

THE *LEADING THE FUTURE* STRATEGIC PLAN WILL ENABLE INDRA TO MOVE INTO ANOTHER DIMENSION

- Its strategic plan titled *Leading the Future* states that it will focus on defence, aerospace and advanced digital technologies, with a view to becoming the national coordinator leading the Spanish ecosystem within 10 years and playing a key role in European security and sovereignty
- To make this transformation possible, Indra will evolve towards a more flexible group structure made up of four divisions: Defence, Air Traffic, Space and Minsait. The Mobility area will be integrated into the latter.
- In defence, Indra will simplify its range of products, with 11 customer-centric solutions divided into six technological categories, including radar, electronic defence, electro-optics, command and control, communications and simulation.
- Indra will consolidate its leadership of air traffic management (ATM) in Europe and scale its position in North America and Asia Pacific, extending it to unmanned air traffic management (UTM).
- To capitalize on the relevance that space is acquiring in the civil and military worlds, Indra will create a new company with end-to-end capabilities open to the participation of future shareholders while ensuring Spanish sovereignty in communications.
- Minsait will integrate the Mobility business and strengthen its position as a major IT player with new strategic shareholders, focusing on the most advanced digital business lines while accelerating expansion into high-value geographies.
- Indra will fully transform its operations to achieve greater efficiencies and evolve its system integration capabilities by standardizing and digitizing the engineering and production models and shifting towards Industry 4.0.
- It will continue to be a reference in terms of ESG, talent and innovation, by investing over €3 billion in RDI until 2030 and creating the Indra Technology Hub, a state-of-the-art integrated center, to drive innovation in cutting-edge defence and aerospace technologies
- As for its financial goals, Indra is seeking revenues amounting to over €6 billion and cash generation totaling €900 million by 2026, revenues amounting to €10 billion by 2030 and cash generation totaling more than €3 billion between 2024 and 2030.
- The targets the company has set for 2026 also include an EBITDA margin above 12% and a 10% EBIT margin, with significantly improved efficiency driven by the contribution of the Defence and Aerospace business, which will account for approximately two-thirds of the total.

Madrid, March 6, 2024.- Within the framework of its Capital Markets Day, Indra today presented its new Strategic Plan titled *Leading the Future*, through which it aspires to become the coordinator of the Spanish defence and aerospace ecosystem and play a key role in European security and sovereignty. The company will thus focus on defence, aerospace and advanced digital technologies in the coming years with the purpose of “secure the future powering tech progress”.

Moreover, Indra will strive to strengthen its position as the coordinator of Defence programs in Europe and the technological ecosystem by driving innovation, stimulating economic growth and improving competitiveness. It also intends to enhance its standing as the employer of choice for high-value technological talent, with the clear purpose of “secure the future powering tech progress”.

“The aim of *Leading the Future* is to turn Indra into the flagship Spanish multinational firm for defence, aerospace and advanced digital technologies. Some neighboring countries, such as the United Kingdom, Italy and France, have already brought this vision to life by consolidating their Defence and Aerospace sectors under their national champions in a process that’s taken them over a decade. This process is crucial to achieve true strategic autonomy in Spain, and Indra aspires to lead the national ecosystem in less than 10 years,” emphasized Indra’s chairman Marc Murtra during the presentation of the plan to analysts and investors. During his speech, Murtra reviewed the current favorable conditions in the defence and technology industries and pointed to Indra’s solid position and track record in the two businesses, which it will capitalize on to implement its new plan.

Indra’s chairman listed the clear long-term strategic guidelines set out in *Leading the Future* to achieve it:

- Accelerate the transition to become the multi-domain national reference in defence, with the aims of increasing its relevance as a global systems integrator, as well as a domestic coordinator of the ecosystem in Spain in Air & Land programmes and develop the space domain. To achieve the latter goal, Indra will create a new space company that aspires to become the national benchmark and a major European company.
- Make Indra the global leader of ATM (Air Traffic Management), scaling its position in North America and Asia Pacific.
- Turn Indra into the the advanced technology & services ecosystem coordinator across industries in Europe & Latin America, fostering the development of most advanced digital technologies and capabilities in Artificial Intelligence, Cloud & Cybersecurity.
- Reinforce Indra’s brands to keep its current status of preferred employer for high-value technological talent in priority geographies.

Indra’s CEO, José Vicente de los Mozos, pointed out that, in order to secure the foregoing, Indra must continue to transform its culture, management, processes and operations. The pillars of Indra’s strategy will also include the simplification and strategic focus of its range of products, in order to align them with its customers’ needs and market demand, and the drive for innovation. Indra will invest over €3 billion in RDI in this area until 2030.

“To articulate this transformation, Indra will evolve towards a more flexible group structure through a new company for space and structural changes in Minsait, including the incorporation of Mobility as a vertical and the entry of strategic partners,” indicated de los Mozos, who outlined the seven strategic lines upon which the *Leading the Future* plan will be based:

- Indra will focus on defence and aerospace to become a European reference in defence and expand its leadership and alliances in ATM to the United States and Asia Pacific/India.
- It will boost growth of the space domain, creating a new company with an end-to-end dual civil-military value proposition.
- It will increase Minsait’s autonomy, opening up participation to strategic shareholders to speed up its ambitious growth plan.
- It will strengthen its presence in new home markets to boost its local positioning and increase its proximity to its clients in key regions.
- It will activate portfolio rotation, including the divestiture of non-core assets and expanding its ecosystem to consolidate its footprint in Western Europe, the Middle East and the United States and complementing its capabilities.
- It will increase its investment in technological R&D, guaranteeing its critical capabilities.
- Finally, Indra will double down efforts on critical talent.

Transformation of operations: Indra Technology Hub

As part of its focus on Defence and Aerospace, Indra will undertake a comprehensive transformation of its operations to achieve greater efficiencies and develop its system integration capabilities.

For this purpose, the new plan proposes standardizing and modernizing the engineering and production models, fostering a greater focus on planning and control; an increased focus on advanced engineering, concentrating on the principles of verification and validation, and other key areas, including fast-track prototyping and design standardization; greater flexibility and resilience through digitalization, integration with the supply chain and the implementation of lean methodologies; as well as new, more efficient and high-quality processes to ensure improved quality control and category management; and accelerating towards Industry 4.0 by leveraging the digitization of systems and tools.

The culmination of this transformation will be the Indra Technology Hub, a state-of-the-art integrated technological center, expected by 2026, that will focus on research and the development of cutting-edge technologies for the defence and aerospace businesses.

The defence business, at the heart of the new strategy

Indra's vision with regard to its defence business is for it to become a Land, Air & Cyberspace Spanish Coordinator in European programmes and a defence system integrator of reference while transforming the business from national to international.

This will also entail moving away from being a product supplier to becoming a defence ecosystem coordinator, extending its international reach and leveraging partnerships, mergers and acquisitions (M&A), from having a scattered and non-cohesive portfolio to being a company focusing on high-value and customer-centric solutions based on certain key technologies, from having an industry-average value proposition to offering cutting-edge technologies and predictive maintenance capabilities and from having rigid and project-based engineering and operations to offering excellence, standardization and scalability.

To increase its control over the entire supply chain, Indra will streamline its portfolio, reducing it from 100 products to 11 customer-centric solutions split into six technological categories, including radar, electronic defence, electro-optics, command and control, communications and simulation.

Aiming to be the world number one in ATM

Indra's vision for its ATM business includes maintaining its leadership in Europe, the Middle East and Latin America, reaching the global number one, strengthening its presence in North America and Asia Pacific and extending its automation-related technological solution to the Middle East, Latin America and Asia.

To execute this vision, Indra will consolidate its leadership in Europe, its key recurring geographical area, by driving new automation solutions within the framework of the iTEC alliance and seizing opportunities based on the renewal of surveillance systems. In North America (more specifically in the United States), it will continue to work on integrating its new subsidiary and scale its business through partnerships to enhance its position with future infrastructure renovation programs in mind. In the Middle East and Asia Pacific, the company intends to take advantage of the opportunities stemming from the renovation of major systems, implement single-sky programs and enter into alliances with technological partners. It will also extend its leadership to unmanned air traffic management by developing the platform and making the most of new opportunities.

Space, a strategic area for the leader of defence and aerospace

With regard to the space domain, Indra's aim is to become a tier-1 European player, with global footprint and participation in major European programs. It also intends to develop a dual civil-military offering with end-to-end capabilities alongside the value chain and leverage the international ecosystem of potential shareholders and partners to accelerate its growth.

Space is becoming increasingly important, with the development of key programs in the EU aiming to guarantee its strategic autonomy and sovereignty over its communications, fundamental elements of defence, the ATM business and other civilian applications. International companies similar to Indra already have

divisions devoted to space, which underlines the importance of becoming a leading defence and aerospace company.

In addition to bringing together Indra's current capabilities in space, the new company will subsequently incorporate long-term global partners to increase its financial capacity and speed up its inorganic growth in Europe, with the aim of achieving revenues totaling more than €1 billion in 2030.

Minsait, an increasingly digital business focused on high-value geographical areas

Indra's intention is to turn Minsait into one of the main European and Latin American IT Services players, with a portfolio rebalanced towards most-advanced digital business lines and which accelerates its expansion towards higher-value geographical areas.

Five key actions are set to steer Minsait's future: Minsait will be given greater operational autonomy within the group, with dedicated governance, strategic shareholders will be brought in to speed up its ambitious growth plan, Mobility will be incorporated as a new business vertical, in such a way that it leverages Minsait's capabilities, and the group's digital capabilities will be strengthened, with Minsait serving other Indra businesses. Furthermore, there are plans to sell non-strategic assets and harness mergers and acquisitions (M&A).

Minsait's ambitious plan will be supported by a partner that helps accelerate its growth plan.

This plan also involves capturing efficiencies through the launch of Generative Artificial Intelligence (Gen AI) and the optimization of unit costs in the production pyramid; implementing a proactive commercial model based on the priority offer and target customers and developing joint sales plans with large technological players, evolving towards a digital-centric offer that integrates capabilities in AI, cloud, cyber and other high-potential technologies to establish an industry-leading range of products, and consolidating its presence in high-value geographical areas such as Europe and the Middle East while scaling Latin America operations.

Internationalization and strategic alliances

In order to evolve towards a multinational company, Indra will launch three new clusters (North America and Central and Northern Europe, Middle East and Northern Africa and Latin America and Southern Europe) to strengthen its local positioning and its proximity to its customers in the priority regions. The rest of the world will operate under an export model. This internationalization will be based on a portfolio rotation strategy (M&A) and the expansion of the ecosystem through key partnerships.

Indra will continue to foster collaboration agreements and alliances in defence, building on its current partnerships with Navantia, Escribano, Tecnobit, Thales, Lockheed Martin and EDGE Group, with the purpose of creating new generation capabilities with them. As regards ATM, Indra will forge alliances in the United States and others with air navigation service providers in the Middle East. Minsait will continue collaborating with hyperscalers to launch joint venture plans and enhance the digital offer.

Talent and ESG

Indra's most important asset when it comes to fulfilling its purpose and achieving its goals is talent, which is why it will ramp up its efforts by developing a truly distinctive culture known as *Indra Way* based on five main pillars: a culture of diversity that is multinational and multi-business, with a recognizable and shared leadership style incorporating streamlined decision-making, a culture of commercial and operational excellence that fosters accountability, facilitates career and personal growth and stimulates its professionals' ambitions and a culture that is reflected in a sense of belonging and turning professionals into brand ambassadors.

Indra will also continue striving to reinforce its position as the market leader in ESG (Environmental, Social and Governance) under the guidelines of a new 2024-2026 plan, with 16 strategic lines and over 15 KPIs. Its objectives include accelerating decarbonization, fostering eco-design, improving supply chain sustainability, incorporating best practices for responsible use of AI and data privacy into its solutions, increasing diversity at leadership and management levels and strengthening governance oversight of ESG risks.

Financial goals

After exceeding the guidance set for 2023, Indra's goals for 2026 are to achieve sales amounting to more than €6 billion, with an EBITDA margin above 12% and a 10% EBIT margin, and to generate a Free Cash Flow (FCF) totaling €900 million in the 2024-2026 period.

This will involve securing a €750 million EBITDA (gross operating profit) and a €600 million EBIT (operating profit), signaling a significant acceleration in Indra's efficiency metrics compared to those in the previous cycle.

Indra expects to maintain a stable dividend payout ratio of around 20%, in line with the current levels and consistent with the company's strategy.

About Indra

Indra (www.indracompany.com) is one of the leading global defence, aerospace and technology companies, and a world leader in digital transformation and information technologies in Spain and Latin America through its subsidiary, Minsait. Its business model is based on a comprehensive range of proprietary products, with high-value approach and a significant innovative component, making it the technological partner for the digitalization and key operations of its clients around the world. Sustainability forms part of its strategy and culture in order to overcome current-day and future social and environmental challenges. In the 2023 fiscal year, Indra achieved revenue totaling €4.343 billion, with more than 57,000 employees, a local presence in 46 countries and business operations in over 140 countries.

Communication Contact

Toñi García Carballal
magcarballal@indra.es
+34 648102948