



2023 General Shareholders' Meeting

Speech by the Chairman
Mr. Marc Murtra

Good morning, Shareholders.

Welcome to Indra's Annual General Shareholders' Meeting. It is an honor for me to address you for another year in my capacity as the Chairman of Indra.

May I thank you all for your attendance.

2022 has been a very important year for Indra.

The company has faced challenges, made necessary changes and taken far-reaching decisions that have put the company on the path to stability and growth.

We face a new era, with new leadership, new shareholders and new board members that more closely reflect the new vision for the future of the company.

First of all, I would like to begin by congratulating and welcoming José Vicente de los Mozos to the board as Indra's new Chief Executive Officer, once he is ratified at this Meeting.

- It is a privilege for Indra to have a CEO with his experience, independence, industrial background and great personality.
- Together we will strive to promote a company that is more focused on its business and the technological opportunities that the current moment has to offer.

I would also like to welcome the three new board members whose ratification is also proposed today, Ms. Elena García Armada, Ms. María Ángeles Santamaría Martín and Mr. Pablo Jiménez de Parga.

Strategically, our playing field is framed by the geopolitical environment and technological momentum

- It is an extremely interesting time. Two major axes of profound change coming together, one caused by the growing instability and open conflict in Ukraine, and the other by the acceleration of technology.
- Changes in global Geostrategy and profound technological changes. And both affect us fully.
- These are not changes that came out of nowhere. Both were present long ago and well identified, but have intensified and amplified each other.

Strategic Autonomy is a top priority for the EU

- The EU is determined to move towards greater Strategic Autonomy, which is not a new concept. What is new, however, is the unanimity that now prevails in Europe around this idea.
- A key element in ensuring autonomy is greater technological sovereignty. As technology becomes more sophisticated and complex, dependence on external sources increases.
 - Currently, both Spain and the EU as a whole suffer from external dependence in many critical capabilities for our sovereignty, such as the cloud, semiconductors or artificial intelligence.
 - If there is no knowledge, capacity, and full control over a technology, the country depends on third parties for its use.
- For this reason, the EU Strategic Compass aims to strengthen the European defense technological and industrial base and boost technological innovation in the industry.
- We are in a situation where defense is accelerating and playing a greater role. Geostrategy dictates the "what", and technology dictates the "how" and the "who".
- For democracies like ours, it's not just about investing more, it's about investing well. That means investing in key technologies and improving European technological sovereignty over those key technologies.
- Let's not forget that innovation in defense also has enormous repercussions in the civilian sphere, since most of the technologies developed have a dual use.

- The origin of an important part, half or more, of R&D investment in countries that invest the most is military, but it is then transferred to civilian uses. This has been the case in the past with radar, GPS, the Internet, the touch screen, the 4x4 or the epidural, and it is happening today with satellite communications and Artificial Intelligence.
- On the technology front, we fear that Europe is a generation behind the US and China.
- This is why cooperation between companies at the European level is becoming increasingly necessary. Only through large pan-European programs will we be able to develop the complex and expensive technologies demanded by the sector.
- As the European Union, we have yet to move towards a single idea of defense and a common defense technology policy, just as we have a single shared set of principles.
- Countries with more mature and efficient Defense sectors make long-term strategic planning of technological capabilities.
- Spain has to be part of this playing field and this technological training at European level, Spanish industry has to be part of it, and Indra, of course, aspires to play a leading role.
- For which we need to grow in size and maintain our focus on systems, as the area of greatest growth.
- It is not for nothing that we aim to be a comprehensive system administrator in our new strategy.
- I have spoken mainly about Defense, which is where a transformational change has taken place, forcing a revision. But we are well aware that Information Technologies are a central part of our revenues and profits, and therefore of our future.
- We also aim, through the technological and digital capabilities of Minsait, our Information Technologies business, to be the leaders in the digital transformation of our customers thanks to our offering and digital assets and the dual-use technologies that we will develop.
- Along these lines, the logical evolution for Minsait in this new stage will be to acquire ever greater operational autonomy.
- Deepen the evolution of the business mix towards higher value areas such as cybersecurity, advanced analytics, digital transformation, process robotization and migration to the cloud.
- Make strides in platformization to glean a few more points of margin through software reuse and the use of a common technological base, thereby accelerating solution delivery, achieving a further standardization and industrialization and thus continue the path of transformation from services to products.
- Attract committed technological talent to the project and retain the best professionals so that they choose to develop their careers with us.
- Focus on the areas and sectors we know best.
- And deepen our presence in higher-margin strategic markets.
- In the air traffic management business, Indra is already number two internationally, and we aspire to be number one soon. To this end, important inorganic growth actions are being taken, such as recently purchasing a company in the United States. This will break down barriers to entry in this territory, the world's largest market for air traffic.
- In addition, we are undertaking strong commercial actions, concentrating campaigns in the fastest growing areas such as Asia-Pacific and in areas with higher margins such as Europe.
- We have a strategy focused on artificial intelligence and data management to make traffic control predictions, the impact of weather on traffic and anticipate network incidents, and scalable cloud architectures, based on micro-services and DevOps methodology for the continuous deployment of developments, which guarantee a shorter time to market for new versions.

- In Mobility, business growth expectations are very favorable, with business opportunities in England, Ireland and the United States, while steps continue to be taken to consolidate the company as a global player in critical intelligent mobility systems.
- The global trend of technological renewal of operators and authorities in the industry, driven by disruptive technologies, underpins new paradigms such as Mobility as a Service, satellite tolls, intelligent mobility and critical systems for next-generation mobility. Paradigms in which Indra is well positioned, in particular by being able to leverage joint capabilities across the board.
- I also want to say that I consider everything related to talent to be one of our great strategic challenges.
- From the first moment of my appointment, I have seen for myself the extraordinary professional quality of so many people who are part of Indra. It is time to offer them the best long-term career plan through a growth strategy that allows them to fully develop their potential.

Below, we take stock and render accounts before you for the 2022 fiscal year. In this regard, I will now proceed with the assessment of the Group's results in 2022, and conclude with a reflection on the strategic direction in which the company is headed.

- We are also pleased to note that, in terms of financial results, 2022 has been an extraordinary year for Indra.
- We have achieved all-time highs in backlog, order intake, revenues and EBIT. The main income statement items grew at double-digit rates in 2022.
- As you will see, these are excellent results that have made it possible to increase earnings per share by 20%.
- Once again, we note in particular that the performance of 2022 has been outstanding. Backlog stood at €6.309 billion at year-end, with growth in reported terms of 16% versus 2021.
 - The Transportation and Defense business portfolio amounted to 4.587 billion, an increase of 19%.
 - Meanwhile, Minsait's backlog reached €1.722 billion, up 8%.
 - The sales backlog ratio in the last twelve months stood at 1.64x at the end of 2022 compared to 1.61x in 2021.
 - These data show excellent commercial dynamics and business prospects that allow us to be very optimistic about the future
- Net order intake in 2022 grew by 27% in local currency (29% in reported terms).
 - Transport & Defense grew by 43% in local currency, mainly driven by the signing of phase 1B of the FCAS project, which in itself represents nearly 600 million in order intake, and which reinforces the highly strategic nature of this project, a fact that will be highlighted in due course by the Chief Executive Officer. The new Air Traffic contracts in Spain, Germany, Norway, India and Australia were also noteworthy.
 - Minsait's order intake increased by 16% in local currency, with solid growth in all verticals. The Public Authorities and Healthcare vertical grew by 35% in local currency, mainly due to the Angola Elections project.
- Revenues grew by 12% in local currency in 2022 (14% in reported terms), reaching a record figure of 3,851 million.
 - In particular, we highlight that Minsait's revenues increased by 15% in local currency, with strong growth in all verticals, thus showing our Information Technology business' excellent performance in 2022.
- Foreign exchange differences contributed 67 million to revenues in 2022, mainly due to the appreciation of Latin American currencies.

- Organic revenues, excluding the inorganic contribution from acquisitions and the FX effect, increased by +10% in 2022. This double-digit organic growth is an unmistakable sign of our businesses' solid fundamentals.
- Indra's Digital business reached 688 million in revenues in 2022, growing 18% and accounting for 27% of Minsait's total. The Digital and Solutions businesses –own and third parties– now account for 57% of Minsait's total, and are a good example of the positive evolution of the offering mix.
- Reported EBITDA in 2022 amounted to 400 million, showing a 15% growth in reported terms, equivalent to an EBITDA margin of 10.4%.
- As for EBIT, it stood at 300 million in 2022, increasing by +18% in reported terms. The EBIT margin amounted to 7.8% compared to 7.5% in 2021.
- Net Profit for 2022 amounted to 172 million, compared to 143 million in 2021, an increase of 20%.
- Free Cash Flow reached 253 million, the second best in our history after the 289 million achieved in 2021.
- This excellent cash generation performance has allowed us to reduce net debt to almost zero. Specifically, net debt stood at 43 million at year-end. This represents a ratio of 0.1x EBITDA, compared to 0.8x in 2021.
- Together, these results – and the strength of our financial position – allow us to significantly improve our shareholder remuneration.
- In this regard, we announce a dividend payment of 0.25 euros per share out of 2022 earnings, payable this July. Compared to the previous year's dividend of 0.15 euros per share, this represents a significant increase of 67%.
- I would also like to highlight the Group's strong ESG performance for yet another year.
 - This year we achieved the milestone of being ranked as the most sustainable company in its sector for the second consecutive year and among the 1% most sustainable in the world, according to the Sustainability Yearbook 2023 prepared by Standard & Poor's Global.
 - In addition, Indra has been rated as "best practice" by the prestigious CDP Climate Change Index, which recognizes us as one of the companies with the best environmental practices.
- As you can see, 2022 has been an outstanding year.
 - We have achieved double-digit growth.
 - We have improved the profitability of our two main divisions as a result of this growth, as well as our efficiency and offering mix improvement plans.
 - This improvement in profitability is all the more valuable given high wage inflation in our markets.
 - As a result, we have met the targets committed to investors for 2022. We revised these targets upwards during the year, although we comfortably surpassed them.
- Looking ahead, we are in the final year of our current Strategic Plan, 2021-2023.
- And I am pleased to say that we are satisfactorily meeting the objectives set therein, both financial and strategic. We confirm the revenue, EBIT and cash generation targets committed to investors for 2023.
- As the Chief Executive Officer will detail later, the company will soon begin the necessary work to define a new Strategic Plan for this new era, which we are convinced will even surpass the cycle we are concluding in successes.

With that in mind and in accordance with the provisions of Recommendation 3 of the Code of Good Governance of Listed Companies, I would like to refer to the most relevant aspects of Corporate Governance and the changes that have taken place since the last Extraordinary General Shareholders' Meeting, with the most noteworthy being those relating to the composition of the Board of Directors:

- Following the last Annual General Shareholders Meeting, and the subsequent resignation of a former independent director, the Company, through its responsible bodies, undertook and carried out the necessary actions to continue monitoring good corporate governance practices in the composition of the Board of Directors.
- Within these actions was also included, as was reported during the General Shareholders' Meeting held last October, the Board of Directors' analysis of the request made by the significant shareholder Sociedad Estatal de Participaciones Industriales (SEPI) regarding the appointment of a third proprietary director to represent its interests in the Board, since its shareholding has been increased according to the terms authorized by the Spanish Ministry Council.
- For the purpose of fulfilling both commitments, the Extraordinary General Shareholders' Meeting held on October 28, 2022 resolved to set the number of members of the Board of Directors at 14, the appointment of 6 new independent directors (four of them women), the appointment of a third proprietary director representing SEPI's shareholding interests, as well as the amendment of Article 24 of the Company's Bylaws for eliminating the Chairman's tie-breaking vote.
- Subsequently, on March 6, the Board of Directors unanimously approved to initiate, by mutual agreement with the then CEO, Mr. Ignacio Mataix Entero, a process of succession to that position, which culminated on May 18 of last year with the appointment of Mr. José Vicente de los Mozos Obispo as the new CEO.
- The latest changes in the composition of the Board of Directors were caused by the resignation of an independent director, Mr. Axel Arendt, on May 18 of this year, and by the request of significant shareholder Amber, dated May 23, 2023, for the appointment of a proprietary director to represent its interests, in accordance with the provisions of current legislation.
- As a result of the foregoing, the Board of Directors proposes to submit to voting at this Meeting, and in order to ensure that the Board accounts for, at least, fifty percent of independent directors, the ratification and re-election of Mr. De los Mozos, the appointment of two new independent female directors and the appointment of a proprietary director representing Amber's interests.
- If the aforementioned proposals are approved, the Board will be composed of sixteen members, half of whom will continue to be independent and, in addition, the percentage of female directors will be significantly increased to 37.5% of the total number of members of the Board of Directors.

Below, I would also like to inform you about the degree of compliance with Indra's Good Governance recommendations in 2022 which is very high, as indicated in the Annual Corporate Governance Report, with only 3 out of a total of 64 recommendations of the Good Governance Code of Listed Companies, which Indra partially complies with or fails to comply with:

- As indicated in the Annual Corporate Governance Report, Indra is partially compliant with:
 - Recommendation fifteen of the Good Governance Code of Listed Companies with regard to the percentage of women on the Board of Directors. Although, as I have indicated above, if the proposals for the appointment of female independent directors submitted to this Meeting are approved, it would be very close to the recommended target of 40% (37.5%);
 - and the fifty-second Recommendation of the Code of Good Governance of Listed Companies insofar as the Strategy Committee is not chaired by an independent director.
- Additionally, as has been reported in previous Shareholders' Meetings, Indra does not comply with Recommendation 48 of the Good Governance Code of Listed Companies regarding the separation of the current Appointments, Remuneration and Corporate Governance Committee into two committees, as such separation is not considered appropriate for the reasons set forth in the Annual Corporate Governance Report.

In conclusion,

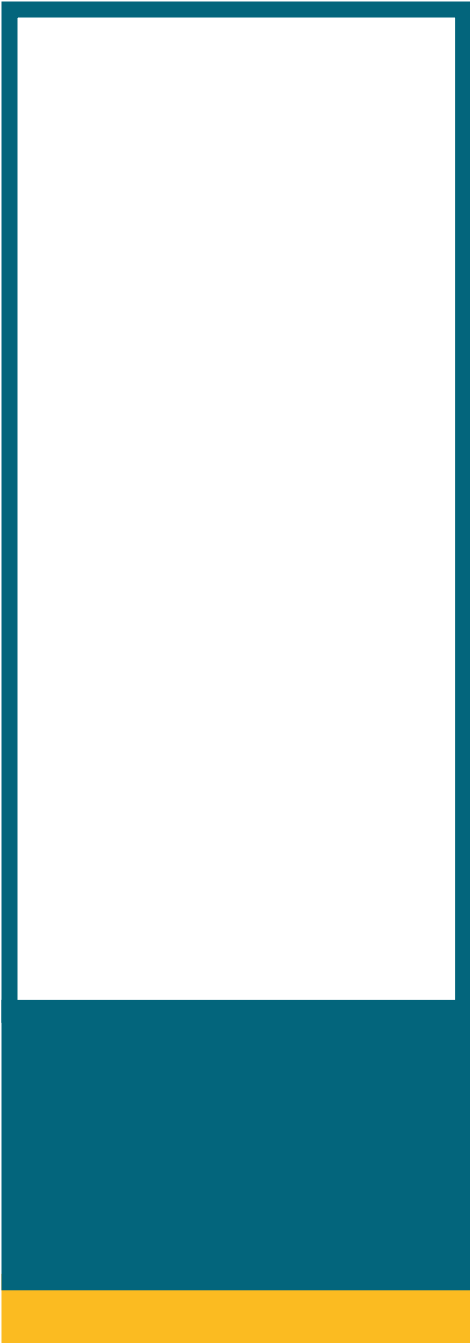
- We are entering a new stage on solid foundations that calls for optimism: excellent results, a renewed corporate governance model, a healthy and solvent balance sheet and a great team of professionals.
- This is a truly transformational time for many of Indra's key businesses.

- The evolution of technology and the geostrategic context point towards a future with enormous opportunities for a company such as Indra that we are ready to take advantage of.
- In view of the foregoing, it is of the utmost importance to adapt to increasingly large and complex programs, promoting economies of scale and fostering collaboration and cooperation with European companies, being able to effectively integrate disruptive technologies as diverse as new materials, additive manufacturing, autonomous platforms, cognitive algorithms, hyper-connectivity, artificial intelligence, optical communications, quantum, distributed processing, etc.
- Our vision is for Indra to become the global technology and defense leader that builds an ecosystem of collaboration with all types of companies in order to project the Spanish technology industry into the future.
- Before handing over to our Chief Executive Officer, José Vicente de los Mozos, on behalf of the Board and myself, I would like to thank Ignacio Mataix for his career in the company, first as Executive Director at the head of the Transportation and Defense division, and more recently as CEO until May 18.

Thank you for the trust you have placed in us to start this new stage.

Marc Murtra

Chairman of Indra



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