | 15 \| 1 | 15 \| 1 | 12 \| 1 |
| Oman | - | - | 23 \| 2 | 23 \| 2 | 23 \| 3 |
| Thailand | - | - | 1 \| 1 | 1 \| 1 | 1 \| 1 |
| Turkey | - | - | 9 \| 5 | 9 \| 5 | 7 \| 5 |
| Mozambique | - | - | 3 \| 0 | 2 \| 0 | 5 \| 1 |
| Vietnam | | | | 0 \| 1 | 0 \| 1 |
| Distribution of staff by geographical area and gender (m \| f) (nº) | | | | | |
| Spain | 17,747 \| 8,875 | 18,669 \| 9,342 | 18,413 \| 9,063 | 19,181 \| 9,232 | 20,632 \| 9,684 |
| Europe | 1,479 \| 594 | 1,415 \| 623 | 1,957 \| 1,423 | 2,071 \| 1,451 | 2,108 \| 1,442 |
| America | 8,710 \| 4,361 | 10,459 \| 6,411 | 10,161 \| 5,933 | 11,539 \| 6,601 | 13,523 \| 7,233 |
| Asia, Middle East and Africa | 1,356 \| 585 | 1,489 \| 596 | 1,493 \| 584 | 1,446 \| 562 | 1,517 \| 596 |
| Distribution of staff by category and gender (m \| f) (nº) | | | | | |
| Senior management | 419 \| 80 | 424 \| 93 | 441 \| 94 | 438 \| 95 | 436 \| 92 |
| Middle management | 2,778 \| 907 | 2,887 \| 949 | 2,937 \| 1,027 | 2,942 \| 1,077 | 3,210 \| 1,156 |
| Technical staff | 22,658 \| 10,888 | 24,680 \| 12,033 | 21,675 \| 10,227 | 23,711 \| 10,844 | 26,032 \| 11,758 |
| Support staff | 2,826 \| 2,191 | 3,945 \| 3,773 | 6,160 \| 5,087 | 6,576 \| 5,132 | 7,169 \| 5,174 |
| Other categories (*) | 611 \| 349 | 96 \| 124 | 811 \| 568 | 570 \| 698 | 933 \| 775 |

(*) Note: the figure for other categories represents professionals who have not yet defined a specific role.

In the following, the 2022 performance indicators cover 100% of the Group except where a different scope is expressly stated. For scope limitations for previous years, please refer to the corresponding reports.

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Women in income generating positions (%) (*) | | | | | |
| (*) Note: calculated by dividing women in leadership and management categories in the T&D and Minsait divisions by the total number of professionals in these categories. | | | | | |
| Women in income generating positions (%) | - | - | 23 | 23 | 24 |
| Women in STEM positions (%) (*) | | | | | |
| (*) Nota: it is calculated by dividing the total number of women in STEM positions by the total number of men and women in STEM positions. STEM positions are considered all STEM positions including corporate areas with STEM profiles (information security and quality). | | | | | |
| Women in STEM positions (%) | - | - | 33 | 33 | 33 |
| Staff by age range and gender (m \| f) (%) (*) | | | | | |
| (*) Note: scope 99.95% | | | | | |
| > 50 years | 8.72 \| 4.19 | 8.46 \| 4.24 | 9.50 \| 4.73 | 9.63 \| 5 | 10.55 \| 5.26 |
| between 30 and 50 years | 41.84 \| 21.40 | 38.84 \| 21.06 | 40.83 \| 21.52 | 38.45 \| 21.09 | 37.18 \| 20.26 |
| < 30 years | 16.45 \| 7.40 | 18.06 \| 9.33 | 17.09 \| 8.32 | 17.79 \| 8.05 | 18.85 \| 7.91 |
| Types of employment contracts | | | | | |
| Employees with permanent contracts by professional category and gender (m \| f) (%) | | | | | |
| Senior management | 1.1 \| 0.2 | 98.58 \| 100 | 98.86 \| 100 | 98.82 \| 100 | 99.31 \| 100 |
| Middle management | 7.2 \| 2.3 | 99 \| 98.95 | 99.18 \| 98.92 | 99.04 \| 98.96 | 98.63 \| 98.96 |
| Technical staff | 52.9 \| 25.7 | 91.82 \| 91.32 | 91.99 \| 93.36 | 90.91 \| 93.60 | 92.47 \| 95.3 |
| Support staff | 4.5 \| 5.2 | 74.6 \| 95.04 | 82.02 \| 92.86 | 80.67 \| 92.78 | 86.57 \| 94.61 |
| Other categories | 0.5 \| 0.4 | 91.67 \| 96.77 | 94.12 \| 98.16 | 91.49 \| 95.26 | 91 \| 84.65 |
| Employees with permanent contracts by age group and gender (m \| f) (%) (*) | | | | | |
| (*) Note: scope 99.95% | | | | | |
| > 50 years | 9.4 \| 4.5 | 96.87 \| 97.01 | 96.60 \| 97.71 | 96.57 \| 97.83 | 96.46 \| 97.82 |
| between 30 and 50 years | 43.7 \| 22.4 | 93.36 \| 93.38 | 92.94 \| 94.36 | 92.65 \| 94.57 | 92.69 \| 95.39 |
| < 30 years | 13 \| 6.9 | 81.13 \| 89.04 | 82.73 \| 89.96 | 79.75 \| 89.14 | 87.85 \| 91.79 |
| Employees with permanent contracts by geographical area and gender (m \| f) (%) | | | | | |
| Spain | - | 93.04 \| 92.38 | 96.11 \| 95.50 | 93.97 \| 95.99 | 98.24 \| 98.79 |
| Europe | - | 89.82 \| 89.25 | 93.03 \| 94.00 | 95.32 \| 97.45 | 95.02 \| 93.13 |
| America | - | 87.91 \| 94.03 | 83.84 \| 92.11 | 84.12 \| 90.86 | 83.79 \| 90.85 |
| Asia, Middle East and Africa | - | 76.16 \| 85.91 | 71.60 \| 83.22 | 70.89 \| 82.38 | 74.09 \| 85.74 |
| Full-time employees by professional category and gender (m \| f) (%) | | | | | |
| Senior management | 1.1 \| 0.2 | 100 \| 100 | 100 \| 100 | 100 \| 100 | 99.77 \| 100 |
| Middle management | 7.2 \| 2.1 | 98.75 \| 90.41 | 99.08 \| 91.67 | 99.28 \| 93.01 | 99.35 \| 93.6 |
| Technical staff | 57 \| 22.6 | 96.83 \| 81.94 | 97.84 \| 85.69 | 98.24 \| 87.45 | 98.44 \| 89.84 |
| Support staff | 6.2 \| 2.6 | 73.71 \| 43.02 | 85.32 \| 58.02 | 86.2 \| 62.04 | 89.72 \| 72.28 |
| Other categories | 0.6 \| 0.3 | 71.88 \| 62.10 | 75.32 \| 72.61 | 99.08 \| 99.24 | 99.25 \| 98.32 |
| Full-time employees by age group and gender (m \| f) (%) (*) | | | | | |
| (*) Note: scope 99.95% | | | | | |
| > 50 years | 9.7 \| 4.2 | 98.05 \| 86.86 | 98.01 \| 87.91 | 98.02 \| 89.44 | 98.34 \| 90.67 |
| between 30 and 50 years | 45.4 \| 17.7 | 95.32 \| 73.33 | 95.93 \| 76.58 | 96.49 \| 79.57 | 97.21 \| 84.17 |
| < 30 years | 17.1 \| 6.0 | 89.72 \| 68.62 | 91.12 \| 72.12 | 94.02 \| 78.7 | 95.46 \| 86.22 |
| Full-time employees by geographical area and gender (m \| f) (%) | | | | | |
| Spain | - | 97.09 \| 79.58 | 97.09 \| 79.58 | 97.54 \| 81.87 | 97.83 \| 84.82 |
| Europe | - | 98.30 \| 92.68 | 98.30 \| 92.68 | 98.94 \| 92.34 | 97.96 \| 91.61 |
| America | - | 89.95 \| 69.17 | 89.95 \| 69.17 | 92.56 \| 75.38 | 94.96 \| 84.46 |
| Asia, Middle East and Africa | - | 100 \| 99.83 | 100 \| 99.83 | 100 \| 99.82 | 100 \| 99.83 |
| Turnover [GRI 401-1] (*) | | | | | |
| (*) Note: the total turnover figure is calculated by taking into account desired and undesired departures as a percentage of the average workforce. Unwanted departures are considered to be those caused by the voluntary decision of the employee. | | | | | |
| Total turnover (%) | 25 | 22 | 21 | 27 | 28 |
| Total turnover by gender (m \| f) (%) (*) | | | 20.48 \| 20.40 | 27.80 \| 25.96 | 27.14 \| 30.18 |
| (*) Note: In 2022, the highest female turnover is in the geographies of Brazil, Colombia, Mexico and Peru. | | | | | |
| Total turnover by geographical areas (%) | | | | | |
| Spain | - | - | 11.33 | 15.09 | 16.63 |
| Europe | - | - | 11.64 | 14.8 | 17.04 |
| America | - | - | 39.28 | 48.58 | 47.68 |
| Asia, Middle East and Africa | - | - | 14.33 | 30.33 | 26.36 |
| Total turnover by age group and gender (m \| f) (%) | | | | | |
| (*) Nota: scope 99.94% | | | | | |
| > 50 years | - | - | 12.48 \| 10.02 | 13.22 \| 9.28 | 10.00 \| 10.33 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| between 30 and 50 years | - | - | 17.11 \| 15.13 | 23.95 \| 20.87 | 23.96 \| 24.49 |
| < 30 years | - | - | 33.45 \| 40.62 | 46.19 \| 51.57 | 44.59 \| 59.07 |
| Total turnover of professionals with disabilities (%) (*) | - | - | 6.24 | 8.41 | 15.19 |
| (*) Note: scope 98.98% | | | | | |
| Total turnover by profesional category (%) | | | | | |
| Senior management | - | - | 10.36 | 12 | 11.00 |
| Middle management | - | - | 8.89 | 10.72 | 9.35 |
| Technical staff | - | - | 17.22 | 24.87 | 25.20 |
| Support staff | - | - | 34.28 | 36.74 | 42.66 |
| Other categories | - | - | 17.54 | 72.71 | 47.00 |
| Total turnover by nationalities (%) | | | | | |
| Local nationality | - | - | 20.48 | 27.56 | 28.21 |
| Other nationalities | - | - | 19.73 | 20.61 | 26.92 |
| Unwanted external turnover (%) | 13 | 13 | 8 | 15.63 | 16.08 |
| Unwanted external turnover by gender (m \| f) (%) | - | - | 9.46 \| 5.26 | 18.31 \| 10.53 | 17.91 \| 12.54 |
| Unwanted external turnover by geographical areas (%) | | | | | |
| Spain | 10 | 10 | 6.16 | 11.84 | 13.92 |
| Europe | 15 | 15 | 9.67 | 11.54 | 13.91 |
| America | 19 | 19 | 10.99 | 20.95 | 19.19 |
| Asia, Middle East and Africa | 17 | 19 | 11.22 | 26.41 | 21.10 |
| Unwanted external turnover by age group and gender (m \| f) (%) (*) | | | | | |
| (*) Note: scope 99.94% | | | | | |
| > 50 years | 2 \| 1 | 4 \| 2 | 2.41 \| 0.95 | 4.45 \| 2.08 | 5.25 \| 3.81 |
| between 30 and 50 years | 13 \| 8 | 14 \| 8 | 8.31 \| 4.36 | 16.74 \| 9.61 | 16.50 \| 11.53 |
| < 30 years | 30 \| 22 | 25 \| 16 | 16.42 \| 10.24 | 30.74 \| 18.86 | 28.78 \| 21.21 |
| Unwanted external turnover by professionals with disabilities (%) (*) | - | - | 2.16 | 5.18 | 8.01 |
| (*) Note: scope 98.98% | | | | | |
| Unwanted external turnover by professional category (%) | | | | | |
| Senior management | - | - | 1.82 | 3.37 | 3.12 |
| Middle management | - | - | 3.36 | 6.25 | 6.94 |
| Technical staff | - | - | 9.81 | 19.25 | 18.69 |
| Support staff | - | - | 5.59 | 9.76 | 11.92 |
| Other categories | - | - | 3.33 | 7.66 | 18.02 |
| Unwanted external turnover by nationality (%) | | | | | |
| Local nationality | - | - | 7.46 | 15.49 | 15.95 |
| Other nationalities (*) | - | - | 12.56 | 16.20 | 20.24 |
| (*) Note: in 2022 the percentage of non-local employees (other nationalities) is 3%. | | | | | |
| Layoffs by professional category and gender (m \| f) (nº) | | | | | |
| Senior management | 35 \| 11 | 22 \| 1 | 37 \| 8 | 20 \| 6 | 28 \| 10 |
| Middle management | 97 \| 28 | 53 \| 18 | 162 \| 44 | 75 \| 23 | 51 \| 25 |
| Technical staff | 819 \| 378 | 655 \| 342 | 973 \| 438 | 527 \| 248 | 545 \| 345 |
| Support staff | 103 \| 176 | 167 \| 315 | 715 \| 932 | 508 \| 913 | 653 \| 1,107 |
| Other categories | 75 \| 23 | 9 \| 8 | 14 \| 5 | 33 \| 23 | 10 \| 11 |
| Layoffs by age range and gender (m \| f) (nº) (*) | | | | | |
| (*) Note: scope 99.53% | | | | | |
| > 50 years | 217 \| 59 | 143 \| 34 | 401 \| 179 | 250 \| 111 | 175 \| 132 |
| between 30 and 50 years | 675 \| 376 | 492 \| 372 | 954 \| 665 | 547 \| 576 | 634 \| 725 |
| < 30 years | 231 \| 176 | 271 \| 278 | 546 \| 583 | 366 \| 526 | 478 \| 641 |
| New recruitments [GRI 401-1] (*) | | | | | |
| (*) Note: scope 99.74% | | | | | |
| New recruitments (nº) | 12,953 | 15,426 | 8,288 | 16,731 | 19,558 |
| New recruitments by gender (m \| f) (%) | - | - | 69.43 \| 30.57 | 66.09 \| 33.91 | 66.25 \| 33.75 |
| New recruitments by age range and gender (m \| f) (%) (*) | | | | | |
| (*) Note: scope 99.74% | | | | | |
| > 50 years | 3.50 | 2.36 \| 1.17 | 4.95 \| 1.58 | 2.85 \| 1.15 | 3.9 \| 1.52 |
| between 30 and 50 years | 43.62 | 27.45 \| 16.83 | 34.82 \| 14 | 29.02 \| 16.33 | 27.76 \| 15.34 |
| < 30 years | 52.88 | 32.12 \| 20.06 | 29.9 \| 14.76 | 34.22 \| 16.44 | 34.59 \| 16.89 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| New recruitments by geographical area (%) (*) | | | | | |
| (*) Note: scope 99.74% | | | | | |
| Spain | 36.63 | 29.49 | 29.93 | 28.58 | 33.16 |
| Europe | 4.16 | 3.33 | 4.27 | 8.96 | 3.11 |
| America | 54.81 | 63.66 | 62.45 | 59.49 | 60.76 |
| Asia, Middle East and Africa | 4.40 | 3.52 | 3.34 | 2.97 | 2.97 |
| New recruitment of people with disabilities (nº) (*) | - | - | 60 | 42 | 55 |
| (*) Note: scope 99.74% | | | | | |
| New recruitments by nationality and gender (m \| f) (nº) (*) | | | | | |
| (*) Note: scope 99.74% | | | | | |
| Local nationality | - | - | 5,563 \| 2,450 | 10,235 \| 5,375 | 12,480 \| 6,378 |
| Other nationalities | - | - | 211 \| 64 | 822 \| 299 | 477 \| 223 |
| New recruitments by professional category and gender (m \| f) (nº) (*) | | | | | |
| (*) Note: scope 99.74% | | | | | |
| Senior management | - | - | 29 \| 4 | 20 \| 5 | 31 \| 7 |
| Middle management (*) | - | - | 112 \| 44 | 187 \| 51 | 302 \| 108 |
| Technical staff | - | - | 3,399 \| 1,028 | 8,093 \| 3,014 | 8,644 \| 3,192 |
| Support staff | - | - | 1,398 \| 1,039 | 2,316 \| 2,071 | 3,259 \| 2,864 |
| Other categories | - | - | 836 \| 399 | 441 \| 533 | 721 \| 430 |
| (*) Note: the increase in 2022 responds to the need to maintain the ratio of professionals in this category. | | | | | |
| Vacancies that are filled by internal candidates (according to data from Internal Mobility Office - IMO - available in Spain, Italy, Portugal, Brazil, Colombia and Mexico) | | | | | |
| Vacancies filled by internal candidates. Total (nº) | - | - | 626 | 563 | 518 |
| Vacancies filled by internal candidates by gender (%) | - | - | 54 \| 46 | 66 \| 34 | 62 \| 38 |
| Vacancies filled by internal candidates by age range and gender (m \| f) (%) | | | | | |
| > 50 years | - | - | 2 \| 1 | 12 \| 8 | 4 \| 1 |
| between 30 and 50 years | - | - | 27 \| 19 | 38 \| 17 | 39 \| 26 |
| < 30 years | - | - | 25 \| 26 | 16 \| 09 | 19 \| 11 |
| Vacancies filled by internal candidates by geographical area (%) | | | | | |
| Spain | - | - | 16.8 | 67 | 24 |
| Europe | - | - | 0.3 | 2 | 1 |
| America | - | - | 82.9 | 31 | 75 |
| Asia, Middle East and Africa | - | - | - | - | - |
| Vacancies filled by internal candidates with disabilities (%) | - | - | 0.5 | - | - |
| Vacancies filled by internal candidates by nationality (nº) | | | | | |
| Local nationality | - | - | 621 | 549 | 511 |
| Other nationalities | - | - | 5 | 14 | 7 |
| Vacancies filled by internal candidates by job category (nº) | | | | | |
| Senior management | - | - | - | - | - |
| Middle management | - | - | 19 | 49 | 28 |
| Technical staff | - | - | 216 | 335 | 297 |
| Support staff | - | - | 379 | 73 | 106 |
| Other categories | - | - | 12 | 106 | 87 |
| Average procurement cost per FTE (*) | | | | | |
| (*) Note: scope 99.74%. Calculation based on the budget of the recruitment department divided by the number of new recruits in 2022. | | | | | |
| Average procurement cost per FTE (€) | - | - | 385 | 252 | 285 |
| Average remuneration of directors (thousands of euros) (m \| f) (*) | | | | | |
| Average remuneration of directors | 134.2 \| 101.3 | 133.8 \| 104.8 | 117.0 \| 113.4 | 158 \| 122 | 184 \| 135 |
| (*) The remuneration of directors in their capacity as such is determined on the basis of their membership of the various management bodies. It consists exclusively of a fixed allowance and is paid entirely in cash. In 2021 and 2022, the greater difference in remuneration between men and women is due to the fact that the calculation includes the remuneration earned by the non-executive Chairman. | | | | | |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Remuneration of the Management Committee (thousands of euros) (m \| f) (*) economic criterion | | | | | |
| Average remuneration of the Management Committee | 812.7 \| 1,009.1 | 825 \| 994.2 | 743.9 \| 704 | 1,165.9 \| 1,171.2 | 1,118.8 \| 610.8 |
| Chairman and CEO | 2,100 \| - | 2,262 \| - | 2,001.7 \| - | - \| - | - \| - |
| CEOs | - | - | - | 2,550.6 \| 2,550.6 | 2,762.9 \| 790.5 |
| Directors General Managers | 1,680 \| 1,680 | 1,665 \| 1,665 | 1,420.6 \| 1,420.6 | - | 1,583 \| - |
| Area and Market Managers | 633.1 \| 338.3 | 635.2 \| 323.3 | 568 \| 345.7 | 992.9 \| 481.4 | 796.1 \| 520.9 |
| (*) Note: the figure is calculated for senior management members of the Management Committee in annualised terms as the average of the sum of the fixed remuneration, the variable remuneration accrued in the reference year and the portion of the MTI (Medium-Term Incentive) allocable to each year. With regard to the calculation of the MTI, in 2022, one third of the total amount has been included, which coincides with the provision made in the company's annual accounts for the 2022 financial year.<br>In 2021 and 2022 the figure of Chairman and CEO does not exist, but the historical figure is maintained. In 2022 the CEO figure is calculated considering the remuneration of the current CEO and the proportional part of the former CEO until April 2022. In 2022 the CEO is counted from his appointment in April 2022. | | | | | |
| Average staff remuneration and other remuneration ratios | | | | | |
| Average remuneration of the workforce (euro) (*) | - | 26,601 | 26,454 | 25,950 | 27,461 |
| (*) Note: fixed and variable remuneration paid. | | | | | |
| Ratio of CEO's salary to average staff salary (%) (*) | - | 85.0 | 75.7 | 98.3 | 100.6 |
| (*) Note: in 2021 the figure has been calculated considering the ratio of the average salary of the two Executive Directors in their capacity as executives of the company. | | | | | |

Average remuneration by professional category and gender (m | f) (euro) (*)

(*) Note: calculated considering fixed and variable salary paid. Does not include additional items such as: cash allowances, bonuses, long-term incentives, share-based remuneration, etc.

| | | 2019 | | 2020 | | 2021 | | 2022 | |
|---|---|---|---|---|---|---|---|---|---|
| | | Male | Female | Male | Female | Male | Female | Male | Female |
| Senior management | > 50 years | 167,654 | 114,917 | 167,305 | 148,532 | 155,023 | 143,219 | 186,320 | 136,523 |
| | between 30 and 50 years | 157,982 | 146,719 | 147,848 | 120,223 | 143,997 | 123,149 | 160,463 | 139,820 |
| Middle management | > 50 years | 64,795 | 60,135 | 64,374 | 58,759 | 62,750 | 57,270 | 68,349 | 61,532 |
| | between 30 and 50 years | 58,786 | 53,980 | 57,146 | 53,077 | 57,100 | 52,841 | 62,193 | 57,463 |
| | < 30 years | 49,828 | 62,227 | 43,954 | 61,390 | 52,838 | 42,011 | 62,322 | 56,529 |
| Technical staff | > 50 years | 34,851 | 30,976 | 36,505 | 33,661 | 35,865 | 32,905 | 36,881 | 33,622 |
| | between 30 and 50 years | 26,904 | 24,029 | 27,998 | 26,017 | 27,657 | 25,483 | 28,961 | 25,989 |
| | < 30 years | 17,254 | 15,628 | 18,172 | 17,314 | 18,352 | 17,030 | 19,770 | 18,093 |
| Support staff | > 50 years | 11,969 | 18,878 | 22,735 | 19,208 | 21,528 | 17,987 | 21,593 | 18,665 |
| | between 30 and 50 years | 10,053 | 8,162 | 14,839 | 11,236 | 14,122 | 11,026 | 14,636 | 11,080 |
| | < 30 years | 10,084 | 4,695 | 10,435 | 5,472 | 10,945 | 5,609 | 12,063 | 6,150 |
| Other categories (*) | > 50 years | 29,137 | 15,929 | 23,086 | 17,180 | 13,133 | 9,956 | 20,683 | 11,572 |
| | between 30 and 50 years | 15,813 | 11,611 | 5,996 | 5,811 | 9,705 | 5,518 | 12,973 | 5,007 |
| | < 30 years | 8,760 | 6,134 | 3,772 | 3,718 | 4,272 | 3,597 | 5,009 | 4,208 |

(*) Note: the heterogeneity of professionals within the group of "other categories" (professionals who have not yet been assigned a specific category) gives rise to the variations in the data.

| Gender pay gap by category (%) (*) | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Senior management | 10.14 | 7.48 | 5.48 | 7.63 | 10.28 |
| Middle management | 4.18 | 6.02 | 4.05 | 3.80 | 3.54 |
| Technical staff | 2.56 | 2.54 | 3.14 | 2.87 | 3.06 |
| Support staff | 1.30 | 3.97 | 3.12 | 3.55 | 2.49 |
| Other categories | 20.08 | 4.42 | - | - | 0.00 |
| Total | 2.79 | 3.03 | 3.21 | 3.11 | 3.00 |

(*) Note: the pay gap is defined as the difference in salaries for homogeneous groups of professionals. The pay gap has been calculated by comparing salaries between equivalent professional segments (same category, same business unit, same region/country). In other words, it represents the percentage that women earn less than men, considering similar positions and responsibilities. Professional segments in which there is not at least one female and one male employee are not included in this

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| calculation, which implies a real staff coverage of 90%. For the calculation, fixed and variable salaries paid are considered. Additional concepts such as: cash allowances, bonuses, long-term incentives, share-based remuneration, etc. are not included. Pay gap = [(Annual Salary + Variable Paid) Male - (Annual Salary + Variable Paid) Female] / (Annual Salary + Variable Paid) Female. For more indicators on pay disaggregated by gender and age, see Annex 11.6 with the "Sustainability Indicator Table". Scope of data 97% of total workforce at closing. | | | | | |

| Gross pay inequality by professional category (%) (*) | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Senior management (**) | 21 | 18 | 17 | 12 | 21 |
| Middle management | 8 | 9 | 8 | 8 | 9 |
| Technical staff | 8 | 9 | 5 | 5 | 7 |
| Support staff | 20 | 32 | 27 | 26 | 27 |
| Other categories (***) | 27 | 32 | 9 | 36 | 57 |

(*) Note: Gross pay inequality is calculated as (average male wage-average female wage) / (average male wage), regardless of other factors that may affect a person's remuneration, such as geographical location or the department in which he/she works and/or job category. For the calculation, fixed and variable salary paid are considered. Additional items such as: cash allowances, bonuses, long-term incentives, share-based remuneration, etc. are not included. For further indicators on remuneration broken down by gender and age, see Annex 11.6 with the "Table of sustainability indicators". Scope of data 97% of total workforce at year-end.
(**) Note: the figure at management level in 2022 has been increased due to the departure in 2022 of the Managing Director of Minsait, who in the case of the gap was compared with other members of the Management Committee. If this departure had not taken place, the salary inequality figure at management level would have been 15%.
(***) Note: the salary inequality in "other categories" in 2022 is a consequence of the incorporation of new companies into the company (e.g. 194 people from Teknatrans Consultores S.L.), as well as the massive incorporation of businesses such as BPO (e.g. 413 people in Indra Colombia S.A.A. and 225 in Indra BPO Mexico) imply a certain delay in the assimilation of employees into the company's roles. Within these groups (especially acquisitions) salaries are very heterogeneous.

Gross pay inequality by professional category by geographical area (%) [GRI 405-2]

| | Spain | | Italy | | Latin America (*) | | Philippines | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Senior management (**) | 9 | 19 | 21 | 14 | 43 | 36 | 0 | -44 |
| Middle management | 5 | 6 | 12 | 10 | 11 | 10 | 1 | 4 |
| Technical staff | 7 | 9 | 15 | 15 | 12 | 14 | -12 | -10 |
| Support staff | 9 | 8 | 1 | 1 | 19 | 18 | -8 | -11 |
| Other categories | 11 | -4 | 0 | 0 | 12 | 11 | 0 | 0 |
| Total | 13 | 14 | 23 | 27 | 36 | 35 | -21 | -20 |

(*) Note: Latin America includes Brazil, Colombia, Mexico and Peru.
(**) Note: the data at management level in Spain have been increased due to the departure in 2022 of the Managing Director of Minsait, which in the case of the gap was compared to other members of the Management Committee.

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Ratio of standard entry level wage to local minimum wage for each country of significant operations (%) (*) [GRI 202-1] | | | | | |
| (*) Note: the seven countries reported have been chosen on the basis of the number of professionals in recent years, those with the highest number of professionals having been selected. Specifically, these 7 countries correspond to around 93% of the total workforce at year-end. The minimum entry salary is considered to be the average of the fixed salaries of the categories considered lower (technicians and support) in each country, as this is more representative than the minimum salary of a single person whose activity may not be representative of the activity carried out by the company. | | | | | |
| Brazil | 1.86 | 1.88 | 2.20 | 1.78 | 1.97 |
| Mexico | 5.76 | 6.19 | 5.80 | 4.37 | 3.51 |
| Colombia | 1.98 | 1.62 | 1.72 | 1.78 | 1.63 |
| Spain | 1.85 | 1.39 | 1.39 | 1.42 | 1.37 |
| Philippines | 1.71 | 1.77 | 1.68 | 1.75 | 2.69 |
| Peru | 2.59 | 2.66 | 2.53 | 2.73 | 2.37 |
| Italy (*) | N.A. | N.A. | N.A. | N.A. | N.A. |

(*) Note: the local minimum wage is not officially defined.

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Ratio of the annual total compensation of the organisation's highest paid individual in each country of significant operations to the median total compensation of the workforce (excluding the highest paid individual) (*) [GRI 2-21] [GRI 2-21] | | | | | |
| (*) Note: calculated considering fixed salary, accrued variable and the portion of the MTI (Medium Term Incentive) allocable to each year. In 2022 the figure for Spain in 2021 has been corrected to include the corresponding share of the MTI. | | | | | |
| Brazil | 20.44 | 24.31 | 21.61 | 24.91 | 22.32 |
| Mexico | 27.46 | 25.37 | 24.26 | 31.17 | 29.66 |
| Colombia | 19.28 | 22.27 | 21.20 | 26.71 | 31.42 |
| Spain | 62.69 | 66.92 | 59.66 | 72.01 | 76.95 |
| Philippines | 9.65 | 10.94 | 11.85 | 14.11 | 12.87 |
| Peru | 8.86 | 9.13 | 8.98 | 9.77 | 9.78 |
| Italy | 6.40 | 5.09 | 6.02 | 8.80 | 9.72 |
| Ratio of the percentage increase in the annual total compensation of the organisation's highest paid person in each country of significant operations to the percentage increase in the average annual total compensation of the entire workforce (excluding the highest paid person) (*) | | | | | |
| (*) Note: calculated considering annual fixed salary, accrued variable and the portion of the MTI (Medium Term Incentive) allocable to each year. The ratio is calculated by dividing the percentage increases (best paid person increase/average pay increase) and if both increases are negative, the result will be positive. In 2022 the figure for Spain in 2021 has been corrected to include the corresponding share of the MTI. | | | | | |
| Brazil | 7.87 | 0.55 | 0.26 | 0.60 | 0.47 |
| Mexico | 1.99 | -1.87 | -0.05 | -0.62 | 0.76 |
| Colombia | 2.27 | 0.39 | 0.43 | -4.27 | -3.58 |
| Spain | -9.36 | 8.53 | -7.38 | 7.24 | 4.61 |
| Philippines | 2.32 | 4.98 | -0.80 | 3.42 | 0.24 |
| Peru | 8.02 | -4.05 | 36.42 | 0.19 | 1.01 |
| Italy | 3.88 | -19.82 | 24.09 | -2.22 | 4.11 |
| Diversity [GRI 405-1] | | | | | |
| Nationalities (nº) | 98 | 101 | 106 | 105 | 121 |
| Nationalities over total staff (%) | | | | | |
| Spanish | - | - | 56 | 53.0 | 51.8 |
| Brazilian | - | - | 17 | 15.8 | 14.4 |
| Colombian | - | - | 7 | 7.7 | 8.6 |
| Mexican | - | - | 4 | 5.3 | 5.9 |
| Peruvian | - | - | 4 | 3.7 | 4.1 |
| Filipino | - | - | 3 | 3.0 | 2.8 |
| Italian | - | - | 3 | 4.4 | 4.1 |
| Chilean | - | - | 1 | 1.3 | 2.0 |
| Portuguese | - | - | 1 | 1.3 | 1.1 |
| Argentinean | - | - | 1 | 0.8 | 0.6 |
| Other nationalities with a weight in the total of less than 1%. | - | - | 4 | 3.6 | 4.3 |
| Nationalities of the leadership and management team (%) | | | | | |
| Spanish | - | - | 77 | 76.5 | 73.6 |
| Brazilian | - | - | 4 | 3.9 | 4.5 |
| Italian | - | - | 3 | 3.2 | 3.8 |
| Mexican | - | - | 3 | 3.0 | 3.5 |
| Colombian | - | - | 2 | 2.1 | 2.5 |
| Filipino | - | - | 2 | 1.8 | 1.7 |
| Portuguese | - | - | 2 | 2.1 | 2.2 |
| Argentinean | - | - | 1 | 1.1 | 1.1 |
| Other nationalities with a weight in the total of less than 1%. | - | - | 6 | 6.2 | 7.0 |
| Employees with disabilities (%) (*) | 0.93 | 1.1 | 1.37 | 1.02 | 0.95 |
| Employees with disabilities by gender (m \| f) (%) | - | - | - | - | 65 \| 35 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| (*) Note: 2018 and 2019 data includes Spain and Brazil in its scope, in 2020 the scope is 74%, due to the incorporation of Paradigma and SmartPaper. In 2021 the scope is 90% including data from companies located in Spain and America. In 2022 the scope is 98.98%. | | | | | |
| Contribution to local development [GRI 202-2] | | | | | |
| Local professionals (%) | 90 | 88 | 97 | 95 | 97 |
| Total managers from the local community (%) | 89 | 89 | 92 | 89 | 92 |
| Total managers from the local community by geographical areas (%) | | | | | |
| Spain | 96 | 96 | 97 | 94 | 97 |
| Europe | 90 | 87 | 88 | 88 | 93 |
| America | 52 | 51 | 67 | 67 | 68 |
| Asia, Middle East and Africa | 45 | 33 | 44 | 36 | 60 |
| Length of service in the company | | | | | |
| Average length of service | 7.4 | 6.8 | 7.51 | 7.29 | 6.9 |
| Promotion (*) | | | | | |
| (*) Note: scope of 98% | | | | | |
| Promoted professionals (%) (*) | 23 | 22 | 24 | 22 | 28 |
| Promoted women (out of the total number of promoted people in the company) (%) | 28 | 29 | 27 | 28 | 28 |
| (*) Note: Data on promoted employees refer to employees promoted during year x as a result of the appraisal for year x-1. The percentage indicates employees promoted out of the total number of employees appraised. | | | | | |
| Performance evaluation [GRI 404-3] (*) | | | | | |
| (*) Note: the scope is 98%. Data refer to professionals who have received a communication about their appraisal in the reported year. Performance appraisal is done on a yearly basis, i.e. in year x the data refer to the professionals who have received a performance appraisal for year x-1. | | | | | |
| Employees who have participated in performance appraisal (m/f) (%) | 80.5 \| 64.6 | 71.8 \| 54.6 | 87.73 \| 76.82 | 84.62 \| 72.32 | 79.66 \| 71.83 |
| Employees who have participated by professional category (m/f) (nº) | | | | | |
| Senior management | 374 \| 81 | 377 \| 81 | 359 \| 81 | 401 \| 80 | 312 \| 68 |
| Middle management | 2,655 \| 887 | 2,748 \| 893 | 2,800 \| 927 | 3,048 \| 1,079 | 3,115 \| 1,122 |
| Technical staff | 16,611 \| 6,878 | 17,784\| 7,534 | 18,985 \| 8,741 | 20,765 \| 9,176 | 21,673 \| 9,530 |
| Support staff | 1,196 \| 614 | 1,731 \| 682 | 5,041 \| 2,584 | 4,428 \| 2,328 | 4,496 \| 2,212 |
| Other categories | 358 \| 150 | - \| - | 3 \| - | - \| 1 | 22 \| 115 |
| Employees in a multidimensional assessment system (%) (*) | - | - | 47 | 39 | 90 |
| (*) Note: in 2020 and 2021 the percentage was calculated considering only professionals who had received a multi-source evaluation. In 2022, all employees of companies that have implemented the Feedback 360º and/or Performance Project evaluation systems for evaluation by project have been considered. | | | | | |
| Employed in a benchmarking assessment system (%) (*) | - | - | 98 | 98 | 98 |
| (*) Note: Smart Paper and Smart Test (Italy), companies acquired in 2021, plan to join the benchmarking model in 2024. | | | | | |
| Reconciliation [GRI 401-3] (*) | | | | | |
| (*) Note: the scope is 95.43%, not including information from companies located in Portugal and the Philippines, among others. | | | | | |
| Employees who have taken paternal/maternal leave (m \| h \| m) (no) | 672 \| 510 | 696 \| 465 | 616 \| 341 | 810 \| 318 | 1,195 \| 770 |
| Employees who have returned to work after paternal/maternal leave (h \| m) (No.) | 631 \| 453 | 628 \| 406 | 594 \| 312 | 738 \| 286 | 994 \| 578 |
| Rate of return to work after paternity/maternity leave (%) | 92 | 89 | 95 | 91 | 80 |
| Retention after parental leave (%) (*) | - | - | - | - | 87 |
| (*) Note: scope Spain. | | | | | |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Occupational health and safety (*) [GRI 403-9] (*) | | | | | |
| (*) Note: the scope of the Occupational Health and Safety data is 99.61% of the Group's companies (in Spain the scope is 100%). The scope of the 'absenteeism' data is 96%. It includes accidents with and without medical leave, excluding in itinere. | | | | | |
| Occupational accident rate (accidents at work with and without medical leave, excluding 'in itinere' accidents) by geographical area (*) | | | | | |
| (*) Note: the formulas for calculating the accident rate (Incidence, Severity, Frequency and Medical Duration Index) are those contained in NTP 1: Accident rate statistics in the company of the National Institute for Safety and Hygiene at Work of the Spanish Ministry of Labour and Social Affairs. | | | | | |
| Nº of accidents | 167 | 167 | 100 | 115 | 129 |
| Spain | 129 | 130 | 70 | 83 | 83 |
| Europe | 2 | 4 | 0 | 1 | 3 |
| America | 32 | 31 | 30 | 30 | 39 |
| Asia, Middle East and Africa | 4 | 2 | 0 | 1 | 4 |
| Índice de frecuencia por área geográfica y por género (h \| m) (*) | | | | | |
| (*) Note: the frequency index (FI) relates the number of accidents to the total number of hours worked by the group of workers exposed to the risk. IF = (No. accidents / No. hours worked) * 1000,000 hours worked | | | | | |
| Spain (m \| f) | 2.04 \| 0.99 | 2.08 \| 0.83 | 1.00 \| 0.46 | 1.5 \| 0.25 | 1.37 \| 0.28 |
| Europe (m \| f) | 0.40 \| 0.40 | 0.59 \| 0.59 | 0.00 \| 0.00 | 0.17 \| 0.00 | 0.32 \| 0.16 |
| America (m \| f) | 1.05 \| 0.55 | 0.74 \| 0.30 | 0.81 \| 0.16 | 0.65 \| 0.13 | 0.77 \| 0.14 |
| Asia, Middle East and Africa (m \| f) | 16.68 \| 0.00 | 4.79 \| 0.00 | 0.00 \| 0.00 | 0.28 \| 0.00 | 1.03 \| 0.00 |
| Incidence rate by geographical area and gender (h \| m) (*) | | | | | |
| (*) Note: the incidence rate (IR) relates the number of accidents to the average number of workers exposed to the risk. IR = (No. accidents / No. workers) * 1000 workers | | | | | |
| Spain | 5.08 | 3.44 \| 1.37 | 1.70 \| 0.78 | 2.55 \| 0.43 | 2.34 \| 0.47 |
| Europe | 1.53 | 1.11 \| 1.11 | 0.00 \| 0.00 | 0.32 \| 0.00 | 0.59 \| 0.30 |
| America | 3.18 | 1.47 \| 0.60 | 1.63 \| 0.33 | 1.46 \| 0.29 | 1.68 \| 0.30 |
| Asia, Middle East and Africa | 30.95 | 9.80 \| 0.00 | 0.00 \| 0.00 | 0.53 \| 0.00 | 2.00 \| 0.00 |
| Severity index by geographical area and gender (h \| m) (*) | | | | | |
| (*) Note: the severity index (SI) relates the time not worked as a result of accidents at work to the time worked by workers exposed to the risk. SI = (No. of days lost/No. of hours worked) * 1000 hours worked | | | | | |
| Spain (m \| f) | 0.02 \| 0.01 | 0.01 \| 0.01 | 0.01 \| 0.00 | 0.02 \| 0.00 | 0.02 \| 0.00 |
| Europe (m \| f) | 0.00 \| 0.00 | 0.01 \| 0.00 | 0.00 \| 0.00 | 0.01 \| 0.00 | 0.01 \| 0.00 |
| America (m \| f) | 0.02 \| 0.01 | 0.01 \| 0.00 | 0.00 \| 0.00 | 0.01 \| 0.00 | 0.01 \| 0.00 |
| Asia, Middle East and Asia (m \| f) | 0.03 \| 0.00 | 0.01 \| 0.00 | 0.00 \| 0.00 | 0.00 \| 0.00 | 0.00 \| 0.00 |
| Average duration in number of days of sick leave by geographical area and gender (h \| m) (*) | | | | | |
| (*) Note: the average duration (AD) indicates the average number of working days per accident at work with and without sick leave. AD = No. of days lost / No. of accidents. | | | | | |
| Spain | 8.98 | 6.67 | 8.25 (5.66 \| 2.59) | 11.25 (9.62 \| 1.63) | 6.99 (4.99 \| 16.83) |
| Europe | 7.06 | 2.48 | 0.00 (0.00 \| 0.00) | 32.96 (32.96 \| 0.00) | 19.60 (4.12 \| 50.58) |
| America | 20.11 | 3.40 | 4.97 (4.14 \| 0.83) | 15.91 (13.26 \| 2.65) | 7.97 (9.15 \| 1.45) |
| Asia, Middle East and Africa | 2.08 | 0.25 | 0.00 (0.00 \| 0.00) | 0.25 (0.25 \| 0.00) | 2.49 (2.49 \| 0.00) |
| Fatal accidents (m \| f) (nº) | 0.00 | 0.00 | 0.00 (0.00 \| 0.00) | 0.00 (0.00 \| 0.00) | 0.00 (0.00 \| 0.00) |
| Number of hours of absenteeism (*) | 2,872,339 | 3,230,775 | 3,010,018 | 2,977,938 | 3,368,831 |
| (*) Note: scope 96%. Absenteeism hours are considered to be those that have been attributed by direct employees in Indra's own working time management system to the concept of "Paid Absence", which corresponds to the set of employee absence hours corresponding to, among others, leaves of absence, medical leave, medical visits, maternity and paternity leave, among others, not including holidays and hours of free time. | | | | | |
| Absenteeism by geographical areas (%) (*) | | | | | |
| (*) Note: scope 96%. The following percentages refer to the number of hours not worked with respect to own and direct hours not including holidays and hours of free disposal established by the collective agreement for all professionals. | | | | | |
| Spain | 5.0 | 5.2 | 5.08 | 4.55 | 4.12 |
| Europe | 4.9 | 4.3 | 3.56 | 4.40 | 5.15 |
| America | 2.9 | 3.5 | 2.30 | 1.84 | 1.71 |
| Asia, Middle East and Africa | 1.6 | 1.6 | 1.18 | 1.13 | 1.02 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Collective bargaining** | | | | | |
| Employees covered by a collective bargaining agreement (%) \| Employees with access to instruments to safeguard their rights collectively (%) (*) | - | 81 | 78 \| 97 | 77 \| 99 | 75 \| 99 |
| (*) Note: the reported scopes in 2019, 2020 and 2021 are respectively 96%, 98% and 99.7% of the total workforce at year-end. In 2022 the scope is 100% of the workforce. | | | | | |
| Germany | - | - | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Saudi Arabia | - | - | 0 \| 0 | 0 \| 0 | 0 \| 0 |
| Algeria | - | - | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Argentina | - | 90 | 89 \| 89 | 89 \| 89 | 88 \| 100 |
| Australia | - | - | 72 \| 100 | 55 \| 100 | 90 \| 100 |
| Bahrain | - | - | 0 \| 0 | 0 \| 0 | 0 \| 0 |
| Belgium | - | - | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Bolivia | - | - | - | 0 \| 100 | 0 \| 100 |
| Bulgaria | - | - | 100 \| 100 | 100 \| 100 | 0 \| 100 |
| Brazil | 98 | 99 | 98 \| 100 | 98 \| 100 | 98 \| 100 |
| Chile | - | 48 | 56 \| 100 | 32 \| 100 | 56 \| 100 |
| China | - | - | - | - | 0 \| 0 |
| Colombia | 0 | 0 | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| South Korea | - | - | - | - | 0 \| 0 |
| Costa Rica | - | - | 0 \| 0 | 0 \| 100 | 0 \| 100 |
| Ecuador | - | - | - | 0 \| 100 | 0 \| 100 |
| El Salvador | - | - | 0 \| 0 | 0 \| 100 | 0 \| 100 |
| United Arab Emirates | - | - | 0 \| 0 | 0 \| 0 | 0 \| 0 |
| Spain (*) | 100 | 100 | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| (*) Note: not including the two executive directors, who maintain a commercial relationship with the company. In addition, one executive has an employment relationship with the company under Royal Decree 1382/1985 of 1 August, which regulates the special employment relationship of senior management personnel. | | | | | |
| Slovakia | - | - | 0 \| 100 | 0 \| 100 | 100 \| 100 |
| USA | - | 0 | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Philippines | 0 | 0 | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Guatemala | - | - | - | - | 0 \| 100 |
| India | - | - | - | - | 0 \| 0 |
| Indonesia | - | - | - | - | 0 \| 100 |
| Italy | 98 | 100 | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Kazakhstan | - | - | - | - | 0 \| 100 |
| Kenya | - | - | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Latvia | - | - | - | 0 \| 100 | 0 \| 100 |
| Malaysia | - | - | - | - | 0 \| 0 |
| Morocco | - | - | - | - | 0 \| 0 |
| Mexico | 0 | 0 | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Moldova | - | - | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Mozambique | - | - | - | - | 0 \| 100 |
| Norway | - | 100 | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Oman | - | - | - | - | 0 \| 0 |
| Netherlands | - | - | - | - | 100 \| 100 |
| Panama | - | 0 | 0 \| 0 | 0 \| 100 | 0 \| 100 |
| Peru | 0 | 0 | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Poland | - | - | - | - | 0 \| 100 |
| Portugal | - | 100 | 100 \| 100 | 92 \| 100 | 93 \| 100 |
| United Kingdom | - | - | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Czech Republic | - | - | 0 \| 100 | 0 \| 100 | 0 \| 100 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Dominican Republic | - | 0 | 0 \| 100 | 0 \| 100 | 0 \| 100 |
| Romania | - | - | 100 \| 100 | 100 \| 100 | 100 \| 100 |
| Thailand | - | - | - | - | 0 \| 0 |
| Turkey | - | - | - | - | 100 \| 100 |
| Uruguay | - | 0 | 0 \| 100 | 0 \| 100 | 33 \| 100 |
| Vietnam | - | - | - | - | 0 \| 0 |
| Commitment of professionals (*) | | | | | |
| (*) Note: in 2022 employee satisfaction has been calculated based on the surveys conducted by Transport and Defence in Spain and by Minsait in Brazil, Peru, Colombia and Mexico. In total, this sample represents 44.5% of the company's professionals (measured by average workforce in 2022), representing Indra's main countries and departments, and is therefore considered to be sufficiently representative of Indra as a whole. The surveys carried out were based on the Great Place to Work (GPTW) and Survey Pulse models, so in order to obtain aggregate data for the company as a whole, it was necessary to harmonise the scales of the two methodologies. | | | | | |
| Global commitment (0-100) | 258 | 271 | 75.5 | 75.5 | 78.7 |
| Scope of the survey (%) | 2 | 13 | 100 | 100 | 100 |
| Commitment by gender (0-100) | | | | | |
| Females | 251 | 266 | 75.8 | 75.8 | 79.6 |
| Males | 260 | 272 | 75.3 | 75.3 | 78.2 |
| Commitment by nationality and gender (0-100) | | | | | |
| Brazilian | 285 | 302 | 91 \| 91 | 91 \| 91 | 82 |
| Colombian | 251 | 266 | 100 \| 94.4 | 100 \| 94.4 | 81 |
| Spanish | 260 | 259 | 64.9 \| 65.2 | 64.9 \| 65.2 | 65 |
| Mexican | 250 | 277 | 94.4 \| 94.4 | 94.4 \| 94.4 | 89 |
| Peruvian | 292 | 276 | 100 \| 80 | 100 \| 80 | 82 |
| Commitment by age group | | | | | |
| < 30 years | - | - | 73.6 | 73.6 | 81.1 |
| between 30 and 50 years | - | - | 68.9 | 68.9 | 78.1 |
| > 50 years | - | - | 69.8 | 69.8 | 73.6 |
| Commitment by professional category | | | | | |
| Senior management | 285 | 302 | 78.3 | 78.3 | 78.1 |
| Middle management | 251 | 266 | 68.5 | 68.5 | 71.6 |
| Technicians | 260 | 259 | 68.7 | 68.7 | 79.2 |
| Juniors | - | - | 71.4 | 71.4 | 80.6 |
| Support | 250 | 277 | 73.2 | 73.2 | 78.4 |
| Other categories | 292 | 276 | 100 | 100 | 79.5 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Training and knowledge (*) [GRI 404-1] | | | | | |
| (*) Note: the scope is 99.29%. The training data has been calculated considering that if the trainee exceeds 75% of the attendance hours, 100% of the hours are counted. The average workforce has been used to calculate the breakdowns. | | | | | |
| Professionals who have participated | 41,425 | 49,836 | 41,712 | 54,605 | 60,406 |
| Online training hours | 433,856 | 456,196 | 550,131 | 587,768 | 417,037 |
| Total hours of training including on-line (nº) | 736,551 | 862,518 | 820,623 | 1,002,100 | 1,057,659 |
| Compulsory training | - | - | 169,469 | 324,152 | 255,536 |
| Non-compulsory training | - | - | 651,154 | 677,948 | 802,123 |
| Total hours of training by gender (nº) | | | | | |
| Male | - | - | 576,998 | 738,630 | 778,806 |
| Female | - | - | 243,634 | 263,470 | 278,853 |
| Training hours by professional category (nº) | | | | | |
| Senior management | - | - | 5,180 | 5,755 | 3,878 |
| Middle management | - | - | 70,962 | 97,600 | 65,535 |
| Technical staff | - | - | 603,351 | 726,218 | 756,745 |
| Support staff | - | - | 139,610 | 170,040 | 208,142 |
| Other categories | - | - | 1,520 | 2,487 | 23,359 |
| Training hours by age group (nº) | | | | | |
| > 50 years | - | - | 120,058 | 134,447 | 104,823 |
| between 30 and 50 years | - | - | 490,343 | 545,282 | 529,779 |
| < 30 years | - | - | 210,222 | 322,371 | 423,057 |
| Training hours by geographical area (nº) | | | | | |
| Spain | - | - | 649,057 | 817,008 | 848,897 |
| Europe | - | - | 30,784 | 35,527 | 34,058 |
| America | - | - | 123,912 | 133,432 | 164,055 |
| Asia, Middle East, Africa | - | - | 16,869 | 16,133 | 10,649 |
| Average training hours by professional (nº) | 18 | 18 | 17 | 20 | 19 |
| Compulsory training | - | - | 3 | 6 | 5 |
| Non-compulsory training | - | - | 13 | 14 | 15 |
| Average training hours by gender (nº) | | | | | |
| Male | 19 | 20 | 18 | 22 | 22 |
| Female | 16 | 15 | 15 | 15 | 15 |
| Average training hours by professional category (nº) | | | | | |
| Senior management | 10 | 9 | 9 | 10 | 7 |
| Middle management | 23 | 18 | 17 | 24 | 15 |
| Technical staff | 17 | 17 | 19 | 22 | 21 |
| Support staff | 23 | 26 | 12 | 15 | 17 |
| Other categories (*) | 9 | 4 | 1 | 2 | 21 |
| (*) Note: the increase in the figure 2022 is due to BPO training for professionals who do not have an approved role (other categories). | | | | | |
| Average training hours by age group (nº) | | | | | |
| > 50 years | - | - | 17 | 18 | 12 |
| between 30 and 50 years | - | - | 17 | 18 | 17 |
| < 30 years | - | - | 18 | 27 | 31 |
| Average training hours by geographical area (nº) | | | | | |
| Spain | - | - | 23 | 29 | 29 |
| Europe | - | - | 13 | 10 | 10 |
| America | - | - | 8 | 8 | 8 |
| Asia, Middle East and Africa | - | - | 8 | 8 | 5 |

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Expenditure on training | | | | | |
| Total expenditure in training (euros) | - | - | 5,955,000 | 6,794,939 | 8,935,742 |
| Average expenditure on training per profesional (euros) | - | - | 122 | 134 | 164 |
| Compulsory training | - | - | 9,415 | 18,446 | 15,647 |
| Non-compulsory training | - | - | 5,945,585 | 6,776,493 | 8,920,096 |
| Total expenditure on training by gender (euros) | | | | | |
| Male | - | - | 4,152,061 | 5,217,773 | 6,416,305 |
| Female | - | - | 1,802,939 | 1,577,166 | 2,519,438 |
| From 2022 onwards, an improvement has been introduced in the distribution of training expenditure, allocating to each group the specific costs of the training courses carried out. | | | | | |
| Total expenditure on training by professional category (euros) | | | | | |
| Senior management | - | - | 314,421 | 159,747 | 1,680,200 |
| Middle management | - | - | 1,271,683 | 1,304,833 | 1,713,619 |
| Technical staff | - | - | 4,040,257 | 4,566,698 | 4,757,744 |
| Support staff | - | - | 327,639 | 763,661 | 741,631 |
| Other categories | - | - | 1,000 | - | 42,547 |
| Total expenditure on training by age group (euros) | | | | | |
| > 50 years | - | - | 1,118,000 | 894,755 | 1,256,246 |
| between 30 and 50 years | - | - | 3,600,812 | 3,492,549 | 5,615,157 |
| < 30 years | - | - | 1,236,188 | 2,407,635 | 2,064,340 |
| Total expenditure on training by geographical area (euros) | | | | | |
| Spain | - | - | 5,709,012 | 5,966,781 | 7,623,660 |
| Europe | - | - | 38,999 | 447,769 | 591,102 |
| America | - | - | 180,271 | 130,521 | 427,196 |
| Asia, Middle East and Africa | - | - | 26,718 | 249,867 | 293,784 |
| Average training expenditure per professional by gender (euros) | | | | | |
| Male | - | - | 129 | 158 | 178 |
| Female | - | - | 110 | 90 | 136 |
| Average training expenditure per professional by professional category (euros) | | | | | |
| Senior management | - | - | 569 | 289 | 3.162 |
| Middle management | - | - | 310 | 320 | 394 |
| Technical staff | - | - | 129 | 138 | 131 |
| Support staff | - | - | 29 | 66 | 61 |
| Other categories | - | - | 1 | 0 | 39 |
| Average training expenditure per professional by age group (euros) | | | | | |
| > 50 years | - | - | 160 | 118 | 142 |
| between 30 and 50 years | - | - | 124 | 117 | 176 |
| < 30 years | - | - | 106 | 205 | 150 |
| Average training expenditure by professional by geographical area (euros) | | | | | |
| Spain | - | - | 202 | 214 | 259 |
| Europe | - | - | 17 | 131 | 181 |
| America | - | - | 11 | 8 | 22 |
| Asia, Middle East and Africa | - | - | 13 | 122 | 143 |
| Employee satisfaction with training (scale 0-5) | - | 4 | 3.3 | 4.36 | 4 |

# Technology with impact

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Clients | | | | | |
| Client satisfaction [GRI 416-2] (*) | | | | | |
| Customer Satisfaction Score (CSAT) | - | 79 | 80 | 86 | 69 |
| Customer Satisfaction Index (CSI) | - | - | 77 | 80 | 75 |
| Net Promoter Score (NPS) | - | - | 18 | 44 | 37 |
| (*) Note: Indra has set an annual target of exceeding the average annual satisfaction level of the last three financial years. In 2022, the surveys sent represented 81% of the sales volume of the selected sample. CSAT (Customer Satisfaction Score). Calculated as the percentage of customers who are very satisfied with the company compared to those with a moderate or reduced level of satisfaction, based on the answers to the question on the level of satisfaction. CSI (Customer Satisfaction Index) Calculated as the average of the general satisfaction question considered with the CSAT, and other questions on the degree of customer satisfaction with the organisation and the services. NPS (Net Promoter Score) Shows the ratio of those customers who show a high willingness to recommend the company (promoters) to those who have a low willingness to recommend the company. Scale from -100 to 100. | | | | | |
| Innovation | | | | | |
| R&D (M euros) | 210 | 225 | 265 | 293 | 312 |
| R&D over revenues (%) | 7 | 7 | 8.7 | 8.6 | 8.1 |
| Suppliers [GRI 204-1] [GRI 308-1] [GRI 308-2] | | | | | |
| The breakdowns relating to the number of suppliers represent 91% of the Group's total purchases, excluding purchases from companies that do not use the corporate purchasing model, including Indra Navia, Avitech and Indra USA, with Avitech scheduled to join the corporate model in 2023. | | | | | |
| Volume of orders in million euros | 1,406 | 1,281 | 1,195 | 1,133 | 1,843 |
| Approved suppliers (nº) (*) | 7,347 | 7,314 | 6,716 | 6,338 | 6,661 |
| Local suppliers (%) | 78 | 82 | 80 | 80 | 85 |
| SME type suppliers in Spain (%) (*) | - | - | 78 | 79 | 71 |
| (*) Note: a local supplier is considered to be a supplier whose registered office, according to its tax identification number, is located in the same country in which the company makes the purchase. | | | | | |
| Distribution of the number of suppliers by geographical area (%) | | | | | |
| Spain | 41 | 51 | 41 | 41 | 41 |
| Europe | 18 | 11 | 18 | 18 | 18 |
| America | 31 | 28 | 30 | 30 | 31 |
| Asia, Middle East and Africa | 10 | 10 | 11 | 11 | 10 |
| Distribution of purchase order volume by geographical area (%) | | | | | |
| Spain | - | 73 | 60 | 75 | 81 |
| Europe | - | 6 | 20 | 9 | 7 |
| America | - | 17 | 12 | 11 | 9 |
| Asia, Middle East and Africa | - | 4 | 8 | 5 | 3 |
| Distribution of purchase order volume by type of product or service (%) | | | | | |
| Professional services | - | 32 | 36 | 31 | 40 |
| Production outsourcing | - | 8 | 20 | 17 | 6 |
| Material and equipment | - | 26 | 25 | 27 | 24 |
| Other services | - | 34 | 19 | 25 | 30 |
| Purchases from local suppliers (%) (*) | 78 | 82 | 80 | 80 | 77 |
| (*) Note: in December 2022, two large advance orders (€11M) were placed from Spain under the FCAS project consortium agreement with two suppliers located in Germany and France. Including these orders in the calculation, the figure for purchases from local suppliers would be 66%. | | | | | |
| New suppliers that have been certified under environmental and social criteria (%) | 44 | 56 | 65 | 91 | 100 |
| Suppliers evaluated annually according to environmental and social criteria (%) (*) | - | - | 52 | 72 | 70 |
| (*) Note: in 2022 is the percentage of critical suppliers that have completed at least 80% of the ESG risk self-assessment requested by Indra and have provided evidence of compliance. | | | | | |

# Society

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| **Financial contribution to the Community (EUR)** | | | | | |
| Investment in Social Action | 1,057,701 | 297,060 | 504,173 | 1,812,903 | 1,350,783 |
| Investment linked to comply with the General Law on the Rights of Persons with Disabilities and their Social Inclusion | - | 102,543 | 156,673 | 1,279,618 | 1,256,203 |
| Monetary contributions to foundations, non-profit organisations and academic institutions | - | 169,192 | 347,501 | 280,907 | 94,580 |
| Probono projects and volunteering | - | 25,326 | 0 | 0 | 0 |
| Beneficiaries of the activities (nº) (*) | - | 8,335 | 1,095,284 | 77,542 | 62,177 |
| Direct beneficiaries (nº) | - | 7,985 | 372,749 | 19,127 | 10,600 |
| Indirect beneficiaries (nº) | - | 350 | 722,535 | 58,415 | 51,577 |
| (*) Note: total number of beneficiaries as a result of the participation of Indra volunteers and accompanying persons in volunteering activities, regardless of the degree of benefit provided. | | | | | |
| **Type of philanthropic activities (%)** | | | | | |
| Donations | - | 28 | 156,026 | 86,107 | 94,580 |
| Community investment (*) | - | 17 | 132,859 | 1,214,218 | 1,089,962 |
| Commercial initiatives | - | 55 | 215,888 | 260,200 | 166,240 |
| (*) Note: in 2022, the investment in social action has been reconfigured and as a result of the effort made to increase the number of professionals with disabilities in Spain and the contracting of services to special employment centres, donations linked to compliance with the General Law on the Rights of Persons with Disabilities have decreased by 31% with respect to 2021. | | | | | |
| **Type of contribution (*)** | | | | | |
| Monetary contribution | - | 57 | 504,173 | 1,560,525 | 1,350,783 |
| Volunteering | - | 9 | 0 | 0 | 0 |
| In kind contribution (waiver of services) | - | 34 | 0 | 36,150 | 0 |
| (*) Note: from 2020 onwards, data are reported in absolute values. In 2019, the data is reported as a percentage of total investment in social action. | | | | | |
| **Hours of volunteering** | | | | | |
| Hours of volunteering within \| outside of the working day (%) | 4,766 | 9,537 | 6,843 | 6,688 | 5,496 |
| Volunteers (nº) | - | 18 \| 82 | 39 \| 61 | 25 \| 75 | 24 \| 76 |
| Companions (nº) | 616 | 880 | 1,034 | 2,120 | 921 |
| Collaborating entities (nº) | 153 | 298 | 309 | 756 | 663 |
| Collaborating entities (nº) | - | 62 | 107 | 81 | 46 |

| Accessible and Social Technologies Initiatives | |
|---|---|
| Brazil | Donation of R$ 12,000.00 to support the continuity of the Velho Amigo project, of community interaction and social risk prevention, in addition to the maintenance of digital inclusion actions for the elderly. A total of 200 people benefited directly and 1,000 people indirectly. |
| Spain | 6th call for applications for grants for accessible technology research projects in Spanish universities for the development of initiatives (devices, equipment, instruments and software) that can be used by or for people with disabilities in collaboration with the F. Universia.<br>Together with the FDI Foundation and HandsOn Spain, the 2nd call for Ventures4inclusion has been launched, the entrepreneurship launchpad open to innovative projects based on technology presented by people with disabilities or non-profit social entities that facilitate the integration of this group into the labour market. |
| **Climate change mitigation and biodiversity protection initiatives** | |
| Colombia | Rubbish collection through the Bogotá Recyclers Association 3,720 kg of recyclable material. |
| Spain | Reforestation, in collaboration with the FDI Foundation, for the protection of the natural environment, contributing to the improvement of the environment and reducing the CO2 carbon footprint. |

| | |
|---|---|
| Italy | Collaboration with the Regala un -Albero project, a project that aims to reforest a portion of land on the peninsula by planting and growing new trees to offset the CO2 emissions produced by polluting activities.<br>Beach clean-up.<br>Planting trees to offset the carbon footprint. |
| Peru | Clean-up day in the natural area of Los Pantanos de Villa. |
| Support initiatives for groups at risk of exclusion and for children | |
| Brazil | Donation of R$ 12,000.00 in support of the social activities developed by the Lar Providencia institution, which aim to assist elderly people in situations of social vulnerability; and the development of initiatives for the productive inclusion of low-income families and for the defence of rights and institutional care for children and elderly victims of violence. The contribution directly benefited 123 elderly people and indirectly 109 elderly people.<br>In the promotion of a healthy life among young people, Indra donated R$ 10,000.00 to the ASAS association (Associação Ações Sociais Amigos Solidários). The contribution benefited 320 people directly and 850 indirectly.<br>Donation of R$ 6,000.00 to the Associação Desportiva para Deficientes (ADD) for the development of competitive wheelchair basketball, swimming, bocce, sitting volleyball and athletics. The contribution benefited 165 people directly and 380 indirectly.<br>Donation of R$ 22,000.00 to support the maintenance of education and social and human development activities carried out by the Fundação Sistêmica institution. The company's donations have benefited 342 children and young people directly and another 6,786 people indirectly.<br>Donation of R$ 10,000 to the organisation Lar dos Velhinhos de Campinas, which cares for the elderly of both sexes in a situation of social vulnerability and without the possibility of self-financing. It develops welfare and health projects. The company's support has benefited 289 elderly people directly and 450 indirectly.<br>Donation of R$ 12,000.00 to the entity Associação de Pais e Amigos dos Excepcionais de Goiânia (APAE-GO), which provides free treatment and acts in the defence, prevention and care of people with intellectual disabilities, whether or not associated with other forms of disability (multiple disabilities). The amount donated supports treatments that include physiotherapy sessions, speech therapy, nutrition, psychology, dentistry and pedagogy, psychiatry, among others, and has benefited 563 people directly and 3,378 indirectly. |
| Colombia | Donation of toys for children between 1 and 11 years old to the foundation Compartiendo Sueños de Vida. |
| Spain | Financing of Radia scholarships in conjunction with F. Once to support the integration of women with disabilities in the technology sector.<br>Donations to the Red Cross to support those affected by the eruption of the La Palma volcano and to World Central Kitchen for those affected by the war in Ukraine.<br>Donation of laptops distributed to different schools and organisations both nationally and internationally.<br>Mentoring of young people at risk of exclusion and young university students with disabilities to guide them in their future employment through F. Exit (Coach) and F. Universia respectively.<br>With F. Integra, the 1st edition of Digital Challange was launched, a training workshop on network security given by Indra volunteers who will improve the employability of people in severe social exclusion and help reduce the digital divide.<br>Inclusive sports days (Paralympic) through the FDI Foundation to raise awareness of the importance of the social integration of people with disabilities.<br>With the Red Cross and volunteers from the company, Indra helps children between 7 and 16 years of age in their education and schoolwork to avoid the risk of social exclusion and ensure school success. |
| Italy | Participation in the Run Challenge Race - Playmore with the aim of promoting Sport, Health and Integration, with special attention to people with disabilities or in conditions of fragility. |
| Mexico | Equipment of a media and dynamic classroom with children.<br>Donation of school material and books. |
| Peru | December Solidarity: donation of toys and entertainment activities for hospitalised children and children from vulnerable backgrounds.<br>Christmas Solidarity: Donation of toys, chocolate and Christmas show for children in extreme poverty in the district of Santa Rosa. |

# Stakeholder relations

| Indicators | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|
| Relations with associations and foundations [GRI 415-1] | | | | | |
| Lobbying, lobbying, interest representation or similar organizations | 0 | 0 | 0 | 0 | 0 |
| Contributions to political campaigns, organizations or candidates | 0 | 0 | 0 | 0 | 0 |
| Industry associations or tax-exempt organizations | 1,632,757 | 1,568,798 | 1,704,005 | 1,717,605 | 1,557,231 |
| Other possible expenses associated with political influence | 0 | 0 | 0 | 0 | 0 |
| Total contribution | 1,632,757 | 1,568,798 | 1,704,005 | 1,717,605 | 1,557,231 |

## 11.7 GRI Indicator table

| GRI indicator and description | Page / Reference | Remarks / Notes |
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| 2-4 Updating of information | 102 | |
| 2-5 External verification | 155 | |
| Activities and workers | | |
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| 2-7 Employees | 48 | |
| 2-8 Non-employee workers | 48 | |
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| 2-10 Appointment and selection of the highest governance body | 18 | |
| 2-11 Chair of the highest governance body | 18 | |
| 2-12 Role of the highest governance body in oversight of impact management | 18 | |
| 2-13 Delegation of responsibility for impact management 2 | 18 | |
| 2-14 Role of the highest governance body in sustainability reporting | 18 | |
| 2-15 Conflicts of interest | 18, 23 | |
| 2-16 Communicating critical concerns | 23 | |
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| 2-18 Performance evaluation of the highest governance body | 18 | |
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| 2-20 Process for determining remuneration | 18 | |
| 2-21 Annual total compensation ratio | 123 | |
| Strategy, policy and practice | | |
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| 2-23 Commitments and Policies | 18, 23 | |
| 2-24 Mainstreaming commitments and policies | 18, 23 | |
| 2-25 Processes for Remedying Negative Impacts | 18, 23 | |
| 2-26 Mechanisms for seeking advice and raising concerns | 23 | |
| 2-27 Compliance with laws and regulations | 23 | |
| 2-28 Membership in associations | 90 | |
| Stakeholder engagement | | |
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| 404-2 Programmes to improve employee skills and transition assistance programmes | 52 | |
| 404-3 Percentage of employees receiving regular performance appraisals and career development | 52 | |
| Corruption and brivery | | |
| 3-3 Management of material issues | 23 | |
| 201-1 Direct economic value generated and distributed | 108 | |
| 203-2 Significant indirect economic impacts | 85, 108 | |
| 205-1 Operations assessed for risks related to corruption | 23, 27 | |
| 205-2 Communication and training on anti-corruption policies and procedures | 23, 27 | |
| 205-3 Confirmed cases of corruption and actions taken | 24 | |
| Innovation | | |
| 3-3 Management of material issues | 73 | |
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| 206-1 Legal actions relating to unfair competition, monopolistic practices and anti-competitive practices | 27 | |
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| 3-3 Management of material issues | 31 | |
| 207-1 Fiscal approach | 30 | |
| 207-2 Tax governance, control and risk management | 31 | |
| 207-3 Stakeholder engagement and management of tax-related concerns | 31 | |
| 207-4 Country-by-country reporting | 32 | |
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| 3-3 Management of material issues | 45 | |
| 301-1 Materials used by weight or volume | 45, 115 | |
| 301-2 Recycled inputs | 45, 115 | |
| 301-3 Reused products and packaging materials | 45, 115 | |
| Energy | | |
| 3-3 Management of material issues | 42 | |
| 302-1 Energy consumption within the organisation | 42, 114, 115 | |

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| 302-2 Energy consumption outside the organisation | 42, 114, 115 | |
| 302-3 Energy intensity | 42, 114, 115 | |
| 302-4 Reduction of energy consumption | 42, 114, 115 | |
| 302-5 Reduction of energy requirements of products and services | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| Supply chain | | |
| 3-3 Management of material issues | 82 | 3-3 Management of material issues |
| 308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria | 82, 130 | 308-1 New suppliers that have passed evaluation and selection filters according to environmental criteria |
| 308-2 Negative environmental impacts in the supply chain and actions taken | 82, 130 | 308-2 Negative environmental impacts in supply chain and actions taken |
| 204-1 Proportion of expenditure on local suppliers | 84, 130 | 204-1 Proportion of expenditure on local suppliers |
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| 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services | 58 | |
| 403-3 Occupational health services | 58 | |
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| 403-5 Occupational safety and health training | 61 | |
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| 406-1 Cases of discrimination and corrective actions taken | 24 | |
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| 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk | 62, 83, 130 | |
| 3-3 Management of material issues | 82 | |
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| 3-3 Management of material issues | 28 | |
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| 3-3 Management of material issues | 28 | |
| 410-1 Security personnel trained in Human Rights policies or procedures | 28 | |
| 411-1 Indigenous peoples' rights | 24 | |
| 3-3 Management of material issues | 28, 53 | |
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| Workforce diversity | | |
| 3-3 Management of material issues | 48 | |
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| 3-3 Management of material issues | 47 | |
| 416-1 Assessment of health and safety impacts of product or service categories | 47, 77 | |
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| 3-3 Management of material issues | 77 | |
| 417-1 Product and service information and labelling requirements | 77 | |
| 417-2 Instances of non-compliance related to product and service information and labelling | 24 | |
| 417-3 Incidents of non-compliance relating to marketing communications | 24,78 | |
| 3-3 Management of material issues | 24 | |
| 418-1 Substantiated complaints regarding breaches of customer privacy and loss of customer data | 24, 78, 79 | |
| 3-3 Management of material issues | 24 | |
| 419-1 Non-compliance with laws and regulations in the social and economic spheres | 24 | |
| Ethics | | |
| 3-3 Management of material issues | 23 | |

| | | |
|---|---|---|
| 205-1 Operations assessed for corruption-related risks | 23, 27 | |
| 205-3 Confirmed cases of corruption and actions taken | 24 | |
| 206-1 Legal actions related to unfair competition, monopolistic practices and anti-competition | 27 | |
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| 3-3 Management of material issues | 23 | |
| 205-1 Operations assessed for corruption-related risks | 23, 27 | |
| 205-3 Confirmed cases of corruption and action taken | 24 | |
| 206-1 Legal actions related to unfair competition, monopolistic practices and against free competition | 27 | |
| Institutional relations | | |
| 3-3 Management of material issues | 90 | |
| 415-1 Contributions to political parties and/or political representatives | 90, 133 | |
| Local communities | | |
| 3-3 Management of material issues | 85 | |
| 202-2 Proportion of senior executives recruited from the local community | 124 | |
| 203-1 Infrastructure investments and services supported | 85, 108 | |
| 413-1 Operations with local community participation, impact assessments and development programmes | 85 | |
| 413-1 Operations with significant impacts - actual or potential - on local communities | No significant negative effects have been identified | |
| Biodiversity | | |
| 3-3 Management of material issues | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |

| | | |
|---|---|---|
| 304-1 Operations owned, leased, or managed in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas. | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| 304-2 Significant impacts of activities, products, and services on biodiversity | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| 304-3 Protected or restored habitats | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| 304-4 Species on the IUCN Red List and national conservation lists whose habitats occur in areas affected by operations | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| Carbon Footprint | | |
| 3-3 Management of material issues | 38 | |
| 305-1 Direct GHG emissions (Scope 1) | 38, 114, 115 | |
| 305-2 Indirect GHG emissions from energy generation (Scope 2) | 38 | |
| 305-3 Other indirect GHG emissions (Scope 3) | 38 | |
| 305-4 Intensity of GHG emissions (Scope 4) | 38 | |
| 305-5 Reduction of GHG emissions | 38 | |
| 305-6 Emissions of ozone depleting substances (ODS) | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| Waste | | |
| 3-3 Management of material issues | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| 306-1 Discharge of water by quality and destination | 115 | |
| 306-2 Wastes by type and disposal method | 44, 115, 116 | |
| 306-3 Significant spills | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |

| | | |
|---|---|---|
| 306-4 Transport of hazardous waste | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| 306-5 Water bodies affected by discharges of water and/or run-off | Non-material according to Indra's Materiality Analysis | Non-material according to Indra's Materiality Analysis |
| Climate Change risks | | |
| 3-3 Management of material issues | 36 | |
| 201-2 Financial implications and other risks and opportunities arising from climate change | 36 | |
| Water | | |
| 3-3 Management of material issues | 46 | |
| 303-1 Water abstraction by source | 46, 115 | |
| 303-2 Water sources significantly affected by water abstraction 303-3 Recycled and reused water by source | 46, 115 | |
| 303-3 Recycled and reused water | 46, 115 | |

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| Contents of Law 11/2018 INF | Standard used | Page/Reference |
| Business Model | | |
| Description of the group's business model | | |
| A brief description of the group's business model, including its business environment, organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends likely to affect its future development. | GRI 2-1 Organisational Details<br>GRI 2-2 Entities covered by sustainability reporting<br>GRI 2-6 Activities, value chain and other business relationships | 11<br>10, 101<br>11, 107 |
| Information on environmental issues | | |
| Policies | | |
| Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures that have been adopted. | GRI 3-3 Management of material issues | 47, 102, 104 |
| Risks | | |
| Key risks | | |
| Key risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks. | GRI 2-23 Commitments and policies<br>GRI 2-12 Highest governance body's role in overseeing the management of impacts.<br>201-2 Financial implications and other risks and opportunities arising from climate change | 18, 23<br>18<br>36, Response to CDP Climate Change 2022 (C2. Risks and Opportunities) |
| General | | |
| Current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety. | GRI 2-12 Highest governance body's role in oversight of impact management | 18 |

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| | GRI 2-23 Commitments and policies | 18, 23 |
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| Application of the precautionary principle | GRI 2-23 Commitments and policies | 18, 23 |
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| Pollution | | |
| Measures to prevent, reduce or remediate carbon emissions that seriously affect the environment, taking into account any form of activity-specific air pollution, including noise and light pollution. | GRI 3-3 Management of material issues | 36, 38, 47, 104, 106 |
| | GRI 302-4 Reduction of energy consumption | 42, 114, 115 |
| | GRI 302-5 Reduction of energy requirements of products and services | Non-material according to Indra's Materiality Analysis |
| | GRI 305-5 Reduction of GHG emissions | 38 |
| | GRI 305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions | Non-material according to Indra's Materiality Analysis |
| Circular Economy and waste prevention and management | | |
| Measures for prevention, recycling, reuse, other forms of recovery and disposal of waste. Actions to combat food waste. | GRI 301-1 Materials used by weight or volume | 45, 115 |
| | GRI 301-2 Recycled inputs | 45, 115 |
| | GRI 301-3 Reused products and packaging materials GRI 306-1 Water discharge by quality and destination | 45, 115 |
| | GRI 306-1 Discharge of water by quality and destination | 117 |
| | GRI 306-2 Waste by type and disposal method GRI 306-3 Spills by type and disposal method | 44, 117 |
| | GRI 306-3 Significant spills | Non-material according to Indra's Materiality Analysis |
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| Water consumption and water supply in accordance with local constraints | GRI 303-1 Water withdrawals by source | 46, 115 |
| | GRI 303-2 Water sources significantly affected by water withdrawal | 46, 115 |
| | GRI 303-3 Recycled and Reused Water | 46, 115 |
| Consumption of raw materials and measures taken to improve the efficiency of their use | GRI 301-1 Materials used by weight or volume | 46, 115 |
| | GRI 301-2 Recycled inputs | 46, 115 |
| | GRI 301-3 Reused products and packaging materials GRI 3-3 Management of material issues | 46, 115 |
| Energy: Consumption, direct and indirect; Measures taken to improve energy efficiency, Use of renewable energies | GRI 3-3 Management of material issues | 42, 104 |
| | GRI 302-1 Energy consumption within the organisatio | 42, 114, 115 |
| | GRI 302-2 Energy consumption outside the organisation | 42, 114, 115 |

| | | |
|---|---|---|
| | GRI 302-3 Energy intensity | 42, 114, 115 |
| | GRI 302-4 Reduction of energy consumption | 42, 114, 115 |
| | GRI 302-5 Reduction of energy requirements of products and services | Non-material according to Indra's Materiality Analysis |
| Climate Change | | |
| Greenhouse Gas Emissions | GRI 305-1 Direct GHG emissions (scope 1) | 38, 114, 115 |
| | GRI 305-2 Indirect GHG emissions when generating energy (scope 2) | 38 |
| | GRI 305-3 Other indirect GHG emissions (Scope 3) | 38 |
| | GRI 305-4 Intensity of GHG emissions (scope 3) | 38 |
| Measures taken to adapt to the consequences of Climate Change. | GRI 3-3 Management of material issues | 104, 106 |
| | GRI 201-2 Financial implications and other climate change risks and opportunities | 36 |
| | GRI 305-5 GHG emission reductions | 38 |
| Voluntary reduction targets set in the medium and long term to reduce GHG emissions and means implemented to this end. | GRI 3-3 Management of material issues | 104, 106 |
| Biodiversity protection | | |
| Measures taken to preserve or restore biodiversity | GRI 304-3 Protected or restored habitats | Non-material according to Indra's Materiality Analysis |
| Impacts caused by activities or operations in protected areas | GRI 304-1 Operations owned, leased, or managed that are located within or adjacent to protected areas or areas of high biodiversity value outside protected areas. | Non-material according to Indra's Materiality Analysis |
| | GRI 304-2 Significant impacts of activities, products, and services on biodiversity | Non-material according to Indra's Materiality Analysis |
| | GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations. | Non-material according to Indra's Materiality Analysis |
| Information on social and personnel issues | | |
| Policies | | |
| Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures that have been adopted. | GRI 3-3 Management of material issues | 24, 28, 48, 50, 52, 54, 58, 104, 105 |
| | GRI 2-19 Compensation policies | 18<br>Indra Compensation Policy |
| Key risks | | |
| Key risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on those areas, and how the group manages | GRI 2-12 Highest governance body's role in overseeing impact management | 18 |

| | | |
|---|---|---|
| those risks, explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks. | | |
| Employment | | |
| Total number and distribution of employees by sex, age, country and occupational classification | GRI 2-6 Value chain activities and other business relationships | 11, 107 |
| | GRI 2-7 Employees | 48 |
| | GRI 405-1. b) The percentage of employees by employee category for each of the following diversity categories: gender and age group. | 19, 48, 123 |
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| Number of dismissals by gender, age and occupational classification | GRI 401-1 New employee hires and employee turnover | 50, 119, 120 |
| Average remuneration and its evolution broken down by gender, age and occupational classification or equal value | GRI 405-2: Ratio of basic salary and remuneration of women to men for each employee category | 56, 122 |
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| Average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payments to long-term savings schemes and any other payments disaggregated by gender. | GRI 2-19 Remuneration policies | 18<br>Indra Compensation Policy |
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| Work organisation | | |
| Organisation of working time | GRI 2-7 Employees | 48 |
| | GRI 3-3 Management of material issues (labour rights) | 104, 106 |
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| Measures aimed at facilitating the enjoyment of work-life balance and encouraging the co-responsible exercise of work-life balance by both parents. | GRI 401-3 Parental leave | 59, 124 |
| | GRI 3-3 Management of material issues (labour rights) | 104, 106 |
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| Health and safety conditions at work | GRI 3-3 Management of material issues (labour rights) | 104, 106 |
| Accidents at work (frequency and severity) disaggregated by sex | GRI 403-2 Types of accidents and rates of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related fatalities. | 58, 125 |
| | GRI 403-3 Workers with a high incidence or high risk of occupational diseases related to their activity | No professions with an elevated risk of disease have been identified. |
| Occupational diseases (frequency and severity) disaggregated by sex | GRI 403-2 Types of accidents and rates of occupational accidents, occupational diseases, lost days, and absenteeism, and number of related fatalities | 58, 125 |
| | GRI 403-3 Workers with a high incidence or high risk of work-related diseases | No professions with an elevated risk of disease have been identified. |
| Social Dialogue | | |
| Organisation of social dialogue, including procedures for informing, consulting and negotiating with employees | GRI 2-29 Approach to Stakeholder Engagement | 87 |
| | GRI 402-1 Minimum notice periods for operational changes | 62 |
| | GRI 403-1 Worker representation on joint health and safety committees | 58 |
| Percentage of employees covered by collective agreements by country. | GRI 2-30 Collective bargaining agreements | 62 |
| Balance of collective agreements, particularly in the field of occupational health and safety at work. | GRI 403-1 Worker representation on joint health and safety committees GRI 2-30 Collective bargaining agreements | 58 |
| | GRI 403-4 Occupational health and safety topics covered in formal agreements with workers' legal representation | 58 |
| Training | | |
| | GRI 3-3 Management of material issues | 104, 105 |

| | | |
|---|---|---|
| Policies implemented in the field of training | GRI 404-2 Employee skills enhancement programmes and programmes | 52 |
| Total number of training hours per professional category | GRI 404-1 Average hours of training per year per employee | 52, 128 |
| Accessibility | | |
| Universal accessibility for people with disabilities | GRI 3-3 Management of material issues (Diversity in the workforce) | 104, 105 |
| Equality | | |
| Measures taken to promote equal treatment and equal opportunities for men and women | GRI 3-3 Management of material issues (Diversity in workforce) | 48, 104, 105 |
| Equality plans | GRI 3-3 Managing Material Issues (Workforce Diversity) | 48, 104, 105 |
| Measures taken to promote employment | GRI 3-3 Managing Material Issues (Talent Recruitment and Retention)<br>GRI 404-2 Programmes to enhance employee skills and transition assistance programmes | 50, 54, 104, 105<br>52 |
| Protocols against sexual harassment and harassment based on sex | GRI 3-3 Managing material topics (Diversity in workforce) | 48, 104, 105 |
| Integration and universal accessibility of people with disabilities | GRI 3-3 Management of material issues (Diversity in workforce) | 48, 104, 105 |
| Policy against all kinds of discrimination and, where appropriate, diversity management | GRI 3-3 Management of Material Issues (Workforce Diversity)<br>GRI 406-1 Cases of discrimination and corrective actions taken | 48, 104, 105<br>24 |
| Information on respect for human rights | | |
| Policies | | |
| Policies applied by the group, including the due diligence procedures applied for identification, assessment, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted. | GRI 3-3 Management of material issues<br>GRI 410-1 Security personnel trained in Human Rights policies or procedures<br>GRI 412-2 Employee training on human rights policies or procedures | 24, 104, 105<br>28<br>28, 53 |
| Key risks | | |
| Key risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that | GRI 2-12 The highest governance body's role in overseeing the management of payment defaults | 18 |

| | | |
|---|---|---|
| have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks. | | |
| Human Rights | | |
| Implementation of human rights due diligence procedures. | GRI 3-3 Management of material issues | 28, 104, 105 |
| | GRI 414-2 Negative social impacts in the supply chain and actions taken | 83 |
| Prevention of risks of human rights abuses and, where appropriate, measures to mitigate, manage and remedy possible abuses committed | GRI 3-3 Management of material issues | 28, 104, 105 |
| | GRI 412-1 Operations subject to human rights impact reviews or assessments | 28, 83 |
| | GRI 410-1 Security personnel trained in human rights policies or procedures GRI 2-26 Mechanisms to ensure that security personnel are trained in human rights policies or procedures | 28 |
| Reporting of cases of human rights abuses | GRI 2-26 Mechanisms for seeking advice and raising concerns | 23 |
| | GRI 3-3 Management of material issues | 28, 104, 105 |
| | GRI 411-1 Indigenous Peoples' Rights | 24 |
| | GRI 419-1 Non-compliance with laws and regulations in the social and economic spheres | 24 |
| Promotion and enforcement of the provisions of ILO core conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour. | GRI 3-3 Management of material issues | 28, 62, 104, 106 |
| Information relating to the fight against corruption and bribery | | |
| Policies | | |
| Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures that have been adopted. | GRI 3-3 Management of material issues | 23, 104, 105 |
| | GRI 205-2 Communication and training on anti-corruption policies and procedures | 23, 27 |
| Key risks | | |
| Key risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on those areas, and how the group manages those risks, explaining the procedures used to identify and | GRI 2-12 Highest governance body's role in overseeing the management of non-payments | 18, 95 |
| | GRI 205-1 Operations assessed for risks related to corruptio | 23, 27 |

| | | |
|---|---|---|
| assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks. | | |
| Corruption and bribery | | |
| Measures taken to prevent corruption and bribery | GRI 3-3 Management of material issues | 23, 104, 105 |
| Measures taken to combat money laundering | GRI 3-3 Management of material issues | 23, 104, 105 |
| Contributions to foundations and non-profit organisations | GRI 201-1 Direct economic value generated and distributed | 108 |
| | GRI 203-2 Significant Indirect Economic Impacts | 85, 108 |
| | GRI 415-1 Contributions to political parties and/or representatives | 90, 133 |
| Company information | | |
| Policies | | |
| Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures that have been adopted. | GRI 3-3 Management of material issues | 104, 105 |
| Key risks | | |
| Key risks related to those issues associated with the group's activities, including, where relevant and proportionate, its business relationships, products or services that may have an adverse impact on those areas, and how the group manages those risks, explaining the procedures used to identify and assess them in accordance with the relevant national, European or international frameworks for each issue. This should include information on the impacts that have been identified, providing a breakdown of these impacts, in particular the main short, medium and long-term risks. | GRI 2-12 The highest governance body's role in overseeing the management of payment defaults | 18 |
| Company commitments to sustainable development | | |

| | | |
|---|---|---|
| Impact of the company's activity on employment and local development | GRI 203-1 Investments in infrastructure and services supported. | 85, 108 |
| | GRI 203-2 Significant indirect economic impacts | 85, 108 |
| | GRI 204-1 Proportion of spending on local suppliers | 85 |
| | GRI 413-1 Operations with local community engagement, impact assessments, and development programmes. | 85 |
| | GRI 413-2 Operations with significant actual or potential negative impacts on local communities. | No significant negative effects have been identified |
| Impact of the company's activities on local populations and the territory. | GRI 203-1 Supported infrastructure investments and services | 85, 108 |
| | GRI 203-2 Significant indirect economic impacts | 85, 108 |
| | GRI 413-1 Operations with significant community engagement, impact assessments, and development programs. | 85 |
| | GRI 413-2 Operations with significant actual or potential negative impacts on local communities. | No significant negative effects have been identified |
| Relationships maintained with local community stakeholders and the methods of dialogue with them. | GRI 2-29 Approach to Stakeholder Engagement | 87 |
| | GRI 413-1 Operations with local community engagement, impact assessments and development programs | 85 |
| Partnership or sponsorship actions | GRI 2-28 Membership in associations | 90 |
| | GRI 203-1 Investment in infrastructure and support services | 85, 108 |
| | GRI 201-1 Direct economic value generated and distributed | 108 |
| Subcontracting and suppliers | | |
| Inclusion of social, gender equality and environmental issues in the procurement policy. | GRI 3-3 Management of material issues | 104, 106 |
| Consideration in relations with suppliers and subcontractors of their social and environmental responsibility. | GRI 2-6 Activities, value chain and other business relationships | 11 |
| | GRI 3-3 Management of material issues | 104, 106 |
| | GRI 308-1 New suppliers that have passed evaluation and selection filters in accordance with environmental criteria | 83, 130 |
| | GRI 308-2 Negative environmental impacts in the supply chain and actions taken | 82, 130 |
| | GRI 407-1 Operations and suppliers whose right to freedom of association and collective bargaining might be at risk | 62, 83, 130 |
| | GRI 409-1 Operations and suppliers with significant risk of forced or compulsory labour. | 28, 83 |

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| | GRI 414-1 New suppliers that have passed selection filters in accordance with social criteria | 83 |
| | GRI 414-2 Negative social impacts in the supply chain and measures taken | 83 |
| Monitoring and audit systems and audit results | GRI 308-1 New suppliers that have passed screening and selection filters according to environmental criteria | 83, 130 |
| | GRI 308-2 Negative environmental impacts in the value chain and actions taken GRI 308-2 Negative environmental impacts in the value chain and actions taken | 83, 130 |
| | GRI 414-2 Negative social impacts in the value chain and actions taken GRI 414-2 Negative social impacts in the value chain and actions taken | 83 |
| Consumers | | |
| Consumer health and safety measures | GRI 416-1 Assessment of health and safety impacts of product or service categories | 47, 77 |
| | GRI 416-2 Instances of non-compliance related to health and safety impacts of product and service categories | 24 |
| | GRI 417-1 Requirements for information and labelling of products and services | 77 |
| Complaint systems, complaints received and resolution of complaints | GRI 2-26 Mechanisms for seeking advice and raising concerns | 23 |
| | GRI 418-1 Substantial grievances related to breaches of customer privacy and losses of customer data | 24, 78, 79 |
| Tax information | | |
| Profits earned by country | GRI 201-1 as far as payments to public administrations are concerned, considering the guidelines of the OCDE | 108 |
| | GRI 207-4 Country-by-Country Report | 32 |
| Taxes on profits paid | GRI 201-1 as far as payments to public administrations are concerned, considering the guidelines of the OCDE | 110 |
| | GRI 207-4 Country-by-Country Report | 32 |

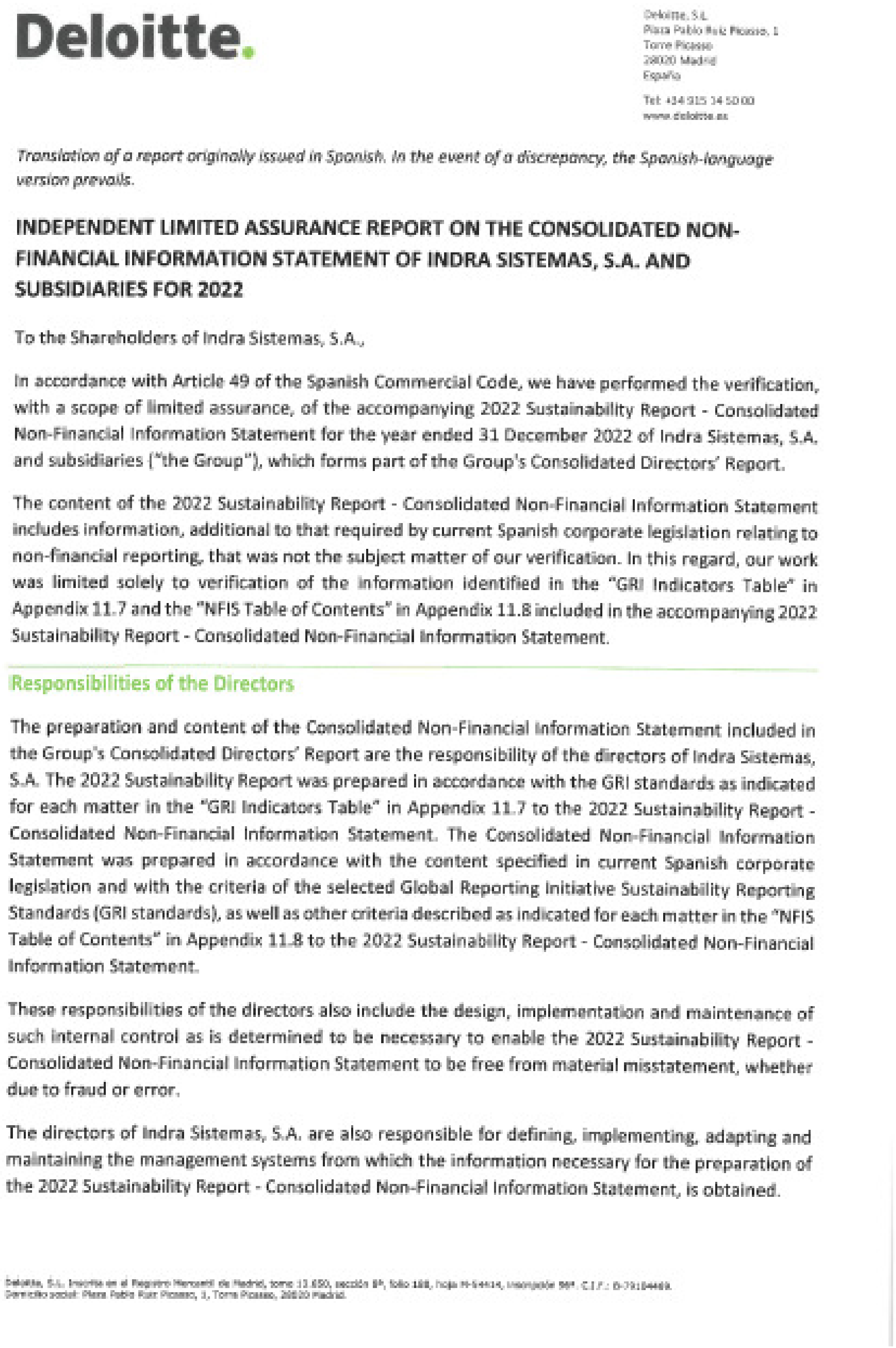
## 11.9 Table of climate-related financial disclosures under the TCFD

With the aim of adopting international best practice in climate reporting, the following details the location of content that responds to the voluntary recommendations of the Task Force on Climate Related Financial Disclosure (TCFD) on how to integrate climate risk information into corporate reporting.

| TCFD Recommendations | Location of the information responding to TCFD for Indra |
|---|---|
| **Governance** | |
| Disclose the organisation's governance of climate change-related risks and opportunities | |
| a) Board oversight of risks and opportunities related to climate change. | Page 36 of the Sustainability Report 2022 Response to CDP Climate Change 2022 (C1. Governance) |
| b) Description of management's role in analysing and assessing risks and opportunities related to climate change. | Page 36 of the Sustainability Report 2022 Response to CDP Climate Change 2022 (C1. Governance) |
| **Strategy** | |
| Disclose the actual and potential impacts of climate change-related risks and opportunities on the organisation's business, strategy and planning, where such information is material | |
| a) Description of risks and opportunities related to climate change identified by the organisation in the short, medium and long term. | Pages 36-45 of the Sustainability Report 2022 Response to CDP Climate Change 2022 (C2. Risks and opportunities) |
| b) Description of the impact of climate change-related risks and opportunities on the organisation's business, strategy and financial planning. | Page 36-45 of the 2022 Sustainability Report Response to CDP Climate Change 2022 (C2. Risks and opportunities and C3. Business Strategy) |
| c) Description of the organisation's resilience under different climate scenarios. | Page 36 of the 2022 Sustainability Report Response to CDP Climate Change 2022 (C.2 Risks and opportunities and C3. Business Strategy) |
| **Risk management** | |
| Disseminate how the organisation identifies, assesses and manages risks related to climate change. | |
| a) Processes for identifying and assessing risks related to climate change | Pages 36-45 of the 2022 Sustainability Report 2022 Response to CDP Climate Change 2022 (C2. Risks and opportunities) |
| b) Processes for managing climate change-related risks | Pages 36-45 of the 2022 Sustainability Report 2022 Response to CDP Climate Change 2022 (C2. Risks and opportunities) |
| c) Integration of processes for identifying, assessing and managing climate change-related risks | Pages 36-45 of the 2022 Sustainability Report 2022 Response to CDP Climate Change 2022 (C2. Risks and opportunities) |
| **Metrics and targets** | |
| Disclose metrics and targets used to assess and manage risks and opportunities related to climate change, where such information is material | |
| a) Metrics used to assess risks and opportunities related to climate change. | Response to CDP Climate Change 2022 (C2. Risks and opportunities and C5. Emissions methodology) |
| b) Calculation of Scope 1, 2 and, where appropriate, Scope 3 GHG emissions and related risks | Pages 38-40 of Sustainability Report 2022 Response to CDP Climate Change 2022 (C6. Emissions data and C7. Emissions breakdown) |
| c) Targets used to manage climate risks and opportunities and performance against targets | Pages 37-46 of the Sustainability Report 2022 Response to CDP Climate Change 2022 (C4. Targets and performance) |

# 11.10 Independent verification report

[GRI 2-5]



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*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF INDRA SISTEMAS, S.A. AND SUBSIDIARIES FOR 2022

To the Shareholders of Indra Sistemas, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying 2022 Sustainability Report - Consolidated Non-Financial Information Statement for the year ended 31 December 2022 of Indra Sistemas, S.A. and subsidiaries ("the Group"), which forms part of the Group's Consolidated Directors' Report.

The content of the 2022 Sustainability Report - Consolidated Non-Financial Information Statement includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the "GRI Indicators Table" in Appendix 11.7 and the "NFIS Table of Contents" in Appendix 11.8 included in the accompanying 2022 Sustainability Report - Consolidated Non-Financial Information Statement.

### Responsibilities of the Directors

The preparation and content of the Consolidated Non-Financial Information Statement included in the Group's Consolidated Directors' Report are the responsibility of the directors of Indra Sistemas, S.A. The 2022 Sustainability Report was prepared in accordance with the GRI standards as indicated for each matter in the "GRI Indicators Table" in Appendix 11.7 to the 2022 Sustainability Report - Consolidated Non-Financial Information Statement. The Consolidated Non-Financial Information Statement was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in the "NFIS Table of Contents" in Appendix 11.8 to the 2022 Sustainability Report - Consolidated Non-Financial Information Statement.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the 2022 Sustainability Report - Consolidated Non-Financial Information Statement to be free from material misstatement, whether due to fraud or error.

The directors of Indra Sistemas, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the 2022 Sustainability Report - Consolidated Non-Financial Information Statement, is obtained.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) (including the standards on independence), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the international standards on quality in force and, accordingly, maintains a quality system that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

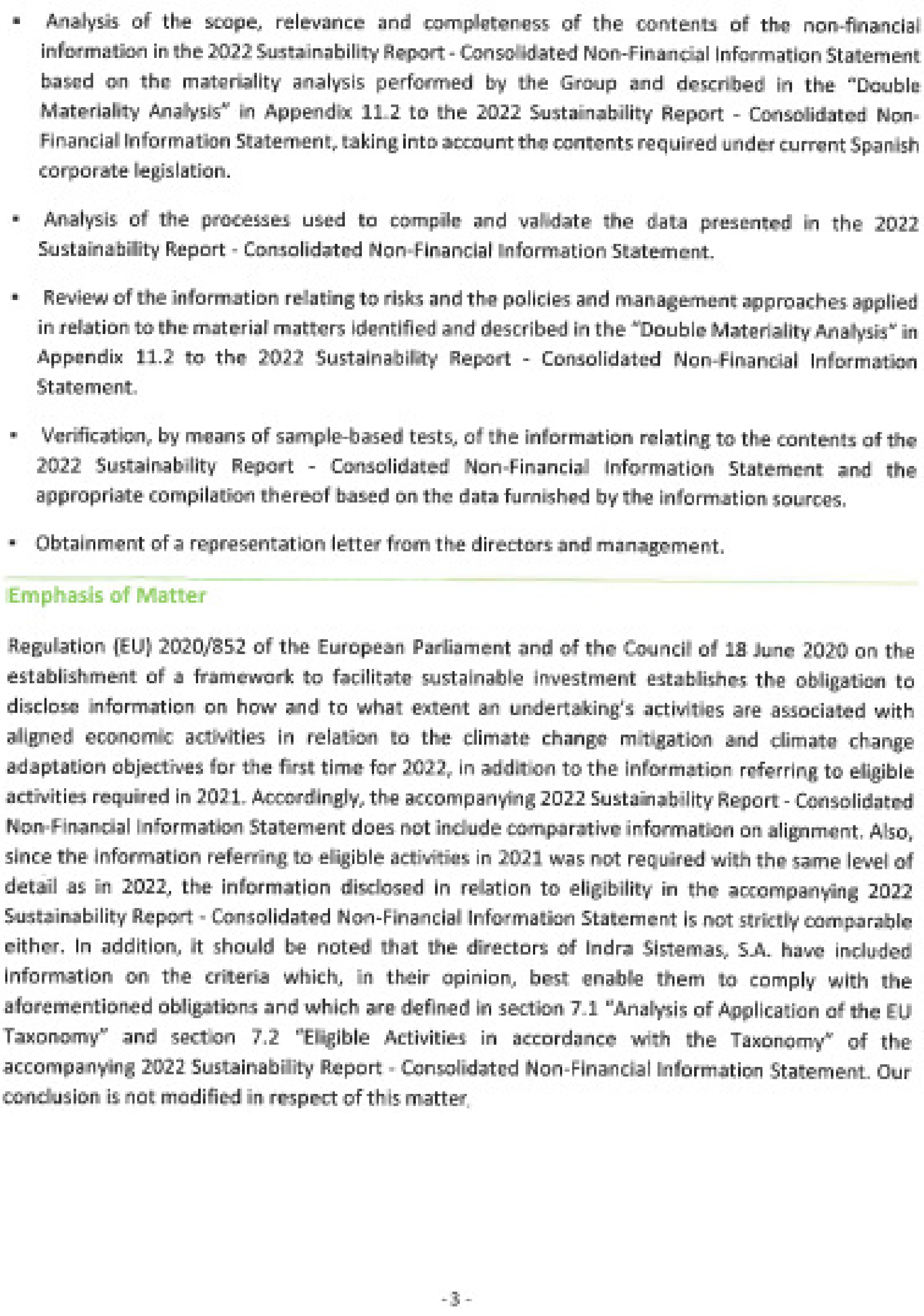
## Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised"), currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted of making inquiries of management and the various units of the Group that participated in the preparation of the 2022 Sustainability Report - Consolidated Non-Financial Information Statement, reviewing the processes used to compile and validate the information presented in the 2022 Sustainability Report - Consolidated Non-Financial Information Statement, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.



- Analysis of the scope, relevance and completeness of the contents of the non-financial information in the 2022 Sustainability Report - Consolidated Non-Financial Information Statement based on the materiality analysis performed by the Group and described in the "Double Materiality Analysis" in Appendix 11.2 to the 2022 Sustainability Report - Consolidated Non-Financial Information Statement, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2022 Sustainability Report - Consolidated Non-Financial Information Statement.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters identified and described in the "Double Materiality Analysis" in Appendix 11.2 to the 2022 Sustainability Report - Consolidated Non-Financial Information Statement.
- Verification, by means of sample-based tests, of the information relating to the contents of the 2022 Sustainability Report - Consolidated Non-Financial Information Statement and the appropriate compilation thereof based on the data furnished by the information sources.
- Obtainment of a representation letter from the directors and management.

## Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with aligned economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2022, in addition to the information referring to eligible activities required in 2021. Accordingly, the accompanying 2022 Sustainability Report - Consolidated Non-Financial Information Statement does not include comparative information on alignment. Also, since the information referring to eligible activities in 2021 was not required with the same level of detail as in 2022, the information disclosed in relation to eligibility in the accompanying 2022 Sustainability Report - Consolidated Non-Financial Information Statement is not strictly comparable either. In addition, it should be noted that the directors of Indra Sistemas, S.A. have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in section 7.1 "Analysis of Application of the EU Taxonomy" and section 7.2 "Eligible Activities in accordance with the Taxonomy" of the accompanying 2022 Sustainability Report - Consolidated Non-Financial Information Statement. Our conclusion is not modified in respect of this matter.

## Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that:

a) The non-financial information identified in the "GRI Indicators Table" in Appendix 11.7 to the accompanying 2022 Sustainability Report - Consolidated Non-Financial Information Statement for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the GRI standards.

b) The Consolidated Non-Financial Information Statement of Indra Sistemas, S.A. and subsidiaries for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "NFIS Table of Contents" in Appendix 11.8 to the 2022 Sustainability Report - Consolidated Non-Financial Information Statement.

## Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Ana

Ana Sánchez Palacios
29 March 2023

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