Indra Sistemas, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2023 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.

indra

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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 2023, 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 2023, 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.

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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	Procedures applied in the audit
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.	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.

Recognition of revenue by reference to stage of completion	
Description	**Procedures applied in the audit**
	We also reviewed the consistency of the estimates made by the Group in 2022 with the actual data for the contracts in 2023. 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	**Procedures applied in the audit**
The Group has recognised goodwill amounting to EUR 996 million and intangible assets amounting to EUR 264 million, as presented in the consolidated statement of financial position as at 31 December 2023 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.	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.

Recovery of goodwill and other intangible assets	
Description	**Procedures applied in the audit**
	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 2023, 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 2023 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 2023, which comprise the XHTML file including the consolidated financial statements for 2023 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 2023 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 27 February 2024.

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 the 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 Sánchez Palacios
Registered in ROAC under no. 22221

27 February 2024

Indra Sistemas, S.A. and Subsidiaries

Consolidated Statement of Financial Position at 31 December 2023 and 2022

(Thousand euro)

Assets	Note	2023	2022
Property, plant and equipment	6	99,143	88,913
Investment property		11,708	11,537
Right-of-use assets	7	119,025	86,277
Goodwill	8	996,374	946,067
Intangible assets other than goodwill	9	263,827	252,687
Investments accounted for using the equity method	11	16,898	20,123
Non-current asset derivatives	10, 12, 37	1,376	1,620
Non-current trade and other receivables	10, 12	31,805	28,396
Other non-current financial assets	10, 12	364,150	158,471
Non-current contract assets	14	106,191	50,349
Deferred tax assets	35	118,109	160,810
Non-current assets		**2,128,606**	**1,805,250**
Assets held for sale	13	108	108
Current inventories and contract assets	14	554,747	465,498
Current trade and other receivables	10, 16	1,229,826	1,193,532
Current tax assets	35	75,764	37,633
Current asset derivatives	10, 12, 37	4,671	3,526
Other current financial assets	10, 12	60,548	41,065
Other current non-financial assets	15	72,579	55,766
Cash and cash equivalents	10, 17	595,741	933,039
Current assets		**2,593,984**	**2,730,167**
Total assets		**4,722,590**	**4,535,417**

Notes 1 to 45 and Appendices I to V form an integral part of these Consolidated Annual Accounts

Equity and liabilities	Note	2023	2022
Share capital	18	35,330	35,330
Share premium	18	523,754	523,754
Retained earnings	18	701,154	541,035
Treasury shares	18	(32,960)	(5,342)
Other own equity instruments	18	21,090	13,794
Cash flow hedge	18	(4,044)	(6,781)
Currency translation differences	18	(126,817)	(114,775)
Total equity attributable to the owners of the parent company		**1,117,507**	**987,015**
Non-controlling interests	19	18,461	17,566
Equity		**1,135,968**	**1,004,581**
Non-current provisions for employee remuneration	24	11,384	19,915
Other non-current provisions	24	60,540	54,087
Total non-current provisions		**71,924**	**74,002**
Non-current bank borrowings and debentures	10, 21	479,063	700,431
Non-current liability derivatives	10, 22, 37	1,217	2,255
Other non-current financial liabilities	10, 22	695,210	536,184
Grants	10, 23	43,391	25,662
Other non-current non-financial liabilities		1,286	1,622
Deferred tax liabilities	35	4,140	3,174
Non-current liabilities		**1,296,231**	**1,343,330**
Liabilities held for sale	13	2	2
Current provisions for employee remuneration	24	38,614	17,945
Other current provisions	24	89,105	64,126
Total current provisions		**127,719**	**82,071**
Current bank borrowings and debentures	10, 21	223,528	275,206
Current liability derivatives	10, 22, 37	8,303	12,673
Other current financial liabilities	10, 22	113,874	104,670
Current trade and other payables	10, 26	1,579,603	1,517,260
Current tax liabilities	35	38,352	27,103
Other current non-financial liabilities	25	199,010	168,521
Current liabilities		**2,290,391**	**2,187,506**
Liabilities		**3,586,622**	**3,530,836**
Total equity and liabilities		**4,722,590**	**4,535,417**

Notes 1 to 45 and Appendices I to V form an integral part of these Consolidated Annual Accounts

Indra Sistemas, S.A. and Subsidiaries
Consolidated Income Statement at 31 December 2023 and 2022

(Thousand euro)

	Note	2023	2022
Revenue	27	4,343,072	3,851,390
Other operating income	28	32,903	23,272
Changes in inventories	14	130,832	84,831
Own work capitalised	9	40,989	29,336
Raw materials and consumables	29	(1,032,710)	(881,969)
Staff costs	30	(2,403,416)	(2,147,354)
Other operating expenses	31	(645,150)	(515,312)
Changes in trade provision	31	(19,491)	(42,714)
Fixed asset depreciation	6, 7, 9	(99,070)	(99,852)
Other gains/(losses) on fixed assets	32	(965)	(1,177)
Profit/(loss) from operating activities		**346,994**	**300,451**
Financial income	10	32,617	14,528
Financial expenses	10	(73,110)	(63,292)
Change in fair value of financial instruments	10	311	6,356
Profit/(loss) from financing activities		**(40,182)**	**(42,408)**
Share of profit/(loss) of equity-accounted associates and joint ventures	11	(3,220)	(2,282)
Profit/(loss) before tax		**303,592**	**255,761**
Tax income/(expense)	35	**(94,896)**	**(80,172)**
Profit/(loss) from continuing operations		208,696	175,589
Profit/(loss) for the year		**208,696**	**175,589**
Profit/(loss) attributable to the owners of the parent company	18	205,752	171,895
Profit/(loss) attributable to non-controlling interests	19	2,944	3,694

Basic earnings per share			
Basic earnings/(loss) per share from continuing activities	20	1.1690	0.9749
Total basic earnings/(loss) per share		**1.1690**	**0.9749**
Diluted earnings per share			
Diluted earnings/(loss) per share from continuing activities	20	1.1008	0.9016
Total diluted earnings/(loss) per share		**1.1008**	**0.9016**

Notes 1 to 45 and Appendices I to V form an integral part of these Consolidated Annual Accounts

Indra Sistemas, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income at 31 December 2023 and 2022

(Thousand euro)

	Note	2023	2022
Profit/(loss) for the year		208,696	175,589
Other comprehensive income			
Components of other comprehensive income that will be reclassified to profit or loss, before tax			
Currency translation differences			
Profit/(loss) from currency translation differences taken directly to equity	18	(12,577)	15,376
Other comprehensive income from currency translation differences, before tax		(12,577)	15,376
Cash flow hedges			
Cash flow hedges taken directly to equity	18	5,740	(2,569)
Cash flow hedges taken to the income statement	18	(2,090)	2,350
Other comprehensive income from cash flow hedges, before tax		3,650	(219)
Total other comprehensive income that will be reclassified to profit or loss, before tax		**(8,927)**	**15,157**
Total other comprehensive income, before tax		**(8,927)**	**15,157**
Income tax on components of other comprehensive income that will be reclassified to profit or loss			
Tax effect of cash flow hedges taken directly to equity		(1,435)	642
Tax effect of cash flow hedges taken to the income statement		522	(587)
Income tax on cash flow hedges included in other comprehensive income		**(913)**	**55**
Income tax on components of other comprehensive income that will be reclassified to profit or loss		**(913)**	**55**
Total other comprehensive income		**(9,840)**	**15,212**
Total comprehensive income		**198,856**	**190,801**
Comprehensive income attributable to			
Comprehensive income attributable to the owners of the parent company		196,447	187,452
Comprehensive income attributable to non-controlling interests		2,409	3,349

Notes 1 to 45 and Appendices I to V form an integral part of these Consolidated Annual Accounts

Indra Sistemas, S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the years ended 31 December 2023 and 2022

(Thousand euro)

	Equity attributed to the owners of the parent company								Non-controlling interests	Total
						Other comprehensive income				
	Issued capital	Share premium	Treasury shares	Share-based payments	Retained earnings	Currency translation differences	Cash flow hedge	Subtotal		
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) in equity due to treasury share transactions (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**

	Issued capital	Share premium	Treasury shares	Share-based payments	Retained earnings	Currency translation differences	Cash flow hedge	Subtotal	Non-controlling interests	Total
Balance at 01.01.23	**35,330**	**523,754**	**(5,342)**	**13,794**	**541,035**	**(114,775)**	**(6,781)**	**987,015**	**17,566**	**1,004,581**
Changes in equity										
Profit/(loss) for the year	-	-	-	-	205,752	-	-	205,752	2,944	208,696
Other comprehensive income	-	-	-	-	-	(12,042)	2,737	(9,305)	(535)	(9,840)
Total comprehensive income	**-**	**-**	**-**	**-**	**205,752**	**(12,042)**	**2,737**	**196,447**	**2,409**	**198,856**
Dividends recognised as distributions to the owners	-	-	-	-	(44,094)	-	-	(44,094)	(981)	(45,075)
Increase/(decrease) due to other changes in equity	-	-	-	-	(2,807)	-	-	(2,807)	(533)	(3,340)
Increase/(decrease) in equity due to treasury share transactions (Note 18)	-	-	(27,618)	7,296	1,268	-	-	(19,054)	-	(19,054)
Total increase/(decrease) in equity	**-**	**-**	**(27,618)**	**7,296**	**160,119**	**(12,042)**	**2,737**	**130,492**	**895**	**131,387**
Balance at 31.12.23	**35,330**	**523,754**	**(32,960)**	**21,090**	**701,154**	**(126,817)**	**(4,044)**	**1,117,507**	**18,461**	**1,135,968**

Notes 1 to 45 and Appendices I to V form an integral part of these Consolidated Annual Accounts

Indra Sistemas, S.A. and Subsidiaries
Consolidated Cash Flow Statement at 31 December 2023 and 2022

(Thousand euro)

	Note	2023	2022
Cash flows generated from/(absorbed by) operating activities			
Profit/(loss) for the year		208,696	175,589
Income tax expense	35	94,896	80,172
Profit/(loss) before tax		**303,592**	**255,761**
Grants	23, 28	(22,745)	(14,622)
Provisions	16, 24	19,491	42,714
Other gains/(losses) on fixed assets	32	965	1,177
Depreciation and amortisation	6, 7, 9	99,070	99,852
Profit/(loss) in associates	11	3,220	2,282
Net financial income/(expense)	10	40,182	42,408
Dividends received	11, 12a	66	2,348
Operating profit before changes in working capital		**443,841**	**431,920**
Decrease/(increase) in inventories and contract assets		(116,406)	(102,056)
Decrease/(increase) in other trade receivables		53,947	(8,760)
Decrease/(increase) in other receivables from operating activities		(16,616)	3,703
Decrease/(increase) in other trade payables		26,055	65,417
Decrease/(increase) in other payables from operating activities		67,106	16,303
Change in working capital		14,086	(25,393)
Cash from operating activities		**457,927**	**406,527**
Corporate income tax paid		(78,406)	(56,266)
Net cash flows generated from/(absorbed by) operating activities		**379,521**	**350,261**
Cash flows generated from/(absorbed by) investing activities			
Other cash receipts from sales of equity instruments of other entities		-	1,058
Other cash payments to acquire equity instruments of other entities	5	(284,155)	(28,205)
Payments to acquire property, plant and equipment	6	(22,988)	(24,286)
Payments to acquire intangible assets	9	(39,719)	(29,833)
Receipts of government grants	9, 23	47,186	14,693
Interest received		25,410	11,302
Net cash flows generated from/(absorbed by) investing activities		**(274,266)**	**(55,271)**

Cash flows generated from/(absorbed by) financing activities			
Acquisition of treasury shares	18	(125,031)	(122,636)
Sale of treasury shares	18	92,527	120,121
Issuance of bank borrowings	21	-	37,269
Repayment and redemption of debentures and other marketable securities	21	(245,000)	(150,000)
Repayment and redemption of bank borrowings and other financial liabilities	21	(40,052)	(387,858)
Dividends paid to non-controlling interests	19	(981)	(6,760)
Interest paid	10	(44,310)	(37,075)
Dividends paid to the parent company		(44,094)	(26,463)
Other flows from financing activities	7, 22	(32,693)	(32,214)
Net cash flows generated from/(absorbed by) financing activities		**(439,634)**	**(605,616)**
Net increase/(decrease) in cash and cash equivalents before the foreign exchange effect		(334,379)	(310,626)
Effect of foreign exchange fluctuations on cash and cash equivalents		(2,919)	8,640
Net increase/(decrease) in cash and cash equivalents		**(337,298)**	**(301,986)**
Cash and cash equivalents at beginning of the year	17	**933,039**	**1,235,025**
Cash and cash equivalents at end of year	17	**595,741**	**933,039**

Notes 1 to 45 and Appendices I to V form an integral part of these Consolidated Annual Accounts

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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 2023, 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 2023, the Group set up the following subsidiaries:

- On 22 February 2023, the Group company Minsait Payment Systems, S.L.U. set up the company Minsait Payment Systems Brasil, LTDA in Brazil, subscribing and paying up 100% of share capital in the amount of 10 thousand Brazilian reals (€2 thousand).
- On 8 March 2023, the Group company Minsait Payment Systems, S.L.U. set up the company Minsait Payment Systems Colombia, S.A.S. in Colombia, subscribing COP 963,600 thousand in share capital and paying up 50% of this share capital in the amount of €98 thousand.
- On 3 June 2023, the Group companies Indra III Soluções de Tecnologia da Informação Portugal and Minsait Payment Systems Portugal set up the company Indra Soluções de Tecnologia da Informação Angola, LDA. in Angola, subscribing and paying up share capital in the amount of 286,088 thousand Angolan Kwanzas (€308 thousand).
- On 20 July 2023, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. set up the company Minsait Payment Systems Latam, S.L.U. A part of the assets and liabilities of Indra Soluciones Tecnologías de la Información, S.L.U., comprising the Chilean means of payment business unit formed by a 99.9% ownership interest in Tecnocom Chile, S.A., was spun off to Minsait Payment Systems Latam, S.L.U. In exchange, Indra Holding Tecnologías de la Información, S.L.U. (the sole shareholder of Indra Soluciones Tecnologías de la Información, S.L.U.) received shares in Minsait Payment Systems Latam, S.L.U. The vertical merger of Minsait Payment Systems Latam, S.L.U. (target company) into Minsait Payment Systems, S.L.U. (acquiring company) is in progress, the latter acquiring all Minsait Payment Systems Latam, S.L.U.'s assets, liabilities, rights and obligations by way of universal succession.

During the financial year ended 31 December 2023, the Group derecognised a number of companies, as summarised below:

- On 16 October 2023, the two Portuguese companies Indra III Soluções de Tecnologia da Informaçao Portugal Unipessoal, LDA and Cesce Soluçoes Informáticas, S.A. were merged, all the latter's assets, liabilities, rights and obligations being transferred to the former.

During the year ended 31 December 2023, the Group acquired the following subsidiaries (Note 5):

- On 28 April 2023, the Group company Indra Air Traffic, Inc. acquired the Selex air traffic management business line in the United States for €43,969 thousand (USD 47,816 thousand) after having made a purchase commitment in the previous year.
- On 12 May 2023, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. acquired 100% of the Spanish company Deuser Tech Group, S.L.U. for €4,297 thousand. A liability of €500 thousand is also recognised, reflecting the deferred payment that the Group must make in the future.

Deuser Tech Group is a company focused on industrial digitalisation with headquarters in Córdoba. It has close to 100 employees and various customers in industries such as food, automobiles and energy.

- On 27 July 2023, the Group company Sistemas Informáticos Abiertos, S.A. acquired 100% of the Spanish company ICA Sistemas y Seguridad, S.L. for €6,263 thousand.
- On 29 September 2023, the parent company acquired 100% of the British company Park Air Systems Ltd, a leader in ground-to-air radio systems which designs, manufactures, supplies and supports radio systems for air traffic management (ATM) all around the world and has two basic product lines serving the civil and military markets. The cost of this acquisition amounted to GBP 10,349 thousand (€12,072 thousand). This amount includes an earn-out of GBP 3,000 thousand as a price adjustment.
- On 29 September 2023, the parent company acquired 100% of the ownership interests in Antexia Technologies S.L. for €2,500 thousand. An additional liability of €600 thousand was recognised, reflecting the probable value that the Group 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 14 November 2023, the Group company Minsait Payment Systems, S.L.U. acquired 100% of the Spanish company Tramasierras 2021 S.L. for €4,332 thousand.
- On 21 December 2023, the Group company Minsait Payment Systems, S.L.U. entered into an agreement to acquire Compañia Uruguaya de Medios de Procesamiento, S.A. Completion of the acquisition is conditional on prior approval by the competent authorities in Uruguay. 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.
- On 29 December 2023, the Group company Indra Business Consulting, S.L.U. acquired 100% of the Spanish company NAE Comunicacions, S.L.U. for €27,993 thousand. An additional discounted liability of €8,500 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.

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.U. 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 year ended 31 December 2022, the Group deregistered the following subsidiaries:

- 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.
- 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:

- 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 €982 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 €14,692 thousand (CLP 14,173,259) pending payment.

- On 5 November 2022, a binding agreement was signed to acquire Selex Inc.'s navigation aids business in the United States. The acquisition was completed in 2023.

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 2023 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 2023 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 2023 and the Group's consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended.

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

The parent company's Directors consider that the 2023 Consolidated Annual Accounts, which were authorised for issue on 27 March 2024, will be approved by the General Shareholders' Meeting without changes.

The 2022 Consolidated Annual Accounts were approved by the General Shareholders' Meeting on 30 June 2023.

<u>Presentation approach and formats</u>

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 stage of completion method to account for sales so as to assure the fairest presentation. 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 stage 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

End of the COVID-19 pandemic

In 2023, the World Health Organisation ended the international alert announced early in 2020 due to the Covid-19 pandemic. Most economic sectors returned to pre-Covid levels of activity thanks to a faster-than-expected recovery in many cases. Some of the most affected sectors, such as air transport, expect to recover pre-Covid traffic volumes during 2024.

Despite a sharp contraction in 2020, Indra already managed to return to its pre-pandemic business volume in 2021.

War in Ukraine

Russia's invasion of Ukraine in 2022 has had a profound humanitarian, economic and geopolitical impact, with global repercussions, although these have been felt more keenly in Europe. Almost two years on from the beginning of the invasion, the two sides are currently in a stalemate, and there is still great uncertainty over the duration and outcome of the conflict. Ukraine's performance in this war is closely linked to the delivery of economic and military aid from Western countries, which are still backing Ukraine for the time being.

The conflict has led to an increased awareness of the importance of defence in European society. Most European countries have announced their intention to increase the level of defence spending, with the medium-term goal of reaching the 2% of GDP threshold required of NATO members. This has improved Indra's prospects in the Defence and Security business and has accelerated many of the national and European defence programmes in which the Company is involved. Specifically, Spain has announced a commitment to converge to a level of defence spending of 2% of GDP by 2029 and the 2023 defence budget has already increased considerably, particularly in relation to equipment purchases.

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. 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.

Conflict in the Middle East

Hamas' terrorist attack on Israel in October 2023 triggered a war in the Gaza Strip, reigniting the latent conflict in the region between Israel and its neighbouring countries. So far, the conflict's impact has mainly been limited to Israel and Gaza.

However, broader geopolitical repercussions are now being observed. Yemeni Houthi militia attacks on merchant ships in the southern Red Sea under the pretext of harming Israel are particularly significant. Despite the US-led international security mission in the Red Sea, Houthi attacks are disrupting maritime trade through the Suez Canal. If this situation continues, it could lead to renewed disruptions to global supply chains. In fact, some shipping companies are already opting to temporarily suspend Red Sea traffic and reach Europe via the much longer Cape of Good Hope (South Africa) route.

Domestic industry has already suffered partial shutdowns in specific sectors that were blamed on insecurity in the Red Sea.

To date, Indra has not identified a significant impact on our business, but we will continue to monitor the situation, mainly with regard to any restrictions on imports and exports, as well as potential increases in transport costs and delivery times, for which alternative routes are being explored.

High interest rates

The sharp rise in inflation starting in 2021 forced the main central banks to push up interest rates significantly and very quickly in 2022 and 2023. This tightening of monetary policy appears to have peaked in 2023, although uncertainty persists.

High interest rates had an easing effect on inflation, which reached 3.1% and 2.4% in the US and the euro area, respectively, in November 2023. On the negative side, monetary policies are affecting economic growth which, in the case of the euro area, led to a 0.1% contraction in the third quarter of 2023. In Spain, the economic slowdown is expected to continue without reaching contractionary levels.

The interest rate hikes have had no relevant impact on the Company to date. The Group has a healthy financial position, with a net debt leverage ratio of 0.26x EBITDA at year-end 2023. 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 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 taxonomy for sustainable activities, Corporate Sustainability Reporting Directive, Corporate Sustainability Due Diligence Directive) that will facilitate the benchmarking of ESG performance and step up ESG requirements for companies.

The Company has successfully carried out its Sustainability Master Plan 2020-2023, under which initiatives aimed at responding to the growing demands and regulatory changes in ESG areas have been successfully deployed. Looking ahead, in the first quarter of 2024 the Company will present a new strategic plan in which sustainability will be championed.

Standards and interpretations issued and approved by the European Union, in force and applicable to the Consolidated Annual Accounts for the financial year ended 31 December 2023

The following standards have been first-time adopted in the Consolidated Annual Accounts for the year ended 31 December 2023:

- **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 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.
- **Amendment to IAS 12: "Tax reform – Pillar 2 Model Rules".** A temporary mandatory exemption from recognising IAS 12 deferred taxes relating to the entry into force of the international Pillar 2 taxation model is applicable, as well as additional disclosure requirements (Note 35).

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 2024 (not early adopted):

- **Amendment to IFRS 16: "Lease liability in a sale and leaseback".** This amendment clarifies the subsequent accounting treatment of lease liabilities arising from sale and leaseback transactions.
- **Amendment to IAS 1: "Classification of liabilities as current or non-current and those subject to covenants".** Clarifications regarding the presentation of liabilities as current or non-current, particularly where maturity is conditional on compliance with covenants.
- **Amendment to IAS 7 and IFRS 7: "Supplier finance arrangements".** New specific disclosure requirements for supplier finance arrangements and their effects on the company's liabilities and cash flows, including liquidity risk and management of associated risks.
- **Amendment to IAS 21: "Lack of exchangeability".** This approach specifies when a currency is exchangeable into another currency and, if it is not, how to determine the exchange rate to be used.

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

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

Amendments	Proposed
Amendment to IAS 1 "Classification of liabilities as current or non-current and classification of non-current liabilities with covenants"	1 January 2024
Amendment to IAS 7 and IFRS 7: "Supplier finance arrangements"	1 January 2024
Amendment to IAS 21: "Lack of exchangeability"	1 January 2025

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 2023 Consolidated Annual Accounts include, for comparative purposes, the corresponding figures for the previous year.

When comparing the information with the previous year, it should be noted that the goodwill and other assets were allocated to the new CGUs due to the modification of the Group's segments to form four business areas as part of the organisational change completed during the year: Defence and Security, Air Traffic Management, Mobility and Information Technologies - Minsait. The heads of these areas will be responsible for end-to-end management of the income statement reporting directly to the CEO. Following this reorganisation and in line with the Strategic Plan approved by the Board of Directors on 27 February 2024, these segments are:

* Defence & Security (Defence)
* Air Traffic Management (Air Traffic)
* Mobility
* Information Technology (Minsait), comprising the following vertical markets grouped together in this segment: the "Energy" market, the "Industry and Consumption" market, the "Financial Services" market, the "Telecommunications and Media" market, the "Public Administrations" market, the "Healthcare" market and the "Election Processes" market.

The Group previously had two operating segments:

* Transport and Defence ("T&D"). The vertical markets grouped together in this segment were 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" market, the "Industry and Consumption" market, the "Financial Services" market, the "Telecommunications and Media" market, the "Public Administrations" market, the "Healthcare" market and the "Election Processes" market. The Group's operations in this segment are managed in a multidimensional way in line with the customer's business sector, products offered, geographies where the activity is carried out and cross-operational areas (plants, software factories, etc.) in which both human and material resources are shared.

This change entailed a comprehensive analysis of the previous T&D segment, which shared resources among its various vertical markets. For this purpose, the Group reviewed each segment's investments, customers, commercial strategy, brands, focus, internalisation, etc. Committees have been set up and efforts made to complete the allocation process, appointing segment heads (Defence, Air Traffic and Mobility), each of whom will be responsible for the area's income statement.

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 €52,203,139.88:

Dividend payable	44,163,600.50
Offset of prior-year losses	8,039,539.38
	52,203,139.88

The proposed distributions of profits in Group companies for 2023 have been drawn up by their respective boards and will be submitted for approval at the relevant General Shareholders' Meetings. The proposed dividend is subject to approval by the Annual General Shareholders' Meeting and has not been recognised as a liability in these Consolidated Financial Statements at 31 December 2023. 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 (€0.25 per share in 2022). 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.

(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.

<u>Useful life and amortisation charges</u>: 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. Costs of expansion, upgrade or improvement that lead to an increase in productivity, capacity or efficiency, or an extension in the useful life of assets, are capitalised. 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 reflects 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 2023 and 2022. 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 (less than 12 months) relate primarily to various equipment, temporary accommodation, 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. <u>Financial liabilities</u>

<u>Classification</u>

The Group classifies its financial liabilities in the following categories:

a) at amortised cost;

b) at fair value through profit or loss.

<u>Measurement</u>

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 2023 and 2022, 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% will be received entirely in Company shares.

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 due after more than 12 months as from the consolidated statement of financial position date, this being the Group's normal operating cycle, as well as assets that are not expected to be realised, sold or consumed within that period of time.

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, on 27 December.

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

In the current year, the Group began to present financial information based on the new organisational structure (Notes 2, 8 and 27).

The Group's chief operating decision-makers analyse information on the basis of the services offered by the Group.

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 segment 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 and 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:

- Project execution.
- 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 2023, over 11,000 new projects were contracted (8,000 in 2022) and the number of ongoing projects generating revenues exceeded 13,000 (15,800 in 2022). The weighted average duration of new projects contracted in 2023 and the range of duration are as follows:

Type	Average duration	Range
Projects	4 years	Between 16 years 8 months and 4
Services	3 years 3 months	Between 10 years 1 month and 3
Manufacturing	5 years 11 months	Between 10 years 11 months and 8

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 method to reasonably measure progress towards completion of the contract is determined, preferably based on a "certified milestone stage of completion" 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, it is estimated using the "stage of completion" resource method (input 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 "stage 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 stage 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 stage 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 stage 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 stage of completion on the total new price stipulated in the modified contract.

Revenue recognised on a stage of completion basis due to contract modifications totalled €14 million and €14 million in 2023 and 2022, 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 stage 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, 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 2023 are described below:

- An increase in equity of €1,154 thousand (€3,627 thousand in 2022) 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 2023 are as follows:

	Thousand euro	
	2023	**2022**
Revenue	(16,253)	(2,221)
Operating profit/(loss)	(1,179)	(254)
Net financial income/(expense)	(2,061)	(3,423)
Profit/(loss) for the year	(3,762)	(2,907)

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 2023 are described below:

- A decrease in equity of €793 thousand (€1,422 thousand in 2022) 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 €793 thousand (€1,422 thousand in 2022).

5) Business combinations

The Group completed the following business combinations during the year ended 31 December 2023:

Air traffic business (Selex)

On 28 April 2023, the Group company Indra Air Traffic Inc. acquired the Air Traffic Management business line from Selex ES Inc. in the United States for the amount of €43,969 thousand (USD 47,816 thousand). Provisional goodwill on this transaction amounts to €14,172 thousand (USD 15,412 thousand). The fair values of assets and liabilities was adjusted during the year. The Group has a period of 12 months to allocate the final value.

The acquired business specialises in manufacturing and developing civil and military aircraft navigation systems. It has approximately 80 employees. This business acquisition will boost Indra's leading position in the global ATM sector through access to the highly significant US market.

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

	Thousand
Other intangible assets	18,882
Property, plant and equipment	3,362
Deferred tax assets	1,055
Total non-current assets	**23,299**
Inventories	13,407
Trade and other receivables	4,990
Other current assets	364
Total current assets	**18,761**
Total assets	**42,060**
Other non-current liabilities	88
Non-current provisions	2,079
Deferred tax liabilities	3,635
Total non-current liabilities	**5,802**
Trade and other payables	5,516
Other current liabilities	944
Total current liabilities	**6,461**
Total liabilities	**12,263**
Net assets	**29,797**
% acquisition	**100%**
Initial consideration	**43,969**
Goodwill on consolidation	**14,172**

Deuser Tech Group, S.L.

On 12 May 2023, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. acquired 100% of the Spanish company Deuser Tech Group, S.L.U. for €4,297 thousand. A liability of €500 thousand is also recognised, reflecting the deferred payment that the Group must make in the future. These companies held cash of €3 thousand at the acquisition date, so the net cash outflow was €4,294 thousand.

Provisional goodwill on this transaction amounts to €4,813 thousand. The Group has a period of 12 months to allocate the final value.

Deuser Tech Group, S.L.U. is a Spanish company incorporated in 2004 that specialises in developing and implementing Operation Technology (OT) and Automation solutions. It has approximately 120 employees. The acquisition of Deuser Tech Group, S.L.U. will bolster Minsait's Industry 4.0 positioning.

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

	Thousand
Other intangible assets	1,658
Property, plant and equipment	389
Deferred tax assets	2
Non-current financial assets	467
Total non-current assets	**2,516**
Inventories	1,493
Trade and other receivables	1,693
Cash and cash equivalents	3
Other current assets	2,107
Total current assets	**5,295**
Total assets	**7,812**
Bank borrowings	1,514
Grants	467
Deferred tax liabilities	156
Other non-current liabilities	957
Total non-current liabilities	**3,094**
Bank borrowings	2,165
Trade and other payables	1,451
Current tax liabilities	298
Other current liabilities	818
Total current liabilities	**4,733**
Total liabilities	**7,827**
Net assets	**(15)**
% acquisition	**100%**
Initial consideration	**4,297**
Deferred payment	**500**
Goodwill on consolidation	**4,813**

Deuser Tech Group, S.L.U. contributed revenue of €5,144 thousand from the date it was included in the consolidation scope to 31 December 2023. This contribution would have amounted to €7,261 thousand had the company been consolidated throughout 2023.

Park Air Systems Ltd.

On 29 September 2023, the parent company acquired 100% of the British company Park Air Systems Ltd for an initial sum of €8,572 thousand (GBP 7,348 thousand). An additional liability of €3,500 thousand (GBP 3,000 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 business targets agreed in the sale and purchase agreement. These companies held cash of €6,577 thousand (GBP 5,637 thousand) at the acquisition date, so the net cash outflow was €1,995 thousand (GBP 1,710 thousand).

Provisional goodwill on this transaction amounts to €295 thousand. The Group has a period of 12 months to allocate the final value.

Park Air Systems Ltd specialises in producing communications systems, such as ground-to-air radio, for both civil and military air traffic management (ATM). It has approximately 120 employees.

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

	Thousand euro
Other intangible assets	108
Property, plant and equipment	348
Total non-current assets	**456**
Inventories	10,773
Trade and other receivables	5,205
Cash and cash equivalents	6,577
Other current assets	478
Total current assets	**23,033**
Total assets	**23,489**
Non-current provisions	2,500
Total non-current liabilities	**2,500**
Trade and other payables	9,120
Other current liabilities	92
Total current liabilities	**9,211**
Total liabilities	**11,711**
Net assets	**11,778**
% acquisition	**100%**
Initial consideration	**8,572**
Earn-out agreement	**3,500**
Goodwill on consolidation	**295**

Park Air Systems Ltd contributed revenue of €12,543 thousand from the date it was included in the consolidation scope to 31 December 2023. This contribution would have amounted to €23,774 thousand had the company been consolidated throughout 2023.

ICA Sistemas y Seguridad, S.L.

On 27 July 2023, the Group company Sistemas Informáticos Abiertos, S.A.U. acquired 100% of the Spanish company ICA Sistemas y Seguridad, S.L. for €6,263 thousand. An additional liability of €2,000 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. A liability of €1,100 thousand is also recognised, reflecting the deferred payment that the Group must make in the future. These companies held cash of €22 thousand at the acquisition date, so the net cash outflow was €6,241 thousand.

Provisional goodwill on this transaction amounts to €7,500 thousand. The Group has a period of 12 months to allocate the final value.

ICA Sistemas de y Seguridad, S.L. is a Spanish provider of cybersecurity services at the national level (including software and hardware solutions for data protection, cyberattack identification and prevention, network security monitoring and security compliance), as well as ICT infrastructures and integration. It has a SIEM product certified by the National Cryptographic Centre for which there is a prospective market in Spain and abroad, complementing Sistemas Informáticos Abiertos, S.L.'s portfolio. It has approximately 140 employees.

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

	Thousand
Other intangible assets	733
Property, plant and equipment	57
Non-current financial assets	14
Deferred tax assets	36
Total non-current assets	**839**
Inventories	957
Trade and other receivables	5,976
Cash and cash equivalents	22
Other current assets	25
Total current assets	**6,980**
Total assets	**7,820**
Bank borrowings	765
Other non-current liabilities	381
Total non-current liabilities	**1,147**
Bank borrowings	1,019
Trade and other payables	3,084
Other current liabilities	708
Total current liabilities	**4,810**
Total liabilities	**5,957**
Net assets	**1,863**
% acquisition	**100%**
Initial consideration	**6,263**
Earn-out agreement	**2,000**
Subsequent payment	**1,100**
Goodwill on consolidation	**7,500**

ICA Sistemas y Seguridad. S.L. contributed revenue of €7,171 thousand from the date it was included in the consolidation scope to 31 December 2023. This contribution would have amounted to €13,431 thousand had the company been consolidated throughout 2023.

Antexia Technologies, S.L.

On 29 September 2023, the parent company acquired 100% of the ownership interests in Antexia Technologies S.L. for €2,500 thousand. An additional liability of €600 thousand was recognised, reflecting the probable value that the Group estimates will be payable as an earn-out in the event that the company reaches the targets agreed in the sale and purchase agreement.

Antexia is a spin-off of the Galician Technological Centre for Telecommunications Foundation, in which both the anti-drone system developed by the foundation and the technical equipment required to maintain the system were included before the company was acquired by Indra. This system is able to detect, analyse threats and trigger alarms for small objects flying at high speed above and below the horizon. It is at an early stage of commercial maturity, so the asset acquired by Indra is essentially the technology.

Tramasierras 2021, S.L.

On 14 November 2023, the Group company Minsait Payment Systems, S.L.U. acquired 100% of the Spanish company Tramasierras 2021 S.L. for €4,332 thousand.

Tramasierras 2021, S.L. is a Spanish company and the parent of a group (Soluciones Tecnológicas Normax, S.L. and Pecunia Cards EDE, S.L.) specialising in payment services, particularly payment card issuance and processing, payment acquisition and processing and custody of third-party funds, all using software licensed by Pecunia Cards E.D.E., S.L., this group's electronic institution. The investment in Tramasierras 2021 S.L. is a further step in the growth of Indra's portfolio and business in the Spanish and European means of payment markets. It has approximately 50 employees.

Provisional goodwill on this transaction amounts to €4,292 thousand. The Group has a period of 12 months to allocate the final value.

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

	Thousand euro
Other intangible assets	6,030
Property, plant and equipment	44
Non-current financial assets	794
Total non-current assets	**6,867**
Trade and other receivables	525
Other current assets	2,399
Total current assets	**2,923**
Total assets	**9,790**
Bank borrowings	385
Other non-current liabilities	161
Total non-current liabilities	**546**
Bank borrowings	2,117
Trade and other payables	5,922
Other current liabilities	1,166
Total current liabilities	**9,205**
Total liabilities	**9,751**
Net assets	**39**
% acquisition	**100%**
Initial consideration	**4,332**
Goodwill on consolidation	**4,292**

Grupo Tramasierra contributed revenue of €2,521 thousand from the date it was included in the consolidation scope to 31 December 2023. This contribution would have amounted to €11,317 thousand had the Group been consolidated throughout 2023.

Compañía Uruguaya de Medios de Procesamiento, S.A.

On 21 December 2023, the Group company Minsait Payment Systems, S.L.U. entered into an agreement to acquire Compañia Uruguaya de Medios de Procesamiento, S.A. Completion of the acquisition is conditional on prior approval by the competent authorities in Uruguay. 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.

NAE Comunicacions, S.L.U.

On 29 December 2023, the Group company Indra Business Consulting, S.L.U. acquired 100% of the Spanish company NAE Comunicacions, S.L.U. for €27,993 thousand. An additional discounted liability of €8,500 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.

NAE Comunicacions is the benchmark consultant for telecommunications network management and deployment in Spain. It has approximately 330 employees.

Provisional goodwill on this transaction amounts to €33,542 thousand. The Group has a period of 12 months to allocate the final value.

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

	Thousand euro
Property, plant and equipment	85
Non-current financial assets	34
Deferred tax assets	2
Total non-current assets	**122**
Trade and other receivables	7,337
Cash and cash equivalents	2,383
Other current assets	838
Total current assets	**10,558**
Total assets	**10,679**
Bank borrowings	1,566
Deferred tax liabilities	4
Total non-current liabilities	**1,570**
Bank borrowings	1,317
Trade and other payables	1,629
Other current liabilities	3,213
Total current liabilities	**6,159**
Total liabilities	**7,728**
Net assets	**2,951**
% acquisition	**100%**
Initial consideration	**27,993**
Earn-out agreement	**8,500**
Goodwill on consolidation	**33,542**

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

NAE Comunicacions, S.L.U.'s contribution to revenue had it been consolidated for the whole of 2023 would have totalled €25,843 thousand, but no amount is reflected in the consolidated income statement because the acquisition was completed at the end of December.

Other considerations relating to the year's acquisitions

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 2023 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.

During the year ended 31 December 2023, the Group made the following adjustments to 2022 business combinations:

Mobbeel Solutions, S.L.

During 2023, an adjustment was made to the fair value of the assets and liabilities of the company Mobbeel Solution, S.L., reducing the goodwill calculated in 2022 by €180 thousand. The following liabilities were restated in the purchase price allocation process:

- The amount of €51 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:

	2022	Additions	2023
	Fair value prior to the PPA	Assets and liabilities identified	Fair value
	Thousand euro		
Intangible assets	431	-	431
Property, plant and equipment	28	-	28
Deferred tax assets	-	13	13
Non-current financial assets	56	-	56
Total non-current assets	**515**	**13**	**527**
Total current assets	**640**	-	**640**
Total assets	**1,154**	**13**	**1,167**
Non-current provisions	-	51	51
Bank borrowings	207	-	207
Deferred tax liabilities	269	-	269
Total non-current liabilities	**476**	**51**	**527**
Total current liabilities	**153**	**-**	**153**
Total liabilities	**629**	**51**	**680**
Net assets	**525**	**(38)**	**487**
% acquisition	100%		
Total purchase consideration	2,999	-	2,999
Earn-out agreement	1,200	(218)	982
Goodwill on consolidation	**3,674**	**(180)**	**3,494**

Aplicaciones de Simulación Simtec, S.L.U.

As regards the company Aplicaciones de Simulación Simtec, S.L.U., no assets and liabilities have been identified, so definitive goodwill amounts to €917 thousand, as was disclosed in the 2022 annual accounts.

Operadora de Tarjetas de Crédito Nexus, S.A.

During 2023, an adjustment was made to the fair value of the assets and liabilities of the company Operadora de Tarjetas de Crédito Nexus, S.A., reducing the goodwill calculated in 2022 by €10,623 thousand. The following assets and liabilities were restated in the purchase price allocation process:

- The amount of €5,660 thousand relating to customer relationships.
- The amount of €3,872 thousand relating to a decrease in intangible assets.
- The amount of €880 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:

	2022	Additions	2023
	Fair value prior to the PPA	**Assets and liabilities identified**	**Fair value**
Headings	Thousand euro	Thousand euro	Thousand euro
Intangible assets	5,507	1,788	7,295
Property, plant and equipment	3,509	-	3,509
Deferred tax assets	2,139	1,283	3,422
Total non-current assets	**11,155**	**3,071**	**14,226**
Total current assets	**15,304**	-	**15,304**
Total assets	**26,459**	**3,071**	**29,530**
Non-current provisions	-	880	880
Other non-current liabilities	610	-	610
Deferred tax liabilities	1,692	1,528	3,220
Total non-current liabilities	**2,302**	**2,408**	**4,710**
Total current liabilities	**9,416**	**-**	**9,416**
Total liabilities	**11,718**	**2,408**	**14,126**
Net assets	**14,741**	**663**	**15,404**
% acquisition	100%		
Consideration	11,052	325	11,377
Deferred payment	24,143	(10,285)	13,858
Goodwill on consolidation	**20,454**	**(10,623)**	**9,831**

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 2023 and 2022:

	Thousand euro						
	Balance at 31.12.22	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.23**
Investments:							
Land	6,954	517	-	-	-	-	7,471
Buildings	36,867	4,734	(43)	118	(51)	-	41,625
Plant, machinery & other installations	219,434	10,169	770	18,171	(4,675)	(109)	243,760
Furniture	41,320	2,710	11	1,277	(2,374)	246	43,190
Vehicles	1,286	290	(29)	92	(112)	(4)	1,523
Data-processing equipment	129,107	337	(1,647)	3,804	(6,525)	(35)	125,041
Other PPE	6,285	26	(40)	77	(934)	5	5,419
	441,253	**18,783**	**(978)**	**23,539**	**(14,671)**	**103**	**468,029**
Depreciation:							
Buildings	(20,108)	(2,532)	60	(898)	51	-	(23,427)
Plant, machinery & other installations	(173,232)	(9,239)	(396)	(9,081)	4,325	505	(187,118)
Furniture	(34,676)	(2,539)	9	(1,206)	2,359	(349)	(36,402)
Vehicles	(1,234)	(122)	23	(53)	112	4	(1,270)
Data-processing equipment	(115,933)	(189)	1,386	(6,004)	6,329	77	(114,334)
Other PPE	(6,261)	(4)	36	(284)	920	19	(5,574)
	(351,444)	**(14,625)**	**1,118**	**(17,526)**	**14,096**	**256**	**(368,125)**
Impairment provisions:							
Plant, machinery & other installations	(896)	-	135	-	-	-	(761)
	(896)	**-**	**135**	**-**	**-**	**-**	**(761)**
Net value:							
Land	6,954	517	-	-	-	-	7,471
Buildings	16,759	2,202	17	(780)	-	-	18,198
Plant, machinery & other installations	45,306	930	509	9,090	(350)	396	55,881
Furniture	6,644	171	20	71	(15)	(103)	6,788
Vehicles	52	168	(6)	39	-	-	253
Data-processing equipment	13,174	148	(261)	(2,200)	(196)	42	10,707
Other PPE	24	22	(4)	(207)	(14)	24	(155)
Total	**88,913**	**4,158**	**275**	**6,013**	**(575)**	**359**	**99,143**

	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	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**

Scope changes in 2023 relate to the acquisitions of the companies: Deuser Tech Group, S.L, Park Air Systems Limited, I.C.A Sistemas y Seguridad, Pecunia Cards EDE, S.L., Soluciones Tecnológicas Normax, S.L., NAE Comunicaciones, S.L.U and the Selex business line by Group company Indra Air Traffic, INC. (Note 5).

Additions to and disposals of 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 €22,988 thousand in 2023 (€24,286 thousand in 2022).

At 31 December 2023, fully-depreciated property, plant and equipment amount to €329,389 thousand (€309,900 thousand at 31 December 2022).

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 2023 or 2022.

7) Right-of-use assets

Right-of-use assets are analysed below at 31 December 2023 and 2022:

	Thousand euro					
	Balance at 31.12.22	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Balance at 31.12.23**
Investments:						
Land and buildings	185,197	130	804	65,209	(25,024)	226,316
Vehicles	557	-	(16)	3,628	(3)	4,166
Data-processing equipment	1,679	-	(54)	-	-	1,625
	187,433	**130**	**734**	**68,837**	**(25,027)**	**232,107**
Depreciation:						
Land and buildings	(99,227)	(47)	(563)	(27,738)	16,443	(111,132)
Vehicles	(250)	-	7	(82)	-	(325)
Data-processing equipment	(1,679)	-	54	-	-	(1,625)
	(101,156)	**(47)**	**(502)**	**(27,820)**	**16,443**	**(113,082)**
Net value:						
Land and buildings	85,970	83	241	37,472	(8,581)	115,184
Vehicles	307	-	(9)	3,546	(3)	3,841
Data-processing equipment	-	-	-	-	-	-
Total	**86,277**	**83**	**232**	**41,017**	**(8,584)**	**119,025**

	Thousand euro					
	Balance at 31.12.21	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Balance at 31.12.22**
Investments:						
Land and buildings	179,639	1,558	1,792	22,888	(20,679)	185,197
Vehicles	175	-	(1)	398	(15)	557
Data-processing equipment	1,725	-	(45)	-	-	1,679
	181,538	**1,558**	**1,746**	**23,286**	**(20,694)**	**187,433**
Depreciation:						
Land and buildings	(81,062)	(814)	556	(28,460)	10,552	(99,227)
Vehicles	(148)	-	5	(115)	8	(250)
Data-processing equipment	(1,520)	-	47	(206)	-	(1,679)
	(82,730)	**(814)**	**608**	**(28,781)**	**10,560**	**(101,156)**
Net value:						
Land and buildings	98,577	744	2,348	(5,572)	(10,127)	85,970
Vehicles	27	-	4	283	(7)	307
Data-processing equipment	205	-	2	(206)	-	-
Total	**98,808**	**744**	**2,354**	**(5,495)**	**(10,134)**	**86,277**

The average lease term for land and buildings is 3.87 years. This heading relates primarily to leased offices and other leased workplaces. Net property, plant and equipment associated with leases amounted to €53,278 thousand in 2023 (€51,949 thousand in 2022).

The additions of €65,209 thousand to "Land and buildings" in 2023 (€22,888 thousand in 2022) relate to changes in existing lease terms, mainly comprising office lease extensions and the consequent adjustments to cumulative rent. The most significant lease is for the headquarters at Avenida de Bruselas 33-35 Alcobendas, Madrid. An addendum to the lease was signed on 21 April, in which the main changes are the extension of the lease to December 2033 and a change in the amount of rent with a 20-month grace period. These modifications have increased right-of-use assets by €40,009 thousand. The amount recognised in the Group's income statement in relation to these right-of-use assets is analysed below:

	Thousand euro	
Impact of IFRS 16 on the income	**2023**	**2022**
Depreciation expenses	27,820	28,432
Financial expenses (Note 10)	5,662	4,752
Total effect on the income statement	**33,482**	**33,184**

Cash outflows recognised under the cash flow statement heading "Net cash flows absorbed by financing activities" totalled €32,693 thousand (€32,214 thousand in 2022).

8) Goodwill

As indicated in Note 2, in the current year the Group allocated the goodwill and other assets to the new CGUs as a result of the organisational change during the year in which four business areas were created: Defence, Air Traffic, Mobility and Minsait (which remains unchanged). The heads of each area will manage the area's income statement end-to-end reporting directly to the CEO.

This change entailed a comprehensive analysis of the previous T&D segment, which shared resources among its various vertical markets. For this purpose, the Group reviewed each segment's investments, customers, commercial strategy, brands, focus, internalisation, etc. The Group's analysis concluded that each Segment is equivalent to a single CGU, since each Segment is the smallest identifiable unit generating independent flows. Committees have been set up and efforts made to complete this allocation, etc. and those responsible for making decisions in each CGU have been appointed, each of whom will be responsible for the income statement.

The entire amount of T&D goodwill has been allocated to the three new CGUs based on the source of the acquired company's business. However, some of the assets and liabilities of the former T&D segment are common to the CGUs, so they have been allocated applying the best allocation approach.
This allocation is analysed below for purposes of comparison with 2022:

Item	**Balance 2022**	**Allocation**	**Balance 2022**
Transport and Defence (T&D)	115,348	(115,348)	-
* Defence	-	31,630	31,630
* Air Traffic	-	55,304	55,304
* Mobility	-	28,414	28,414
Total goodwill	**115,348**	**-**	**115,348**

Movements in goodwill are analysed below at 31 December 2023 and 2022:

	Thousand euro					
	31.12.22	**Additions**	**Currency translation differences**	**Disposals**	**Transfers**	**31.12.23**
Defence	31,630	-	-	-	-	31,630
Air Traffic	55,304	14,483	(1,673)	-	-	68,114
Mobility	28,414	-	(78)	-	-	28,336
Minsait	830,719	50,147	567	(2,098)	(11,041)	868,294
Total	**946,067**	**64,630**	**(1,184)**	**(2,098)**	**(11,041)**	**996,374**

	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**

Additions relate to the business combinations described in Note 5 and transfers pertain to fair value adjustments to the assets and liabilities of the business combinations described in this same note.

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 2024 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)									
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
T&D	-	5.80%	-	9.40%	-	1.90%	-	14.70%	-	(32)
Defence	11.30%	-	10.41%	-	1.70%	-	16.90%	-	(157)	-

Air Traffic	10.47%	-	10.65%	-	1.70%	-	14.43%	-	143	-
Mobility	8.21%	-	10.82%	-	1.70%	-	8.00%	-	130	-
Minsait	4.39%	3.30%	11.62%	10.60%	1.70%	1.90%	8.51%	7.70%	27	27

As in the previous year, the 2023 results (last financial year closed), the 2024 budget approved by the Group and the Strategic Plan approved by the Board of Directors 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 2023 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 2023 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 2023, the discount rates after tax were within a range of 10.41%-11.62%.

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 1.70% was used in the 2023 projections for all 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:

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

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

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

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

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

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

"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 2023 and 2022 is shown below:

	Residual value	
	2023	2022
T&D	-	73%
Defence	75%	-
Air Traffic	78%	-
Mobility	55%	-
Minsait	67%	71%

Impairment test findings

At 31 December 2023 and 2022, the carrying amount, including goodwill, and the recoverable amount of the CGUs are as follows:

	2023 Thousand euro			2022 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
Defence	(185,534)	1,775,564	1,961,098	-	-	-
Air Traffic	186,328	527,084	340,757	-	-	-
Mobility	261,279	356,399	95,120	-	-	-
Minsait	941,147	1,922,035	980,888	881,972	1,680,764	798,791

Set out below is a breakdown of the main assets included in the carrying amount of the CGUs at 31 December 2023 and 2022:

	Net fixed assets	**Working capital**	**Goodwill**	**Other**	**CGU carrying amount**
	2023	**2023**	**2023**	**2023**	**2023**
T&D	-	-	-	-	-
Defence	140,369	(303,207)	31,630	(54,788)	(185,996)
Air Traffic	63,591	148,569	68,114	(92,968)	187,306
Mobility	57,221	209,017	28,336	(33,811)	260,763
Minsait	232,522	131,076	868,294	(289,677)	942,215
Total	**493,702**	**185,455**	**996,374**	**(471,243)**	**1,204,288**

	Net fixed assets	**Working capital**	**Goodwill**	**Other**	**CGU carrying amount**
	2022	**2022**	**2022**	**2022**	**2022**
T&D	149,648	76,769	115,348	(215,972)	125,793
IT	203,488	65,000	830,718	(217,234)	881,972
Total	**353,136**	**141,769**	**946,066**	**(433,206)**	**1,007,765**

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 €118.9 million in 2023 (€180.5 million in 2022).

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.

The Group has not identified material assets common to the Minsait, Defence, Air Traffic and Mobility CGUs.

Sensitivity analysis

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

	2023				2022			
	Change in WACC		Residual growth rate		Change in WACC		Residual growth rate	
Impact on the recoverable amount of 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
Defence	259,381	(205,647)	(99,251)	111,334	-	-	-	-
Air Traffic	76,497	(60,669)	(16,719)	18,698	-	-	-	-
Mobility	38,057	(30,688)	(5,207)	5,811	-	-	-	-
Minsait	226,830	(184,916)	(61,232)	67,733	232,867	(184,251)	(64,002)	71,848

	2023				2022			
	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 the recoverable amount of 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)
Defence	(119,457)	(105,236)	(74,442)	(36,442)	-	-	-	-
Air Traffic	(18,322)	(43,873)	(30,510)	(15,516)	-	-	-	-
Mobility	(3,716)	(35,791)	(27,214)	(13,839)	-	-	-	-
Minsait	(87,994)	(234,492)	(153,913)	(90,511)	(82,000)	(263,938)	(179,161)	(81,235)

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 2023 and 2022, 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:

	2023				2022			
	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
Defence	10.4%	N/A	1.7%	N/A	-	-	-	-
Air Traffic	10.7%	23.2%	1.7%	N/A	-	-	-	-
Mobility	10.8%	14.8%	1.7%	(170.8)%	-	-	-	-
Minsait	11.6%	21.1%	1.7%	(32.6)%	10.6%	17.7%	1.9%	(16.6)%

	2023					2022				
	Change in sales	EBIT Margin (2)		Days working capital		Change in sales	EBIT Margin (2)		Days working capital	
	Value to equal carrying amount	Assumptions*	Value to equal carrying amount	Assumptions*	Value to equal carrying amount	Value to equal carrying amount	Assumptions**	Value to equal carrying amount	Assumptions**	Value to equal carrying amount
T&D	-	-	-	-	-	(89.0)%	14.7%	(4.2)%	(32)	451
Defence	(85.8)%	16.9%	N/A	(157)	548	-	-	-	-	-
Air Traffic	(89.5)%	14.4%	3.3%	143	174	-	-	-		
Mobility	(126.7)%	8.0%	4.5%	130	140	-	-	-		
Minsait	(59.0)%	8.5%	2.1%	27	44	(48.7)%	7.7%	2.6%	27	125

(1) The perpetuity growth rate (g) sensitivity only affects the terminal value. In the case of Defence and Air Traffic, this sensitivity does not apply as the present value of cash flows estimated for the two CGUs during the period 2024 – 2028, i.e. without taking account of the terminal value, is higher than the CGUs' carrying amount. This means that for the recoverable amount of the Defence and Air Traffic CGUs to equal their 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 Defence, the margin necessary to achieve this balance is negative, since the present value of projected cash flows for the period 2024-2028 or 2023-2027, respectively, exceeds the carrying amount.

*Data for normalised year (2028)

**Data for normalised year (2027)

9) Other intangible assets

Other intangible assets are analysed below at 31 December 2023 and 2022:

	Thousand euro						
	Balance at 31.12.22	**Scope change**	**Currency translation difference**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.23**
Investments:							
Industrial property	53,792	1,076	314	-	-	-	55,182
Computer software	750,082	9,958	(1,858)	946	(7,132)	16,983	768,979
Development expenses	66,872	11,199	(220)	40,615	(534)	(20,694)	97,238
Contractual relationships	111,389	5,357	(266)	-	-	5,660	122,140
Other intangibles	21,121	5,715	62	10	(230)	253	26,931
	1,003,256	**33,305**	**(1,968)**	**41,571**	**(7,896)**	**2,202**	**1,070,470**
Amortisation							
Industrial property	(13,695)	(329)	(295)	(1,505)	-	-	(15,824)
Computer software	(510,307)	(2,359)	1,664	(37,956)	7,132	(7,194)	(549,020)
Development expenses	(7,466)	(707)	(70)	(1,056)	393	-	(8,906)
Contractual relationships	(52,617)	-	140	(12,990)	-	-	(65,467)
Other intangibles	(18,142)	-	68	(6)	94	(612)	(18,598)
	(602,227)	**(3,395)**	**1,507**	**(53,513)**	**7,619**	**(7,806)**	**(657,815)**
Grants							
Computer software	(30,246)	-	-	(9,133)	1,544	7,103	(30,732)
	(30,246)	**-**	**-**	**(9,133)**	**1,544**	**7,103**	**(30,732)**
Provisions							
Industrial property	(6,066)	-	-	-	-	-	(6,066)
Computer software	(109,884)	-	-	-	-	-	(109,884)
Development expenses	(3)	-	-	-	-	-	(3)
Other intangibles	(2,143)	-	-	-	-	-	(2,143)
	(118,096)	**-**	**-**	**-**	**-**	**-**	**(118,096)**
Net value:							
Industrial property	34,031	747	19	(1,505)	-	-	33,292
Computer software	99,645	7,599	(194)	(46,143)	1,544	16,892	79,343
Development expenses	59,403	10,492	(290)	39,559	(141)	(20,694)	88,329
Contractual relationships	58,772	5,357	(126)	(12,990)	-	5,660	56,673
Other intangibles	836	5,715	130	4	(136)	(359)	6,190
Total	**252,687**	**29,910**	**(461)**	**(21,075)**	**1,267**	**1,499**	**263,827**

	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**

Scope changes relate to the acquisitions of the companies: Deuser Tech Group, S.L, Park Air Systems Limited, I.C.A Sistemas y Seguridad, Antexia Technologies, S.L., Pecunia Cards EDE, S.L., Soluciones Tecnológicas Normax, S.L. and the Selex business line by Group company Indra Air Traffic, INC. (Note 5).

Contractual relationships relate to the reassessment of the assets of Tecnocom in the amount of €60,400 thousand (2017), Paradigma Digital, S.L.U. in the amount of €14,500 thousand (2018), North American Transmission & Distribution Group in the amount of €7,442 thousand (2019), Sistemas Informáticos Abiertos, S.A.U. in the amount of €10,097 thousand (2020), SmartPaper, S.R.L. in the amount of €10,430 thousand (2021), Consultoría Organizacional S.A.S. in the amount of €2,229 thousand (2022), Net Studio, S.P.A. in the amount of €1,713 thousand (2022), Credimatic, S.A. in the amount of €4,311 thousand (2022) and Indra Air Traffic, Inc. in the amount of €5,358 thousand, and in the current year, due to the purchase price allocation process, the amount of €5,660 thousand for Operadora de Tarjetas de Crédito Nexus, S.A. (Note 5).

The Group made payments to invest in intangible assets totalling €39,719 thousand in 2023 (€29,833 thousand in 2022).

The amount of €20,694 thousand was transferred from Development expenses to Computer software in 2023 once the developments had been completed and fulfilled technical and economic feasibility requirements.

Development and Computer software products are set out below:

	Thousand euro		
	2023	**2022**	**Segments**
Investments (1)			
Public Administrations	15,918	15,533	Minsait
Defence & Security	201,835	165,207	Defence & Security
Energy	235,948	132,250	Minsait
Industry & Consumption	29,640	25,424	Minsait
Election Processes	3,514	3,514	Minsait
Healthcare	25,593	25,155	Minsait
Financial Services	150,498	108,009	Minsait
Telecom & Media	6,802	7,719	Minsait
Air Traffic	113,270	85,602	Air Traffic
Transport	83,199	68,613	Transport
Transversal T&D	-	1,847	
Transversal Minsait	-	178,081	
	866,217	**816,954**	**Estimated years of amortisation (2)**
Accumulated amortisation:			
Public Administrations	(12,123)	(9,986)	1 to 5 years
Defence & Security	(125,893)	(97,427)	1 to 10 years
Energy	(159,361)	(60,638)	1 to 10 years
Industry & Consumption	(20,055)	(17,557)	1 to 10 years
Election Processes	(2,418)	(1,870)	1 to 5 years
Healthcare	(16,164)	(16,603)	1 to 10 years
Financial Services	(98,905)	(70,571)	1 to 5 years
Telecom & Media	(6,123)	(6,696)	1 to 5 years
Air Traffic	(77,532)	(59,266)	1 to 5 years
Transport	(39,348)	(30,844)	1 to 5 years
Transversal T&D	-	(1,370)	
Transversal Minsait	-	(144,945)	
	(557,924)	**(517,773)**	
Accumulated impairment:			
Defence & Security	(28,100)	(28,100)	
Energy	(41,647)	(41,646)	
Industry & Consumption	(4,400)	(4,400)	
Healthcare	(8,000)	(8,000)	
Financial Services	(20,100)	(20,100)	
Transport	(7,641)	(7,641)	
	(109,888)	**(109,887)**	
Grants			
Public Administrations	(971)	(1,295)	
Defence & Security	(326)	(616)	
Energy	(816)	-	
Telecom & Media	(62)	(62)	
Air Traffic	(18,445)	(17,448)	
Transport	(10,112)	(10,014)	
Transversal T&D	-	(113)	
Transversal Minsait	-	(698)	
	(30,732)	**(30,246)**	
Net value:			
Public Administrations	2,824	4,252	
Defence & Security	47,516	39,064	
Energy	34,940	29,966	
Industry & Consumption	5,185	3,467	
Election Processes	1,095	1,644	
Healthcare	1,429	552	
Financial Services	31,493	17,338	
Telecom & Media	616	961	
Air Traffic	17,293	8,888	
Transport	26,098	20,114	
Transversal	-	32,438	
Total	**168,488**	**158,684**	

(1) In 2023, the carrying amount of Development projects capitalised during the year that are not yet being amortised is €35,996 thousand (€26,069 thousand in 2022).

(2) 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 development projects are as follows:

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

The following Minsait segment projects stand out:

- In the means of payment platform, Minsait has innovated by developing invisible payments, presented in a showroom for customers, and new gamification-based loyalty campaigns. It has also obtained PCI-SSS certification (only 32 applications are certified out of some 600 on the market) and has accelerated the product transformation process in the cloud migration process to become one of the first "cloud native" processors in 2024.
- In the Energy sector product suite, Minsait has focused investment on preparing products for scaling: transformation towards microservice architectures, cloud migration, management of high volumes of information using IOT, big data and intelligence, and security.
- In other vertical areas, there have been advances in Healthcare solutions and in Hospitality solutions for point-of-sale enhancement and Travel Booking to modernise passenger reservation system services.
- In the current year, an investment has also been made in Cybersecurity to transform the SmartGates product technology for airport gate management, which has already allowed access to tenders and several new transactions in Spain, Italy and other European countries.
- New cross-cutting reusable digital assets have been enabled to improve the scalability of our solutions and lifecycles, analytics and intelligence, security and cloud operations.

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

In 2023, as in 2022, the Group continued to invest in developments in all business areas, the most significant relating to the Defence segment.

At 31 December 2023, the carrying amount of Development projects not being amortised is €70,383 thousand (€55,108 thousand in 2022).

Transfers recognised under the heading "Computer software" in 2023 and 2022 are as follows:

	Thousand euro	
MARKET	**2023**	**2022**
Public Administrations	-	3,986
Defence & Security	1,324	9,111
Energy	7,570	3,931
Industry & Consumption	510	590
Healthcare	-	219
Financial Services	4,151	7,598
Air Traffic	4,694	8,523
Transport	2,446	8,319
Transversal	-	7,358
	20,694	**49,635**

Certain capitalised development expenses are financed or subsidised by government bodies. Set out below is a breakdown of the most significant grants in 2023 and 2022:

	Thousand euro	
MARKET	**2023**	**2022**
Public Administrations	971	97
Defence & Security	356	20,359
Energy	1,099	252
Healthcare	1	91
Telecom & Media	62	446
Air Traffic	29,627	17,665
Transport	14,490	11,071
Transversal	-	2,467
	46,606	**52,448**

Development expenses total €66,514 thousand in the current year and €53,426 thousand in the previous year. The Group has capitalised €21,497 thousand and €15,033 of these amounts, respectively.

The Industrial property balance includes assets acquired from third parties totalling €55,182 thousand in 2023 (€53,792 thousand in 2022), 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 31.12.23	**Finite useful life**	**Amortisation rate**	**Indefinite useful life**	**Finite useful life**	**Amortisation rate**
Net value						
Industrial property	33,292	-	-	20,000	13,293	5-10%
Computer software	79,343	69,071	10-100%	-	10,272	25%
Development expenses	88,329	88,329	10-100%	-	-	10-25%
Contractual relationships	56,673	-	-	-	56,673	6-10%
Other intangibles	6,190	-	-	5,714	478	10%
	263,827	**157,400**		**25,714**	**80,716**	

	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**	

At 31 December 2023, fully-amortised intangible assets amount to €220,228 thousand (€241,607 thousand at 31 December 2022).

The intangible assets are allocated to the corresponding CGUs 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 2023 or 2022.

10) Financial instruments

a) Financial assets

Financial assets (except for investments in associates) are set out below by class and maturity for 2023 and 2022:

		2023 Thousand euro		
FINANCIAL ASSETS: NATURE/CATEGORY	Note	Fair value through other comprehensive income	Amortised cost	Hedging derivatives
Other ownership interests in non-Group	12	194,396	-	-
Derivatives	12	-	-	1,376
Other receivables	12	-	3,948	-
Other financial assets	12	-	193,504	-
Long term / non-current		**194,396**	**197,452**	**1,376**
Guarantees and deposits	12	-	1,309	-
Derivatives	12	-	-	4,671
Other financial assets	12,16	-	1,289,064	-
Cash and cash equivalents	17	-	595,741	-
Short term / current		**-**	**1,886,115**	**4,671**
Total		**194,396**	**2,083,567**	**6,046**

		2022 Thousand euro		
FINANCIAL ASSETS: NATURE/CATEGORY	Note	Fair value through other comprehensive income	Amortised cost	Hedging derivatives
Other ownership interests in non-Group	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**

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 2023 and 2022:

FINANCIAL LIABILITIES: NATURE/CATEGORY	Note	31.12.23 Thousand euro Amortised cost	Hedging derivatives	Fair value through profit or loss
Bank borrowings	21	388,645	-	-
Debentures and other marketable securities	21	90,418	-	-
Derivatives	22, 37	-	1,217	-
Other financial liabilities	22, 23	700,441	-	38,218
Long-term payables / Non-current financial liabilities		**1,179,504**	**1,217**	**38,207**
Bank borrowings	21	70,097	-	-
Debentures and other marketable securities	21	153,432	-	-
Derivatives	22, 37	-	8,303	-
Trade payables, other payables, other financial liabilities	22, 26	1,678,161	-	15,316
Short-term payables / Current financial liabilities		**1,901,690**	**8,303**	**15,316**
Total		**3,081,194**	**9,520**	**53,523**

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	22, 37	-	2,255	-
Other financial liabilities	22, 23	522,694	-	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	22, 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**

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 2023 relate primarily to the estimated earn-outs from the acquisition of Flat 101 in the amount of €11,871 thousand, the acquisition of Operadora de tarjetas de Crédito Nexus, S.A. in the amount of €14,692 thousand, the acquisition of Park Air Systems, Ltd in the amount of €3,500 thousand, the acquisition of NAE Comunicaciones, S.L.U. in the amount of €8,500 thousand and the acquisition of ICA Sistemas y Seguridad, S.L. in the amount of €3,100 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 2023 and 2022:

	Thousand euro	
	2023	**2022**
Financial expense on bank borrowings	17,477	9,129
Other financial expenses	19,328	20,517
Financial liabilities at amortised cost	17,693	4,188
Interest on debentures and bonds	11,570	15,173
Financial expenses, IFRS 16 (Note 7)	5,662	4,752
Profit/(loss) on disposal of financial instruments	820	4,678
Exchange gains/(losses)	560	4,854
Total financial expenses	**73,110**	**63,292**
Change in fair value of financial instruments	311	6,356
Other financial income	32,617	14,528
Total financial income	**32,928**	**20,884**

The heading “Other financial expenses” reflects interest on factoring arrangements, loans not utilised and the cost of buying back convertible bonds.

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 2023 and 2022:

	Thousand euro							
	Balance at 31.12.22	**Impairment**	**Investment**	**Currency translation differences**	**Profit/(loss)**	**Balance at 31.12.23**	**Net assets**	**Implicit goodwill**
SAES Capital, S.A.	2,083	-	-	-	(164)	1,919	1,831	88
Eurofighter Simulation Systems GmbH	878	-	-	-	(347)	531	646	(115)
Euromids SAS	723	-	-	-	140	863	1,181	(318)
Iniciativas Bioenergéticas, S.L.	3,967	-	-	-	(1,545)	2,421	2,829	(408)
Tagsonomy (DIVE)	(1,183)	-	-	-	(169)	(1,352)	80	(1,432)
A4 Essor SAS	113	-	-	-	5	119	260	(141)
Tower Air Traffic System, S.L.	498	-	-	-	-	498	498	-
Logistica Portuaria de Tuxpan, S.A.P.I. de C.V.	150	-	-	-	-	150	-	150
Indra Isolux México S.A. de C.V.	5	-	-	-	-	5	-	5
Visión Inteligente Aplicada S.A. de C.V.	(97)	-	-	-	-	(97)	-	(97)
EFI Túneles Necaxa S.A. de C.V.	39	-	-	(5)	71	105	11	94
Societat Catalana Per a la Mobilitat, S.A.	2,245	-	-	-	103	2,349	3,129	(780)
Green Border OOD	(17)	-	-	-	(6)	(23)	-	(23)
Global Training Aviation, S.L.	2,756	-	-	-	762	3,518	1,234	2,283
Tess Defence, S.A.	129	-	-	-	200	329	352	(24)
Startical, S.L.	4,689	-	-	-	(1,838)	2,851	2,851	-
Satelio IOT Services, S.L.	3,145	-	-	-	(433)	2,712	970	1,742
Total	**20,123**	**-**	**-**	**(5)**	**(3,220)**	**16,898**	**15,872**	**1,025**

Thousand euro

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

The most significant subsidiaries carrying implicit goodwill are Satelio IOT Services, S.L. and Global Training Aviation, S.L.

Sateliot IOT Services, S.L. is a Barcelona-based startup that provides communications and connectivity services with global coverage, for both civil and defence uses. The Company acts as an industrial partner, particularly in the defence sector. Its services will be provided through a low-orbit satellite infrastructure that is currently under development. Therefore, profits are not expected until the development work is completed. The current business plan, in line with the original plan from when the investment was made, supports the asset's value for the Company.

Global Training Aviation, S.L. is a Spanish pilot training company certified by various civil aviation authorities, complementing the Group's portfolio of simulation products. It posted revenue of approximately €16,100 thousand in 2023 and has a workforce of approximately 60 employees. The Company has held a 35% stake since 2017 and acquired the remaining capital on 5 February 2024 for €18,723 thousand.

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 2021. The Group company Prointec, S.A.U. also paid up an additional €1,800 thousand by capitalising the loan to Iniciativas Bioenergéticas, S.L. An impairment loss of €4,500 thousand was also recognised for the ownership interest in Tagsonomy.

As at 31 December 2023, 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.

12) Other non-current financial assets and trade receivables

Movements in Other financial assets during the years ended 31 December 2023 and 2022 are set out below:

	Thousand euro						
Net value:	**Balance at 31.12.22**	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.23**
Other long-term ownership interests in non-Group companies	13,696	78	1	180,676	-	(55)	194,396
Long-term loans	8,516	-	235	897	(2,801)	-	6,847
Long-term guarantees and deposits	17,062	814	86	8,287	(698)	-	25,550
Other long-term investments	119,197	292	13	75,121	(39,528)	(17,738)	137,357
Total	**158,471**	**1,184**	**334**	**264,981**	**(43,027)**	**(17,793)**	**364,150**

	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	96,012	-	34	21,291	-	1,860	119,197
Total	**127,222**	**78**	**724**	**33,001**	**(2,545)**	**(9)**	**158,471**

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

This heading breaks down as follows:

	Thousand euro						
Net value:	**Per. Int.**	**Balance at 31.12.22**	**Scope change**	**Additions**	**Transfers**	**Currency translation difference**	**Balance at 31.12.23**
Aerofondo IV	5.0%	750	-	175	-	-	925
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
ITP Aero	9.5%	-	-	175,000	-	-	175,000
Epicom, S.A.	30.0%			5,500			5,500
Noster Finance, S.L.	7.2%	600	-		-	-	600
Other		87	78	1	(55)	1	112
Total		**13,696**	**78**	**180,676**	**(55)**	**1**	**194,396**

	Thousand euro						
Net value:	**Per.int**	**Balance at 31.12.21**	**Scope change**	**Additions**	**Disposals**	**Currency translation difference**	**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**

In 2023, the parent company made a payment of €175,000 thousand to acquire a 9.5% indirect ownership interest in Industria de Turbopropulsores, S.A.U. ("ITP Aero") by taking a direct 61.3% stake in Bain Propulsion Poolco, S.L., which owns 15.5% of ITP Aero. The Group holds the usual rights pertaining to a minority interest of this size and has therefore accounted for the ownership interest under "Other non-current financial assets", since the conditions to identify significant influence under the relevant accounting legislation are not met.

ITP Aero is a world leader in the design and manufacture of complete aero-engine modules. This investment has boosted Indra's positioning as a major trailblazer in the Defence and Security industry in Spain, including a key role coordinating most Spanish and European programmes.

In 2023, the parent company acquired 30% of the company Epicom, S.A. for €5,500 thousand. Epicom, S.A. is a Spanish company specialised in designing and developing cryptographic solutions, essentially for the Spanish public administration. Its shareholders are Oesía Networks, S.L. and Sociedad Estatal de Participaciones Industriales ("SEPI"). In view of the essential nature of Epicom's business, SEPI has an option under a shareholder agreement to buy out the other shareholders. The Group has therefore concluded that the conditions are not met to identify significant influence under applicable accounting legislation and carries the ownership interest under "Other non-current financial assets".

In 2023, the parent company paid up the amount of €175 thousand in the venture capital fund ACE Aerofondo IV F.C.R., in addition to the €750 thousand paid up in 2022. 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 €66 thousand in 2023 (€1,309 thousand in 2022).

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 2023 relate mainly to the amount of €154 thousand (€103 thousand in 2022) for leased buildings due to moves to other work centres. Disposals in 2023, on the same basis, amounted to €399 thousand (€1,063 thousand in 2022). This heading also includes the amount of €7,461 thousand relating to the payment resulting from the penalty procedure for appealed 2011-2014 corporate income tax assessments, which the parent company expects to be resolved in its favour (Note 35).

Additions to long-term loans in 2023 include the amount of €892 thousand (€1,053 thousand in 2022) relating to deposits given to secure labour claims of the Group company Indra Brasil Soluções e Serviços Tecnológicos, S.A. Disposals in 2023, on the same basis, amounted to €2,798 thousand (€541 thousand in 2022).

c) Other non-current financial investments

In 2023, this heading includes the amount of €76,472 thousand (€80,608 thousand in 2022) 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 2025, once all the work has been completed. For this same reason, the amount of €29,436 thousand (€24,351 thousand in 2022) in current assets relates to the debt claim yet to be invoiced in 2024. 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 (€76,541 thousand in the long term in 2022) and €32,867 thousand in the short term (€32,867 thousand in the short term in 2022).

	2023	**2022**
Asset balances	**105,908**	**104,959**
Long-term accounts receivable for billable production	76,472	80,608
Short-term accounts receivable for billable production	29,436	24,351
Liability balances	**(109,408)**	**(109,408)**
Other long-term financial liabilities	(76,541)	(76,541)
Other short-term financial liabilities	(32,867)	(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 (UTE)	**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 with the MINER. The repayable loans accrue interest of 0% and fall due on final acceptance of the works.

At 31 December 2023, the Group recognises grants for various multi-year projects pending execution and collection in the amount of €62,405 thousand (€38,589 thousand in 2022) 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	
	2023	**2022**
Other receivables	20,643	13,859
Short-term deposits	547	682
Short-term security deposits	762	593
Grants pending execution and collection	38,596	25,931
Total net value	**60,548**	**41,065**

Other receivables mainly include insurance premiums and various invoice accruals, such as licences and royalties.

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 2023 and 2022:

	2023			2023
	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.

	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)**

14) Contract assets and Inventories

This heading breaks down as follows at 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Long-term contract assets	106,191	50,349
Long-term total	**106,191**	**50,349**

	Thousand euro	
	2023	**2022**
Good purchased for resale	2,810	1,706
Raw materials	180,764	107,379
Work in progress	115,019	123,052
Short-term contract assets	263,970	240,951
Subtotal	**562,563**	**473,088**
Impairment	(7,816)	(7,590)
Total net value	**554,747**	**465,498**

Movements in Contract assets during 2023 and 2022 are as follows:

Contract assets	**Balance at 31.12.22**	**Additions**	**Disposals**	**Transfer**	**Other**	**Balance at 31.12.23**
Non-current	50,349	74,388	-	(18,546)	-	106,191
Current	240,951	168,337	(163,314)	18,546	(550)	263,970
Total	**291,300**	**242,725**	**(163,314)**	**-**	**(550)**	**370,161**

Contract assets	**Balance at 31.12.21**	**Additions**	**Disposals**	**Transfer**	**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	**255,500**	**158,483**	**(108,596)**	**-**	**(14,087)**	**291,300**

At 31 December 2023 and 2022, the balance of "Long-term contract assets" relates almost entirely to Defence and Mobility CGU projects, due to contractual reasons. However, the balances recognised at the 31 December 2023 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. These amounts are discounted to account for the time value of money. In the current year, the amount of €3,510 thousand has been recognised in net financial income/(expense) in the income statement.

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 2023 will be recognised by 31 December 2025. In addition, 37% of the balance of "Long-term contract assets" at 31 December 2022 was recovered in 2023 and the remaining 53% is expected to be recovered by 31 December 2025.

The expense due to changes in inventories recognised in the 2023 consolidated income statement totals €158,146 thousand (€298,496 thousand in 2022).

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 Defence and Mobility CGUs.

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 31.12.22	Scope changes	Currency translation differences	Appropriations	Reversal	Application	Balance at 31.12.23
Provision for impairment	(7,590)	(3,107)	25	(1,611)	67	4,400	(7,816)

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

The Group owns no inventories pledged as collateral.

15) Other current non-financial assets

This heading is analysed below at 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Public Administrations (Note 35)	51,956	37,432
Accruals and deferred income	20,623	18,334
Other current non-financial assets	**72,579**	**55,766**

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 2023 and 2022:

	Thousand euro	
	2023	**2022**
Trade receivables for sales and services	969,407	893,832
Accounts receivable for billable production	252,363	301,181
Prepayments to suppliers	67,413	62,924
Advances and loans to employees	7,973	10,819
Other receivables	14,936	10,930
Total	**1,312,093**	**1,279,686**
Impairment of trade receivables	(48,403)	(46,546)
Expected loss impairment	(27,408)	(32,888)
Impairment of other receivables	(484)	(153)
Impairment of accounts receivable for billable production	(5,971)	(6,567)
Total impairment	**(82,267)**	**(86,154)**
Total net value	**1,229,826**	**1,193,532**

Movements in Accounts receivable for billable production during 2023 and 2022 are as follows:

Accounts receivable for billable production	Balance at 31.12.22	Additions	Disposals	Currency trans. diff. & scope changes	Transfer	Balance at 31.12.23
Non-current	28,396	22,954	-	-	(19,545)	31,805
Current	301,181	176,250	(254,093)	9,479	19,545	252,363
	329,577	**199,204**	**(254,093)**	**9,479**	**-**	**284,168**

Accounts receivable for billable production	Balance at 31.12.21	Additions	Disposals	Currency trans. diff. & scope changes	Transfer	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 77 days in 2023 (80 in 2022). 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 €29,436 thousand (€24,351 thousand in 2022) 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 2024 (Note 12).

Non-current receivables for billable production are discounted to reflect the time value of money. In the current year, the amount of €1,051 thousand has been recognised in net financial income/(expense) in the income statement.

At year-end 2023 and 2022, non-recourse factoring receivables were written off in the amount of €187,116 thousand and €186,813 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 31.12.22	**Scope change**	**Appropriations**	**Applications**	**Curr. trans. diff.**	**Reversal**	**Balance at 31.12.23**
Impairment	86,154	2,080	33,518	(2,179)	2,032	(39,338)	82,267

	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

Appropriations in 2023 amount to €33,518 thousand (€16,834 thousand in 2022). Most of the 2023 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 €54,991 thousand in 2023 (€42,533 thousand in 2022) 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 2023 and 2022, the Group records past-due receivables totalling €416,278 thousand and €334,011 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	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Contract assets	37%	46%	5%	6%	0.3%	0.3%
Current receivables	40%	34%	3%	3%	0.2%	0.2%
Receivables past due for less than 180 days	16%	12%	14%	11%	2.1%	2.2%
Receivables past due for 180-365 days	3%	3%	15%	14%	13.1%	13.5%
Receivables past due for more than 365 days	4%	5%	64%	66%	34.6%	34.5%
	100%	**100%**	**100%**	**100%**	**2.4%**	**2.5%**
By customer	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Large customers	19%	19%	0.00%	1.14%	0.0%	0.1%
Other	81%	81%	100.00%	98.86%	3.0%	3.1%
	100%	**100%**	**100%**	**100%**	**2.4%**	**2.5%**
By country risk	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
With investment rating	84%	82%	65%	58%	1.9%	1.8%
With speculative rating	16%	18%	35%	42%	5.5%	5.9%
	100%	**100%**	**100%**	**100%**	**2.4%**	**2.5%**
By division	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
T&D	-	53%	-	60%	-	2.9%
Defence	22%	-	23%	-	2.5%	-
Air Traffic	11%	-	11%	-	2.2%	-
Mobility	17%	-	26%	-	4.0%	-
Minsait	50%	47%	40%	40%	1.9%	2.1%
	100%	**100%**	**100%**	**100%**	**2.4%**	**2.5%**

Movements in the expected loss provision are as follows:

	Thousand euro		
	Balance at 31.12.22	**Application**	**Balance at 31.12.23**
Expected loss	32,888	(5,480)	27,408

	Thousand euro		
	Balance at 31.12.21	**Appropria tion**	**Balance at 31.12.22**
Expected loss	31,332	1,556	32,888

17) Cash and cash equivalents

The breakdown is as follows:

	Thousand euro	
	2023	**2022**
Very-short-term deposits and fixed-income securities	57,867	47,193
Other current asset investments	9,194	11,723
Subtotal	**67,060**	**58,916**
Cash	528,681	874,123
Total	**595,741**	**933,039**

Cash and Short-term deposits and fixed-income securities include the amount of €2,346 thousand relating to the liquidity agreement with Banco Santander (€4,288 thousand in the previous year with Banco de Sabadell) (Note 18).

At 31 December 2023 and 2022, 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 2023, 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.

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 €14.00 (€10.65 at year-end 2022). The average price for the last quarter of 2023 and 2022 was €13.71 and €9.41 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 known to the parent company, significant shareholders owning interests of over 3% of share capital, or 1% for tax haven residents, are as follows:

	31.12.23	**31.12.22**
Sociedad Estatal de Participaciones Industriales (SEPI) (1)	28.00%	25.159%
Advanced Engineering and Manufacturing, S.L. (2)	8.00%	-
Sapa Placencia, S.L. (3)	7.944%	5.000%
Fidelity Management Research LLC (4)	7.879%	9.955%
Joseph Oughourlian (5)	7.239%	5.130%
T.Rowe Price Associates (6)	-	3.357%
Fidelity International Limited (7)	-	2.149%

(1) This reflects the actual position notified to the Company by the said shareholder represented on the Board of Directors.

(2) This shareholder gave notice that its ownership interest exceeded 3% of share capital on 10 May 2023 and notified the year-end position on 23 November 2023.

(3) This reflects the actual position notified to the Company by the said shareholder represented on the Board of Directors.

(4) In 2023, of the 7.879% of share capital stated, 6.578% relates to voting rights carried by the shares and 1.301% to voting rights through financial instruments.

(5) As regards Joseph Oughourlian's position, 6.231% 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 remainder of this holding (1.008% of the share capital) is owned by other funds managed by Amber's management companies.

(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. On 21 April 2023, this shareholder gave notice that its ownership interest was reduced to 3% of share capital.

(7) 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. On 10 March 2023, this shareholder gave notice that its ownership interest was reduced to 1% of share capital.

Direct or indirect ownership interests held personally by each of the Directors at 31 December 2023 are as follows:

		No. of shares			% share capital
Directors	**Class**	**Direct**	**Indirect**	**Total**	
Marc Thomas Murtra Millar	Other	3,664	-	3,664	0.002
Virginia Arce Peralta	Independent	-	-	-	-
José Vicente de los Mozos Obispo	Executive	5,100	-	5,100	0.003
Luis Abril Mazuelas	Executive	74,789	-	74,789	0.042
Belén Amatriain Corbi	Independent	-	-	-	-
Jokin Aperribay Bedialauneta (1)	Proprietary	-	-	-	-
Coloma Armero Montes	Independent	-	-	-	-
Antonio Cuevas Delgado (2)	Proprietary	15,324	-	15,324	0.009
Elena García Armada	Independent	-	-	-	-
Francisco Javier Garcia Sanz	Independent	-	-	-	-
Pablo Jiménez de Parga Maseda (3)	Proprietary	-	-	-	-
Juan Moscoso del Prado Hernández (2)	Proprietary	-	-	-	-
Olga San Jacinto Martínez	Independent	-	-	-	-
Ángeles Santamaría Martín	Independent	-	-	-	-
Miguel Sebastián Gascón (2)	Proprietary	14,644	-	14,644	0.008
Bernardo José Villazán Gil	Independent	-	-	-	-
Total		**113,521**	**-**	**113,521**	**0.064**

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

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

(3) Representing the shareholder Amber Capital

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

Directors	Class	No. of shares Direct	Indirect	Total	% share capital
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)	Proprietary	-	-	-	-
Axel Arendt	Independent	-	-	-	-
Coloma Armero Montes	Independent	-	-	-	-
Antonio Cuevas Delgado (2)	Proprietary	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)	Proprietary	-	-	-	-
Olga San Jacinto Martínez	Independent	-	-	-	-
Miguel Sebastián Gascón (2)	Proprietary	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)

At 31 December 2023, 76,397,479 shares were represented on the Board of Directors, that is 43.246% of the total. At 31 December 2022, 53,515,026 shares were represented on the Board of Directors, representing 30.293% of the total at the time.

On 30 June 2023 and 23 June 2022, the parent company held its Annual General Shareholders' Meeting, which approved the applications of results for 2022 and 2021, 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 €1,417 thousand and €1,505 thousand at 31 December 2023 and 2022, respectively; the amount of the unamortised balances of the parent company's research and development expenses, that is €51,281 thousand at 31 December 2023 (€41,600 thousand at 31 December 2022) and any prior-year losses recognised.

Other own equity instruments

	Thousand euro 2023	2022
Delivery of shares	21,090	13,794
Total	**21,090**	**13,794**

The outstanding amount of €21,090 thousand at 31 December 2023 (€13,794 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	
	2023	**2022**
Hedge of foreign exchange insurance contract flows	(4,044)	(6,781)
Total	**(4,044)**	**(6,781)**

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

Treasury shares

At 31 December 2023, the parent company directly holds a total of 2397997 treasury shares amounting to €32,960 thousand (a total of 510,808 treasury shares amounting to €5,342 thousand at 31 December 2022), 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 2023 and 2022:

	Thousand euro			
Used in:	**Balance at 31.12.22**	**Additions**	**Disposals**	**Balance at 31.12.23**
- Ordinary and extraordinary transactions	5,342	124,875	(97,257)	32,960

	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

Treasury share movements in 2023 and 2022 are as follows:

	% share capital	31.12.22	Additions	% Annual volume	Disposals	% Annual volume	31.12.23	% share capital
		Number of shares						
Used in:								
- Ordinary transactions (*)	0.11	192,355	7,544,147	5.58	(7,565,031)	5.59	171,471	0.10
- Extraordinary	0.18	318,453	2,380,942	1.76	(472,869)	0.35	2,226,526	1.26
	0.29	**510,808**	**9,925,089**	**7.34**	**(8,037,900)**	**5.94**	**2,397,997**	**1.36**

	% share capital	31.12.21	Additions	% Annual volume	Disposals	% Annual volume	31.12.22	% share capital
		Number of shares						
Used in:								
- Ordinary transactions (*)	0.13	230,723	12,902,948	5.88	(12,941,316)	5.89	192,355	0.11
- Extraordinary	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**

(*) Includes the residual balance of 8,495 shares (8,495 shares in 2022) 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 2023 and 2022 with Banco de Sabadell, S.A. and Banco Santander, S.A.

On 1 December (Other relevant information 24644), the Company terminated the liquidity agreement arranged with Banco Sabadell, S.A. on 29 October 2019 (notified as price-sensitive information on 28 October 2019, registration no. 282939). The liquidity agreement was terminated because a new liquidity agreement was entered into with Banco Santander, S.A. on the same date. No transactions were completed using the terminated liquidity agreement from 18 October 2023, when a temporary suspension was agreed as a consequence of the launch of a Temporary Share Repurchase Programme (notified as Other relevant information on 17 October 2023, registration no. 24,920), to and including the termination date.

On 4 December (Other relevant information 25645), the parent company notified the signing of a new liquidity agreement with Banco Santander, S.A., the only purpose being to support the liquidity and frequency of trading in the Company's shares.

Extraordinary transactions relate to those effected under the parent company's share buy-back agreements in force in the reporting period with Banco Santander, S.A. and Banco de Sabadell, S.A. In 2023, 2,380,942 treasury shares were acquired under the above-mentioned share buyback scheme (281,000 shares in the previous year).

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 2023:

- Remuneration for Management Committee members: 280,095 shares were handed over in March and October 2023 (85,363 shares in 2022), valued at the average price on the delivery date.
- Flexible remuneration plan ("Reflex"): 127,598 shares were delivered in 2023 at a price of €12.154 per share (146,349 shares were delivered in 2022 at a price of €9.6449 per share).
- Conversion of convertible bonds into 63,942 shares (Note 21 a) on 9 October 2023 at an average price of €14.075 per share.

<u>Retained earnings/(losses)</u>

Retained earnings/(losses) break down as follows:

	Thousand euro	
	2023	**2022**
Legal reserve	7,066	7,066
Reserves in fully-consolidated companies	97,868	19,491
Merger reserve	12,233	12,233
Reserves in equity-consolidated companies	(4,705)	(1,519)
Reserve for own shares held	(834)	(2,101)
Voluntary reserves	383,774	333,969
Profit/(loss) for the year	205,752	171,895
Total	**701,154**	**541,035**

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 2023 and 2022, 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 2023 and 2022 is as follows:

	Thousand euro	
	2023	**2022**
BPO Group (formerly BMB Group)	48,437	39,367
Indra Sistemas de Seguridad, S.A.U.	4,243	5,425
Indra SI, S.A.	11,574	9,138
Indra Sistemas Chile, S.A.	5,222	1,425
Indra Sistemas Portugal, S.A.	(6,700)	(7,722)
Indra Business Consulting Group	23,272	19,092
Inmize Capital, S.L.	(239)	(319)
Inmize Sistemas, S.L.	165	2,723
Indra Beijing Information Technology Systems Ltd. (China)	686	905
Indra Sistemas Comunicaciones Seguras, S.L.U.	1,222	2,321
Indra Maroc S.A.R.L.U.	(474)	(429)
Indra Australia Pty Limited	(6,312)	(5,970)
Azertia Tecnologías de la Información Argentina, S.A.	(591)	(467)
Indra USA Inc.	(10,817)	(13,648)
Prointec, S.A.U. Group	9,263	(13,378)
Soluziona Guatemala, S.A.	-	-
Indra Panamá, S.A.	(6,618)	(1,215)
Computación Ceicom, S.A.	7,924	7,939
Indra Sistemas India Private Limited	1,073	299
Avitech GmbH (Germany)	7,091	5,935
Indra Technology Solutions Malaysia Sdn Bhd	(1,516)	(1,537)
PT Indra Indonesia	373	508
Indra Italia S.P.A Group (Italy)	74,625	55,601
Indra Navia A.S. Group (Norway)	17,509	17,610
Indra Turkey	362	354
Teknatrans Consultores, S.L.U.	479	230
Indra Tecnología Brasil LTDA	268	(420)
Indra Arabia Company LTD (Arabia)	24,534	16,405
Mobbeel Solutions SL	648	-
Aplicaciones de simulación Simtec, S.L.	68	-
Indra L.L.C	3,285	2,142
Indra Corporate Services, S.L.U.	(723)	(164)
Indra Corporate Services Mexico S.A de C.V.	(506)	(403)
Indra Advanced Technology	2,245	1,671
Indra Soluciones Tecnologías de la Información, S.L.U.	(95,860)	(108,454
Indra Holding Tecnología de la Información	(12,934)	(2,566)
Advance Control Systems INC	(17,393)	(12,215)
CSC Philippines	(131)	(75)
Indra Technology Solutions Co Ltd	(1,396)	(857)
Indra Factoría Tecnológica	132	1,165
Indra TyD, SAC	(1,427)	(1,062)
Indra Sistemas TyD, S.A. de CV (Mex)	2,048	961
Sistemas Informáticos Abiertos Group	11,371	5,861
Minsait Payment Systems, S.L. Group	14,071	3,307
ALG Global Infrastructure	(10,685)	(9,992)
Total	**97,868**	**19,491**

c) Reserves in equity-consolidated companies

The breakdown of consolidation reserves by company at 31 December 2023 and 2022 is as follows:

	Thousand euro	
	2023	**2022**
Saes Capital	744	639
Eurofighter Simulation System	810	1,172
Euromids	712	803
Iniciativas Bioenergéticas, S.L.	(2,269)	(2,151)
Tagsonomy	(1,182)	(394)
Satelio Iot Services, S.L.	144	-
A4 Essor SAS	92	86
Indra Isolux México SA de CV	(26)	(26)
Visión Inteligente Aplicada S.A de C.V	(17)	(17)
EFI Túneles Necaxa SA de CV	98	98
Societat Catalana per a la Mobilitat, S.A.	(74)	(29)
Green Border OOD	(23)	(22)
Global Training Aviation, S.L.	(821)	(1,120)
Startical	(2,773)	(577)
Tower Air Traffic Services	(3)	-
Tess Defence, S.A.	(117)	18
Total	**(4,705)**	**(1,519)**

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 €1,407 thousand and €1,505 thousand at 31 December 2023 and 2022, respectively, and for the amount of the unamortised balances of the parent company's research and development expenses, that is €51,281 thousand at 31 December 2023 (€41,600 thousand at 31 December 2022) 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 2023 and 2022 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	
	2023	**2022**
Brazilian real	(25,631)	(28,961)
Argentine peso	(31,037)	(22,983)
Colombian peso	(15,893)	(22,793)
Norwegian krone	(18,870)	(16,137)
Mexican peso	661	(6,039)
Chilean peso	(11,831)	(8,302)
Peruvian sol	(2,292)	(2,044)
Omani rial	(5,772)	(5,329)
Turkish lira	(4,745)	(4,255)
Dominican peso	(3,942)	(3,515)
Romanian leu	(2,248)	(2,209)
Algerian dinar	(2,223)	(2,118)
Malaysian ringgit	(1,791)	(1,415)
Kenyan shilling	(2,853)	(1,222)
Saudi riyal	(574)	5,388
US dollar	3,267	5,806
Other currencies	(1,041)	1,352
Total	**(126,817)**	**(114,775)**

The Group does not use net investment hedges.

19) Non-controlling interests

This balance is analysed below at 31 December 2023 and 2022.

	Thousand euro							
	31.12.23				**31.12.22**			
	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, S.L.	32	552	7	591	32	21	530	583
Inmize Sistemas, S.L.	750	914	42	1,706	750	850	64	1,664
Elektrica Soluziona, S.A.	15	1,074	330	1,419	15	993	188	1,196
Indra Philippines INC.	264	10,979	2,458	13,701	264	9,871	2,727	12,862
The Overview Effect, S.L.	51	(86)	(43)	(78)	-	2	(36)	(34)
Normeka, A.S.	5	998	150	1,153	-	1,106	221	1,327
Prointec Panamá, S.A.	-	(31)	-	(31)	-	(32)	-	(32)
Total	**1,117**	**14,400**	**2,944**	**18,461**	**1,061**	**12,811**	**3,694**	**17,566**

The information on assets, liabilities and consolidated results for 2023 and 2022 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 2023 and 2022, the calculation of weighted average outstanding and diluting shares is as follows:

	Weighted average ordinary shares at 31.12.23	**Ordinary shares at 31.12.23**	**Weighted average ordinary shares at 31.12.22**	**Ordinary shares at 31.12.22**
Total shares issued	176,654,402	176,654,402	176,654,402	176,654,402
Treasury shares	(645,542)	(2,397,997)	(332,681)	(510,808)
Total outstanding shares	**176,008,860**	**174,256,405**	**176,321,721**	**176,143,594**

	Weighted average ordinary shares at 31.12.23	**Weighted average ordinary shares at 31.12.22**
Total shares issued	176,654,402	176,654,402
Financial instruments related to shares	12,508,160	16,893,523
Treasury shares	(645,542)	(332,681)
Total diluting shares	**188,517,020**	**193,215,244**

The diluting factor used to calculate 12,508,160 in 2023 (16,893,523 in 2022) is the effect of the convertible bond issued in 2016 (Note 21).

The calculation of basic earnings per share (rounded to four digits) for 2023 and 2022 is as follows:

Basic earnings per share	**2023**	**2022**
Profit/(loss) attributed to the parent company, in thousand euro	205,752	171,895
Weighted average ordinary shares outstanding	176,008,860	176,321,721
Basic earnings/(loss) per ordinary share, in euro	**1.1690**	**0.9749**

The calculation of earnings per ordinary share (rounded to four digits) for 2023 and 2022 is as follows:

Ordinary share	**2023**	**2022**
Profit/(loss) attributed to the parent company, in thousand euro	205,752	171,895
Shares issued	176,654,402	176,654,402
Earnings/(loss) per ordinary share, in euro	**1.1647**	**0.9731**

The calculation of diluted earnings per share (rounded to four digits) for 2023 and 2022 is as follows:

Diluted earnings per share	**2023**	**2022**
Profit/(loss) attributed to the parent company, in thousand euro (*)	207,522	174,196
Weighted average ordinary shares outstanding	188,517,020	193,215,244
Diluted earnings/(loss) per ordinary share, in euro	**1.1008**	**0.9016**

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

21) <u>Bank borrowings and debentures</u>

Bank borrowings and debentures are analysed below at 31 December 2023 and 2022:

Non-current	Thousand euro 2023	Thousand euro 2022
Debentures and bonds	90,418	239,199
Bank borrowings	358,767	425,144
Payables under subsidised research plans	29,878	36,087
Total bank borrowings	**388,645**	**461,232**
Non-current total	**479,063**	**700,431**

Current	Thousand euro 2023	Thousand euro 2022
Debentures and bonds	153,432	249,519
Bank borrowings	45,423	2,707
Interest payable	4,046	1,871
Payables under subsidised research plans	20,627	21,109
Total bank borrowings	**70,096**	**25,687**
Current total	**223,528**	**275,206**

Set out below is a breakdown of movements in non-current and current payables during 2023 and 2022:

Non-current	Balance at 31.12.22	Scope change	Currency translation differences	Receipts	Payments	Present value of loans	Transfers	Balance at 31.12.23
Debentures and bonds	239,199	-	-	-	-	5,138	(153,919)	**90,418**
Bank borrowings	425,144	2,010	-	-	(25,000)	436	(43,824)	**358,766**
Payables under subsidised research plans	36,088	954	-	-	(665)	166	(6,665)	**29,878**
Total bank borrowings	461,232	2,964	-	-	(25,665)	602	(50,489)	**388,644**
Non-current total	**700,431**	**2,964**	**-**	**-**	**(25,665)**	**5,740**	**(204,408)**	**479,063**

Current	Balance at 31.12.22	Scope change	Currency translation differences	Receipts	Payments	Present value of loans	Transfers	Balance at 31.12.23
Debentures and bonds	249,519	-	-	-	(255,538)	6,432	153,019	**153,432**
Bank borrowings	4,578	2,175	(28)	55	(1,135)	-	43,824	49,469
Payables under subsidised research plans	21,109	-	-	-	(7,147)	-	6,665	20,627
Total bank borrowings	25,687	2,175	(28)	55	(8,282)	-	50,489	**70,096**
Current total	**275,206**	**2,175**	**(28)**	**55**	**(263,820)**	**6,432**	**203,508**	**223,528**

Non-current	Balance at 31.12.21	Scope change	Currency translation differences	Receipts	Payments	Present value of loans	Transfers	Balance at 31.12.22
Debentures and bonds	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 differences	Receipts	Payments	Present value of loans	Transfers	Balance at 31.12.22
Debentures and bonds	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**

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 €35,436 thousand in 2023 (€35,567 thousand in 2022).

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 (99.85%), the bond's fair value at year-end 2023 was €34,948 thousand (€33,356 thousand in 2022).
- The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2024	1,090
2025	1,086
2026	1,062
Total	**3,238**

<u>Issuance of non-convertible bonds in April 2018:</u>

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 €152,634 thousand in 2023 (€151,660 thousand in 2022) and is carried under current liabilities.

In 2022, the parent company completed the partial repurchase and redemption of this issue. The repurchase amounted to €150,000. 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 €4,500 thousand has been 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 (99.40%), the bond's fair value at year-end 2023 was €149,096 thousand (€147,363 thousand in 2022).
- The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

Years	**Thousand euro**
2024	1,866
Total	**1,866**

<u>Issuance of non-convertible bonds in January 2018:</u>

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 €30,767 thousand in 2023 (€30,756 thousand in 2022).

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 has been 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 (98.81%), the bond's fair value at year-end 2023 was €29,642 thousand (€28,415 thousand in 2022).
- The forecast interest expected to be generated over the remaining life of the bonds is as follows:

Years	**Thousand euro**
2024	881
2025	882
2026	154
Total	**1,917**

- Short-term maturities amount to €733 thousand (€798 thousand in 2022).

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 2023 (€25,013 thousand in 2022).

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 has been 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 (99.85%), the bond's fair value at year-end 2023 was €24,963 thousand (€23,826 thousand in 2022).
- The forecast interest expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2024	875
2025	874
2026	864
Total	**2,613**

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 bond terms and conditions were 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 included 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 accrued 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 €3,068 thousand was paid in the current year (€3,074 thousand in 2022).
- The bond's effective interest rate was 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 did 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 was 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.
- Bondholders had the option to 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 could 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 four 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 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.

In September 2023, prior to the bond maturity date, the Company launched a buyback scheme for the convertible bond. Share buyback amounted to €226,900 thousand (92.3% of the total). The cost of this buyback totalled €2,836 thousand. In addition, bonds were converted into 63,942 shares amounting to €900 thousand (Note 17). On 6 October, the Company cancelled the remainder of the bond in the amount of €18,100 thousand.

In the consolidated cash flow statement, the amount repaid or redeemed relates to interest on bonds in 2023 amounting to €10,538 thousand (€15,044 thousand in 2022) and the principal amount being €245,000 thousand (€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 2023:

Years	Credit institutions	R&D Loans	Total
2025	138,284	5,888	144,172
2026	206,202	3,095	209,297
2027	13,934	3,288	17,222
Beyond	346	17,607	17,953
Total at 31.12.23	**358,766**	**29,878**	**388,644**

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**

The average interest rate paid on bank borrowings in 2023 and 2022 was 3.2% and 2%, respectively.

The entire balance of R&D loans at 31 December 2023, €29,878 thousand (€36,088 thousand in 2022), relates to the long-term portion of loans granted by official bodies to engage in research programmes. The amount of €20,627 thousand (€21,109 thousand in 2022) reflects the portion falling due in the short-term.

Accrued unmatured interest amounted to €4,046 thousand and €1,871 thousand in 2023 and 2022, respectively.

The bank borrowings are not subject to covenants.

The repayment and redemption of bank borrowings reflected in the consolidated cash flow statement is €40,052 thousand in 2023 (€387,858 thousand in 2022), while bank borrowings increased in the amount of €37,269 thousand in 2022. Interest payments are reflected in the 2023 consolidated cash flow statement in the amount of €44,310 thousand (€37,075 thousand in 2022).

Forecast interest accruing on bank borrowings is set out below:

Years	Thousand euro
2024	18,961
2025	12,373
2026	4,516
2027	318
Total	**36,168**

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	**2023**	**2022**
Amount drawable	747,040	181,407
Amount drawn	367	2,193
Total credit lines	**747,407**	**183,600**

On 28 July 2023, Indra Sistemas, S.A. arranged a Club Deal syndicated line of credit with six Spanish and international financial institutions for up to €500,000,000, maturing in July 2028 and extendable for a further one or two years, subject to lender approval.

No amounts were drawn down on this line of credit in 2023.

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 2023 and 2022 is as follows:

	Thousand euro	
	2023	**2022**
Deposits and guarantees received	389	389
Fixed asset suppliers	38,218	39,212
Finance lease liabilities	99,154	62,075
Long-term advance payments from customers	417,512	319,359
Other long-term payables	139,936	115,149
Total other non-current financial liabilities	**695,210**	**536,184**

	Thousand euro	
	2023	**2022**
Finance lease liabilities	24,829	28,278
Fixed asset suppliers	19,011	18,239
Other short-term payables	70,033	58,153
Total other current financial liabilities	**113,874**	**104,670**

At 31 December 2023, the heading "Fixed asset suppliers" includes €11,871 thousand relating to Flat 101, S.L.U.'s earn-out clause contained in the sale and purchase agreement (€7,318 thousand in non-current liabilities and €4,553 thousand in current liabilities), and €14,692 thousand in non-current liabilities reflecting the future payment for the acquisition of the company Operadora de Tarjetas de Crédito Nexus, S.A. In addition, in 2023, non-current liabilities include the amount of €3,500 thousand recognised for Park Air Systems Ltd's earn-out agreement, €3,100 thousand for ICA Sistemas y Seguridad, S.L.'s earn-out agreement (€1,690 thousand in non-current liabilities and €1,410 thousand in current liabilities) and €8,500 thousand reflecting the discounted value of NAE Comunicaciones, S.L.U.'s earn-out agreement.

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 2023:

	Thousand euro
Years	**Finance lease liabilities**
2024	32,205
2025	29,766
2026	21,919
2027	17,026
Beyond	49,968
Total gross liabilities	**150,884**
Interest to be discounted	(26,901)
Total at 31.12.23	**123,983**

The heading "Long-term advance payments from customers" includes the amount of €417,512 thousand (€319,359 thousand in 2022) reflecting sales completed over more than one year. These amounts are discounted to account for the time value of money. In the current year, the amount of €8,717 thousand has been recognised in net financial income/(expense) in the income statement (€4,309 thousand in 2022).

The heading "Other long-term payables" mainly includes €76,541 thousand (€76,541 thousand in 2022) 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" (€32,867 thousand in 2022). The Group recognises under "Other long-term payables" the grants pending execution and collection for various multi-year projects amounting to €62,405 thousand in 2023 (€38,589 thousand in 2022). The amount of €37,168 thousand is carried under "Other short-term payables" in 2023 (€25,286 thousand in 2022). 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 2023 and 2022:

	Balance at 31.12.22	Scope changes	Additions	Transfers	Taken to income st.	Balance at 31.12.23
Grants	25,662	315	9,133	13,608	(5,327)	43,391

	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

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: Air Traffic and Mobility. 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 31.12.22								Balance at 31.12.23		
Item	**Balance**	**Temp. diff.**	**Scope change**	**Curr. trans. diff.**	**Appropria tions**	**Reversal**	**Payments**	**Transfers**	**Balance**	**Temp. diff.**	**Forecast cancellation date**
Remuneration	19,915	19,915	-	(30)	1,188	(118)	(425)	(9,146)	11,384	11,384	2025-2026
Provisions for guarantees and onerous contracts	158	158	-	(4)	200	(18)	-	-	336	336	2025-2026
Provision for decommissioning of fixed assets	4,256	-	-	-	-	-	-	-	4,256	-	
Other provisions	12,220	12,220	2,500	-	3,009	(1,381)	-	-	16,348	16,348	2025-2026
Operating provisions	**36,549**	**32,293**	**2,500**	**(34)**	**4,397**	**(1,517)**	**(425)**	**(9,146)**	**32,324**	**28,068**	
HR claims	10,174	3,497	-	(903)	5,747	(3,614)	(2,649)	(120)	8,635	3,497	2025-2026
Tax provision	11,795	-	-	211	3,161	(700)	-	69	14,536	-	2025-2026
Other provisions for litigation	15,484	3,123	-	(3)	953	-	(5)	-	16,429	3,123	2025-2026
Provision for litigation in progress	**37,453**	**6,620**	**-**	**(695)**	**9,861**	**(4,314)**	**(2,654)**	**(51)**	**39,600**	**6,620**	
Total provisions	**74,002**	**38,913**	**2,500**	**(729)**	**14,258**	**(5,831)**	**(3,079)**	**(9,197)**	**71,924**	**34,688**	

Item	Balance at 31.12.21 Balance	Balance at 31.12.21 Temp. diff.	Scope change	Curr. trans. diff.	Appropriations	Applications	Payments	Transfers	Balance at 31.12.22 Balance	Balance at 31.12.22 Temp. diff.	Forecast cancellation date
	Thousand euro										
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
Provision for 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**	

Movements in current provisions are as follows:

	Balance at 31.12.22	Scope change	Curr. trans. diff.	Appropriatior	Applications	Payments	Transfers	Balance at 31.12.23
	Thousand euro							
Provisions for guarantees and onerous contracts	64,097	571	(340)	36,613	(15,176)	(1,089)	4,400	89,076
Provisions for other staff costs	4,369	16	109	22,763	(930)	(2,132)	808	25,003
Social security reserve	29	-	-	-	-	-	-	29
Restructuring provisions	13,576	-	-	-	-	35	-	13,611
Total	**82,071**	**587**	**(231)**	**59,376**	**(16,106)**	**(3,186)**	**5,208**	**127,719**

	Balance at 31.12.21	Scope change	Curr. trans. diff.	Appropriatior	Applications	Payment	Transfers	Balance at 31.12.22
	Thousand euro							
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**

<u>Non-current provisions</u>

Non-current "**Operating provisions**" include the following items:

"<u>Remuneration</u>" includes long-term personnel provisions. The main item under this heading is the transfer to equity of €11,391 thousand relating to medium-term management remuneration payable in 2024 (Note 18).

The item "Other provisions" includes amounts covering contingencies deemed to be possible as a result of business combinations (Note 5).

At 31 December 2023, the Group is the defendant in litigation in progress the probability of occurrence of which is deemed to be **probable**, amounting to €39,600 thousand (€39,727 thousand at 31 December 2022, €2,274 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 €8,635 thousand (€10,174 thousand at 31 December 2022). This amount includes claims 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 €14,536 thousand (€11,795 thousand at 31 December 2022), 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 €16,429 thousand (€17,758 thousand at 31 December 2022 and €2,274 thousand in current provisions at 31 December 2022), 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/565/2015 "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 National High Court rejected the parent company's contentious-administrative appeal on 20 September 2023. The parent company has prepared a cassation appeal against that judgement.

  The amount of the penalty has been provisioned in the parent company's accounts.

- 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/DC/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 €131,030 thousand (€139,522 thousand at 31 December 2022).

Of this amount, €92,773 thousand (€105,649 thousand at 31 December 2022) relates to numerous legal proceedings (over 340) of various kinds. Specifically:

- €73,501 thousand (€69,529 thousand at 31 December 2022) relates to over 80 tax proceedings (Note 23).
- €8,345 thousand (€8,051 thousand at 31 December 2022) relates to numerous labour proceedings.
- €10,927 thousand (€28,069 thousand at 31 December 2022) relates to numerous civil, commercial, contentious-administrative and criminal lawsuits.

The remaining amount of €38,257 thousand (€33,873 thousand at 31 December 2022) up to €131,030 thousand relates to the following proceedings:

- Contentious-administrative proceeding initiated by the Office of the Comptroller General of Ecuador against the parent company.

  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 €15,727 thousand (updated at the 31 December 2023 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 €3,850 thousand (updated at the 31 December 2023 exchange rate). This proceeding is pending judgement.

- 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 €3,610 thousand. In May 2022, the parent company replied to the claim and the parties filed several responses. The proceeding is currently pending resolution.

- Lawsuit filed by Datamétrica Consultoria Pesquisa e Telemarketing, LTDA ("Datamétrica")

These proceedings were brought in 2017 by Datamétrica against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. ("Indra Brazil") for alleged breach of the contracts "Private Instrument for the Provision of Billing Services" and "Private Instrument for the Provision of Healthcare Services".

Datamétrica requests the annulment of a contractual clause, damages for alleged breach of contract and the collection of amounts allegedly owed totalling €15,070 thousand (at the 31 December 2023 exchange rate).

The proceedings are pending the start of the discovery phase.

Finally, litigation in which the Group is the defendant for which the probability of occurrence is deemed **remote** amounts to €102,048 thousand (€164,887 thousand at 31 December 2022). 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 €38,312 thousand (updated at the 31 December 2023 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 €24,741 thousand (updated at the 31 December 2023 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.

Finally, the following proceedings reported in the consolidated annual accounts for the previous year were closed during the year:

- Metro Mumbai One PVT LT ("MMOPL") arbitration proceeding: MMOPL did not appeal the arbitral award, which became final.

- Arbitration proceeding CCI 25853/JPA – EPIC ARABIA PROJECT DEVELOPMENT ("EPICA") arbitration: On 8 May, the parent company and EPICA reached a transactional agreement bringing the arbitration proceeding to an end, whereby the parent company agreed to pay the sum of €5,900 thousand and EPICA waived any other actions, as well as interest and legal costs.

In addition to the matters described above, the most relevant tax proceedings are described in Note 35.

Current provisions

"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 Defence and Mobility CGUs.

Appropriations to "Provisions for other staff costs" totalling €22,763 thousand relate to variable remuneration for Group employees.

25) Other current non-financial liabilities

This heading breaks down as follows at 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Public Administrations (Note 35)	190,359	162,590
Deposits and guarantees received	153	-
Accruals and deferred income	5,856	5,107
Other liabilities	2,643	824
Total other current liabilities	**199,010**	**168,521**

26) Current trade and other payables

"Trade and other payables" are analysed below at 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Trade payables	616,468	569,822
Accrued wages and salaries	189,081	158,310
Advance payments from customers	774,054	789,128
Total	**1,579,603**	**1,517,260**

Movements in Advance payments from customers during 2023 are as follows:

Advances from clients	Balance at 31.12.22	Additions	Disposals	Currency trans. diff. & scope changes	Transfer	Balance at 31.12.23
Non-current	319,359	212,653	-	-	(114,500)	417,512
Current	789,128	249,684	(382,952)	3,695	114,500	774,054
Total advance payments from customers	**1,108,487**	**462,337**	**(382,952)**	**3,695**	**-**	**1,191,566**

Advances from clients	Balance at 31.12.21	Additions	Disposals	Currency trans. diff. & scope changes	Transfer	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**

The non-current works advance payment has been discounted considering the time value of money. In the current year, the amount of €8,703 thousand has been recognised in net financial income/(expense) in the income statement.

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, 14% and 15% of revenue recognised in 2023 and 2022, 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 2023 as a result of performance obligations satisfied in previous years totalled €12 million (€23 million in 2022).

AVERAGE SUPPLIER PAYMENT PERIOD

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 2023 and 2022:

	2023	2022
	Days	**Days**
Average supplier payment period	52	53
Ratio of transactions settled	52	54
Ratio of transactions pending payment	45	44

	Amount (thousand euro)	Amount (thousand euro)
Total payments made	1,224,870	1,086,809
Total payments pending	102,737	138,395

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:

	2023	2022
Monetary amount	681,751	600,050
Percentage of total payments	55.82%	55.24%
Number of invoices	106,011	87,051
Percentage of total invoices	55.40%	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.

As a result of the organisational change described, the Group has restated prior-year segment information to reflect the four segments under the new organisational structure.

Set out below is the segment information for2023 and 2022 (restated):

	2023 (Thousand euro)											
Segment reporting at 31 December 2023:	**Defence**	%	**Air Traffic**	%	**Mobility**	%	**Minsait**	%	**Corporate non-distributable**	**Elim.**	**Total**	%
Total sales	817,914		361,101		366,724		2,808,464		-	(11,131)	4,343,072	100%
Inter-segment sales	703		119		288		10,021		-	(11,131)	-	-
External sales	**817,211**		**360,982**		**366,436**		**2,798,44**		**-**	**-**	**4,343,072**	**100%**
Profit/(loss) from operating activities	**145,741**	**17.8%**	**44,290**	**12.3%**	**5,947**	**1.6%**	**151,016**	**5.4%**	**-**	**-**	**346,994**	**8.0%**
Net financial income/(expense)	-		-		-		-		(40,182)	-	(40,182)	(0.9)%
Profit/(loss) in associates	(1,247)		(433)		(1,442)		(98)		-	-	(3,220)	(0.1)%
Corporate income tax	(31,789)		(10,653)		(842)		(44,207)		(7,405)	-	(94,896)	(2.2)%
Segment profit/(loss)	**112,705**	**13.8%**	**33,204**	**9.2%**	**3,663**	**1.0%**	**106,711**	**3.8%**	**(47,587)**	**-**	**208,696**	**4.8%**
Other information												
Investments	15,300		11,875		9,425		28,510		-	-	65,110	
Depreciation/amortisation	17,400		12,912		5,600		63,158		-	-	99,070	
Order book	2,953,273		736,940		914,422		2,171,630		-	-	6,776,265	
Balance sheet												
Segment assets	1,062,756		507,585		455,000		2,085,016		595,335	-	4,705,692	
Fixed assets in associates	10,108		3,209		4,919		(1,338)		-	-	16,898	
Total consolidated assets											**4,722,590**	
Segment liabilities	1,241,152		320,620		194,076		1,128,588		702,185	-	3,586,622	
Total consolidated liabilities											**3,586,622**	

Geographic information at 31 December 2023:	Spain	Brazil	Rest of America	Italy	Rest of Europe	Asia, Middle East and Africa	Total
External sales	2,153,536	219,664	709,323	242,699	574,401	443,449	4,343,072
Investments	55,485	561	6,756	372	938	998	65,110
Assets employed	3,094,233	134,921	686,859	201,673	238,135	366,769	4,722,590

	2022 (Thousand euro)											
Segment reporting at 31 December 2022:	**Defence**	%	**Air Traffic**	%	**Mobility**	%	**Minsait**	%	**Corporate non-distributable**	**Elim.**	**Total**	%
Total sales	662,794		298,773		348,295		2,550,345		-	(8,817)	3,851,390	100%
Inter-segment sales	578		-		301		7,938		-	(8,817)	-	-
External sales	**662,216**		**298,773**		**347,994**		**2,542,407**		**-**	**-**	**3,851,390**	**100%**
Profit/(loss) from operating activities	**110,553**	**16.7%**	**31,179**	**10.4%**	**16,629**	**4.8%**	**142,090**	**5.6%**	**-**	**-**	**300,451**	**7.8%**
Net financial income/(expense)	-		-		-		-		(42,408)	-	(42,408)	(1.1)%
Profit/(loss) in associates	(1,635)		440		(163)		(924)		-	-	(2,282)	(0.1)%
Corporate income tax	(27,717)		(8,047)		(4,190)		(50,820)		10,602	-	(80,172)	(2.1)%
Segment profit/(loss)	**81,201**	**12.3%**	**23,572**	**7.9%**	**12,276**	**3.5%**	**90,346**	**3.6%**	**(31,806)**	**-**	**175,589**	**4.6%**
Other information												
Investments	18,865		7,446		6,973		21,391		-	-	54,675	
Depreciation/amortisation	21,396		11,889		3,715		62,852		-	-	99,852	
Order book	2,953,414		678,938		934,448		1,742,175		-	-	6,308,975	
Balance sheet												
Segment assets	800,405		344,434		457,293		1,980,123		933,039	-	4,515,294	
Fixed assets in associates	11,356		3,641		6,361		(1,235)		-	-	20,123	
Total consolidated assets											**4,535,417**	
Segment liabilities	1,101,632		228,266		143,692		1,081,609		975,637	-	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 and 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

Revenue from contracts with customers (Note 4v.) for the years ended 31 December 2023 and 2022 breaks down as follows:

	Thousand euro	
	2023	**2022**
Project execution	1,220,925	1,000,908
Manufacturing based on proprietary technology	259,605	262,323
Services provided	2,862,542	2,588,159
Total revenue	**4,343,072**	**3,851,390**

In 2023 and 2022, 57% and 48% 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 various 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 stage of completion method of revenue recognition is most relevant in the Defence segment. In quantitative terms, stage of completion revenue recognised in each segment in 2023 accounted for the following shares of total revenue:

- Defence: 3%
- Air Traffic: 14%
- Mobility: 11%
- Minsait: 2%.

Maintenance work represented 14% and 9% of revenue in 2023 and 2022, 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 2023, this consolidated income statement heading mainly includes grant income of €22,745 thousand (€14,622 thousand in 2022) relating to operating grants for uncapitalised development expenses and therefore not associated with assets. In addition, other revenue from sundry services amounted to €10,158 thousand (€8,650 thousand in 2022).

29) Raw materials and consumables

Set out below is the breakdown of this heading for the years ended 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Subcontracts and materials consumed	1,031,099	881,197
Inventory impairment	1,611	771
Total	**1,032,710**	**881,969**

30) Staff costs

Set out below is an analysis of staff costs for the years ended 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Wages, salaries and similar remuneration	1,836,163	1,650,393
Termination benefits	30,126	30,591
Social Security and other staff welfare charges	537,126	466,370
Total	**2,403,416**	**2,147,354**

The heading Wages, salaries and similar remuneration reflects the MTI provision and other similar personnel provisions amounting to €18,889 thousand in 2023 (€13,645 thousand in 2022). The amount of €17,712 thousand was provisioned in 2023 for share-based payments (€11,821 thousand in 2022).

The average number of Group employees by category during 2023 and 2022 is as follows:

	Number of people					
	2023			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
General Management	13	2	15	11	2	13
Management	447	100	547	438	95	533
Middle management	3,450	1,246	4,696	3,200	1,164	4,364
Technical personnel	26,486	11,942	38,428	24,986	11,499	36,485
Support	6,945	4,950	11,895	6,933	5,211	12,144
Other categories	748	535	1,283	590	687	1,277
Total	**38,090**	**18,776**	**56,866**	**36,158**	**18,658**	**54,816**

The distribution by gender and category at year-end 2023 and 2022 is as follows:

	Number of people					
	2023			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
General Management	15	1	16	11	2	13
Management	439	104	543	415	88	503
Middle management	3,462	1,240	4,702	3,204	1,155	4,359
Technical personnel	26,750	11,961	38,711	26,012	11,752	37,764
Support	7,056	4,925	11,981	7,167	5,170	12,337
Other categories	545	393	938	604	588	1,192
Subtotal	**38,267**	**18,624**	**56,891**	**37,413**	**18,755**	**56,168**
New joiners (1)	644	220	864	367	200	567
Total	**38,911**	**18,844**	**57,755**	**37,780**	**18,955**	**56,735**

(1) FY 2023: Pecunia, Soltex, Park Air, NAE Comunicaciones, ICA, Antexia, Deuser, Indra Air Trafficc and NAE Consulting.

FY 2022: Simumak, Mobbeel and Operadora de Tarjetas de Crédito Nexus.

The average number of employees with a disability rating of 33% or more in 2023 and 2022 is shown below by category:

	Number of people					
	2023			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Management	1	2	3	1	1	2
Middle management	31	4	35	26	4	30
Technical personnel	218	129	347	189	97	286
Support	104	81	185	120	80	200
Other categories	8	8	16	4	5	9
Total	**362**	**224**	**586**	**340**	**187**	**527**

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 2023 and 2022:

	Thousand euro	
	2023	**2022**
Rent and royalties	195,216	155,875
Repairs and maintenance	25,505	22,794
Professional services	127,550	101,990
Transport and freight	15,702	23,645
Insurance	11,599	11,390
Banking services	8,160	8,382
Donations, trade fairs, advertising and entertainment	29,817	15,564
Supplies	19,309	14,709
Travel and other expenses	178,456	123,856
Taxes	33,695	37,088
Other expenses	142	11
Other operating expenses	**645,150**	**515,305**
Change in provisions for guarantees and onerous contracts	23,021	34,788
Changes in trade provisions	(3,530)	7,934
Total	**664,641**	**558,026**

Rent and royalties relate to the following items:

	Thousand euro	
	2023	**2022**
Royalties and licences	146,910	113,904
Short-term leases	19,234	18,135
Leases of low-value underlying assets	17,811	13,722
Other leases	11,260	10,114
Total	**195,216**	**155,875**

The Group records the amount of €1,557 thousand under short-term leases at 31 December 2023 (€3,278 thousand at year-end 2022). The Group records no income related to subleases of rights of use previously acquired in 2023 and 2022.

32) Impairment losses and other gains/(losses) on fixed assets

This heading breaks down as follows at 31 December 2023 and 2022:

	Thousand euro	
	2023	**2022**
Impairment and profit/(loss) on other intangible assets (Note 9)	(277)	(14)
Impairment and profit/(loss) on property, plant and equipment (Note 6)	(688)	(636)
Profit/(loss) on other long-term investments (Note 1)	-	(527)
Total	**(965)**	**(1,177)**

33) Foreign currency transactions

The main transactions carried out in currencies other than the euro during 2023 and 2022 break down as follows:

	Thousand euro	
	2023	**2022**
Sales	1,389,343	1,273,051
Purchases	773,964	669,560

Transactions in currencies other than the euro were completed in US dollars, Brazilian reals, Mexican pesos and Colombian pesos.

34) Guarantees

At 31 December 2023, the Group had provided guarantees to third parties, issued by various banks and insurance companies, for a total of €1,164,101 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 2022, these guarantees amounted to €1,074,591 thousand.

The Group does not expect any significant liabilities to arise as a result of such guarantees.

Guarantees from third parties were received in 2023 in the amount of €2,987 thousand (€1,002 thousand in 2022) 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 corporate income tax in Spain 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., ALG Global Infrastructure Advisors, S.L.U, Flat 101, S.L.U., Indra Gestión de Usuarios, S.L.U. and The Overview Effect, S.L. The following companies were added during the year: Aplicaciones de Simulación Simtec, S.L.U., Mobbeel Solutions, S.L.U. and Mobeel Innovation, S.L.U.

Constitutional Court Judgement of 19 January 2024 on RDL 3/2016 of 2 December

On 19 January 2014, Spain's Constitutional Court issued a judgement declaring several provisions of Royal Decree-Law 3/2016 of 2 December, whereby the Spanish Corporate Income Tax Act was amended, to be unconstitutional and null and void. The following provisions were annulled: (i) reduction of the limit for offsetting tax losses from 70% to 25% of the positive tax base for groups with revenue of €60 million or more; (ii) *ex novo* establishment for large groups of a limit of 50% of gross tax payable when applying double taxation deductions; and (iii) obligation to include in the tax base for 2016-2020 a linear minimum annual reversal of one fifth of the impairment charged on shareholdings that had been tax deductible, regardless of the recovery of the investees' value.

The Constitutional Court judgement does not have full retrospective effect, since its scope is limited to tax returns that were appealed or for which a rectification was requested before the judgement was published in the Official State Gazette (BOE).

Before the judgement date, the Group had requested the rectification of all the Spanish consolidated group's corporate income tax returns for 2016 to 2022, contesting the three items declared to be unconstitutional. At the issuance date of these annual accounts, all the proceedings are pending a ruling by the Central Economic-Administrative Court (TEAC), except for 2022, which is pending a ruling by the Tax Administration State Agency (AEAT).

The estimated effect of the judgement on the Group is reflected in the 2023 annual accounts (save for the effect of the 2022 tax return, the rectification of which was requested after 31 December 2023 in the amount of €14,648 thousand). This entailed the reclassification of deferred tax assets and liabilities which, according to the Group's best estimate, had (i) a limited impact on the 2023 income statement, reducing tax expense due to an increase in the application of pre-consolidation tax losses that had not been recognised in the accounts (effect of approximately €2.7 million) and (ii) a material effect on cash in the form of a larger income tax refund amounting to approximately €23 million. In addition, the effect of the judgement has been included in the estimated calculation of the Spanish consolidated group's income tax for 2023, increasing the refund by approximately €6 million.

The effect is broken down below:

	Thousand euro		
	FY 2023 tax return	**Best estimate of the judgement (2016-2021)**	**Total recognised in 2023**
Corporate income tax receivable for the year	5,583	-	**5,583**
Estimated receivable outstanding under RD 3/2016	-	22,625	**22,625**
Application of tax bases	(9,382)	(26,919)	**(36,301)**
Corporate income tax expense/(income)	(751)	(2,027)	**(2,778)**
Recognition of tax credits	4,550	36,168	**40,718**
Deferred tax – Reversal of impairment losses on financial investments	-	(29,847)	**(29,847)**
Total	**-**	**-**	**-**

Estimated impact of Pillar Two

On 14 December 2021, the Pillar Two Model Rules ("the Rules") were published under the Inclusive Framework on Base Erosion and Profit Shifting launched by the OECD and the G-20.

The Rules are a set of international tax measures that seek to limit tax competition among the different systems that tax business profits by establishing a global minimum level of taxation for multinational groups which, in general terms, report consolidated revenue of €750 million or more in two of the previous four financial years.

The Rules have set this minimum level at 15%. Therefore, the affected groups must calculate their effective tax rate for each jurisdiction in which they operate, following the specific provisions of the Rules. In jurisdictions where the tax rate is below 15%, groups will be required to pay an additional tax reflecting the difference between the effective tax rate calculated for the jurisdiction in question and the 15% rate.

The Council of the European Union adopted Directive 2022/2523 ("the Directive") to bring this initiative into EU law. The Directive reflects the content of the Rules, with some exceptions, and sets 31 December 2023 as the deadline for transposition by the Member States. It also states that the relevant provisions must be applied to financial years beginning after that date.

At the issuance date of these financial statements, the transposition of the Directive into Spanish legislation is still in progress. However, according to the draft bill of law, the legislation is expected to have effect in tax periods beginning as from 31 December 2023, so in the next financial year beginning on 1 January 2024 in the Group's case.

It should also be noted that the Pillar Two legislation has already been adopted in other jurisdictions in which the Group has operations, such as Germany, Belgium, Italy, Norway and the United Kingdom.

At 31 December 2023, the Group has availed itself of the exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two, as permitted by the May 2023 amendment to IAS 12.

In addition, at year-end 2023 the Group analysed its potential exposure to the additional tax as a result of Pillar Two. This analysis was based on the application of the OECD's transitional safe harbour rules, which are also envisaged in the above-mentioned draft bill of law.

In general terms, the safe harbour allows simplified calculations when determining the effective tax rate in each jurisdiction. In cases in which the simplified tax rate is 15% or more (16% and 17% for 2025 and 2026, respectively), there will be no additional Pillar Two tax. Moreover, the safe harbour rules provide for zero additional tax in relation to jurisdictions in which revenues and pre-tax profits are below the established safe harbour thresholds.

This preliminary analysis of data for financial year 2023 shows that the transitional safe harbour rules apply in the vast majority of the Group's jurisdictions, either because the effective tax rate is over 15% or because reported revenues and pre-tax profits are below the safe harbour thresholds.

It should also be noted that the minority of jurisdictions that will foreseeably be excluded from the safe harbour account for approximately 5% of the Group's total pre-tax profit for the financial year.

Therefore, although the jurisdiction data may vary from one year to the next for numerous reasons, the Group's estimates do not anticipate material exposure to the additional tax as a result of Pillar Two, once the legislation comes into force. In any event, the quantitative effect is estimated to be within a range of zero and €4 million.

Deferred tax assets and liabilities

At 31 December 2023 and 2022, in accordance with IAS 12, the Group presented net deferred tax assets and deferred tax liabilities for each jurisdiction amounting to €96,561 thousand and €86,549 thousand, respectively.

	2023		**2022**	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Balance prior to offset	244,014	(130,045)	247,359	(89,723)
Offset of deferred taxes	(125,905)	125,905	(86,549)	86,549
Closing balance	**118,109**	**(4,140)**	**160,810**	**(3,174)**

Set out below is the breakdown of deferred tax assets and liabilities by geography in 2023:

	Tax losses	**Deductions pending**	**Temporary differences**	**Total deferred tax assets**	**Temporary liability differences**
Spain	29,219	68,910	101,873	200,002	(46,078)
Europe	284	-	1,417	1,701	-
Asia, Middle East and Africa	21	-	1,898	1,919	(3,777)
America	-	-	38,701	38,701	(1,892)
Consolidation adjustments	-	899	792	1,691	(78,299)
Total	**29,524**	**69,809**	**144,681**	**244,014**	**(130,045)**

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)**

Deferred tax assets

Set out below is an analysis of deferred tax assets:

	Thousand euro							
	Balance at 31.12.22	**Scope change**	**Change in rates**	**Currency translation differences**	**Generated**	**Reversals**	**Other changes**	**Balance at 31.12.23**
Deferred tax assets	247,359	1,048	-	(3,080)	114,581	(96,464)	(19,430)	244,014

	Thousand euro							
	Balance at 31.12.21	**Scope change**	**Change in rates**	**Currency translation differences**	**Generated**	**Reversals**	**Other changes**	**Balance at 31.12.22**
Deferred tax assets	279,421	1,084	-	1,217	57,916	(78,346)	(13,933)	247,359

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 2023 and 2022 is as follows:

	Thousand euro	
Item	**2023**	**2022**
Appropriations and applications of provisions	59,609	51,277
Goodwill amortisation	11,560	9,788
Excess fixed asset amortisation	12,896	12,812
Tax-loss carryforwards and deductions	99,808	117,788
Effects of transition to IFRS 9, 15 and 16	8,761	11,376
Loss-making permanent establishments	18,905	18,888
Other	32,475	25,430
Deferred tax assets	**244,014**	**247,359**

The heading "Other" relates to tax differences to be amortised, mainly from international geographies.

The deferred tax assets of the Spanish companies with reversal periods estimated to exceed one year amount to €123,343 thousand at 31 December 2023 (€163,616 thousand at 31 December 2022).

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 2023), 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 CGUs 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.

Current tax assets

The breakdown of current income tax assets at 31 December 2023 and 2022 is as follows:

	Thousand euro	
	2023	**2022**
Prior-year corporate income tax refundable	5,014	6,048
Current-year corporate income tax refundable	48,126	31,585
Receivable outstanding under RD 3/2016	22,625	-
Total	**75,764**	**37,633**

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 2023 and 2022 break down as follows:

	Thousand euro							
	Balance at 31.12.22	**Scope change**	**Change in rates**	**Currency translation difference**	**Generated**	**Reversals**	**Other changes**	**Balance at 31.12.23**
Deferred tax liabilities	89,723	160	(36)	(266)	46,810	(16,769)	10,424	130,045

	Thousand euro							
	Balance at 31.12.21	**Scope change**	**Change in rates**	**Currency translation difference**	**Generated**	**Reversals**	**Other changes**	**Balance at 31.12.22**
Deferred tax liabilities	99,143	495	9	(27)	20,079	(16,029)	(13,947)	89,723

The breakdown of this heading in the consolidated statement of financial position at 31 December 2023 and 2022 is as follows:

	Thousand euro	
Item	**2023**	**2022**
Finance lease transactions	194	212
Non-exempt capital gains	1,095	1,117
Portfolio provisions	29,846	-
Goodwill amortisation	61,457	58,951
Other	37,453	29,443
Deferred tax liabilities	**130,045**	**89,723**

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 €3,615 thousand, Paradigma for €4,096 thousand, North American Transmission & Distribution Group, Inc. for €1,555 thousand, Sistemas Informáticos Abiertos, S.A. for €1,405 thousand, SmartPaper, S.P.A. for €2,086 thousand, Consultoría Organizacional, S.A.S. for €392 thousand, Credimatic, S.A. for €808 thousand, Net Studio, S.P.A. for €248 thousand, Flat 101, S.L.U. for €364 thousand and Operadora de Tarjetas de Crédito Nexus, S.A. for €1,255 thousand (Note 5).

The heading "Portfolio provisions" includes the effect of the Constitutional Court Judgement of 19 December declaring RDL 3 of 2 December 2016 to be unconstitutional.

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 2023 and 2022:

	Thousand euro	
	2023	**2022**
Prior-year corporate income tax	117	8,467
Current-year corporate income tax	30,748	9,552
Corporate income tax paid abroad	7,487	9,084
Total	**38,352**	**27,103**

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 2023 and 2022:

	Thousand euro	
Taxes	**2023**	**2022**
A.- Reported results for the year (before taxes)	**303,592**	**255,761**
Adjustments to reported results:		
- Other positive differences	187,785	90,574
- Other negative differences	(91,996)	(88,130)
Total adjustments to reported results	**95,788**	**2,444**
B.- Adjusted reported results	**399,380**	**258,206**
Temporary differences:		
- Positive current year	174,686	192,379
- Positive prior years	1,288	1,013
- Negative current year	(97,099)	(15,312)
- Negative prior years	(91,384)	(139,817)
Total temporary differences	**(12,509)**	**38,263**
C.- Tax base	**386,871**	**296,469**
D.- Tax-loss carryforwards	(42,984)	(36,588)
E.- Adjusted tax base	**343,887**	**259,881**
Tax payable	**92,157**	**69,116**
Tax credits:		
- For international double taxation	(6,393)	(6,926)
- For R&D&i and other investments	(4,431)	(5,801)
F.- Tax credit for tax-loss carryforwards (applied) capitalised	**(3,782)**	**(398)**
G.- Foreign regional taxation	**447**	**(50)**
H.- Total tax payable	**77,997**	**55,942**
Payments and withholdings on account	58,645	54,200
Total payable/(refundable)	**19,353**	**1,742**
I.- Deferred tax assets for the year	(40,698)	(44,862)
J.- Recovery of deferred tax assets	21,583	33,304
K.- Deferred tax liabilities for the year	21,282	3,008
L.- Recovery of deferred tax liabilities	(469)	(56)
Accrued corporate income tax (H+I+J+K+L)	**79,695**	**47,337**
Corporate income tax paid abroad	**8,973**	**14,393**
Prior-year corporate income tax	**4,563**	**20,546**
Corporate income tax due to different tax rates	**(25)**	**(2,172)**
Deductions recognised as assets	**1,690**	**69**
M.- Corporate income tax for the year	**94,896**	**80,172**
Profit/(loss) for the year after tax (A-M)	**208,696**	**175,589**

The reconciliation between the statutory tax rate and the effective tax rate borne by the Group is detailed below:

	2023	
	Thousand euro	%
- Consolidated profit/(loss) before tax	**303,592**	
- Tax calculated at the tax rate applicable in Spain	75,898	25.00%
- Effect of permanent differences	23,947	7.89%
- Effect of deductions	(10,824)	(3.57)%
- Effect of other adjustments to prior-year income tax	4,563	1.50%
- Effect of tax credit for tax-loss carryforwards/deductions	(10,746)	(3.54)%
- Income tax paid abroad	9,420	3.10%
- Effect of different tax rates	2,638	0.87%
Total	**94,896**	**31.26%**

	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%**

There were no significant changes to tax rates in the Group's main geographies during 2023 or 2022.

The Group's weighted average tax rate is currently 25.9% (26.6% in 2022).

<u>Tax credits/deductions</u>

A breakdown of tax credits generated by investments, training and exports and carried as assets at 31 December 2023 is as follows:

Tax credits for investments and Years	2023
2015 and previous years	6,090
2016	268
2017	6,492
2018	256
2019	5,113
2020	3,352
2021	2,621
2022	7,236
2023	3,398
Non-application of RD 3/2016	36,168
Total 2023	**70,994**

A breakdown of tax deductions generated mainly by investments (R&D) and pending recognition as assets at 31 December 2023 is as follows:

Thousand euro	
Tax credits for investments and other	
Years	**2023**
2015 and previous years	4,882
2016	10
2017	14
2018	139
2019	76
2020	15
Total 2023	**5,136**

Tax-loss carryforwards

Set out below is a breakdown of tax credits for tax-loss carryforwards recognised at 31 December 2023:

(Thousand euro)	
Tax losses available for offset	
Years	**2023**
2016 and previous years	70,415
2018	9,956
2020	114,717
Non-application of RD 3/2016	(107,676)
Total	**87,412**

The Spanish tax group has generated all these tax credits for the Group, so there is no limit on application.

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 2023:

(Thousand euro)	
Tax losses available for offset	
Years	**2023**
2016 and previous years	304,286
2017	19,293
2018	7,430
2019	2,860
2020	5,940
2021	5,519
2022	1,653
2023	8,761
Total	**355,743**

The majority of these tax losses have been generated by Indra Brasil Solucoes e Servicos Tecnologicos, S.A., the tax group in Spain, Indra USA, Inc and Minsait ACS.

The expiration period for the tax-loss carryforwards pending offset for 2023 which have not been recognised as assets is as follows:

Years	Thousand euro
2024	81
2025	3,132
2026	4,330
2027	4,320
2028	831
After 2028	6,882
No limit	336,167
Total	**355,743**

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:

Item	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 TEAC. 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 TEAC.

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 TEAC. A ruling partially upholding the claim was received in 2023 and appealed through the National High Court's Contentious-Administrative Division. This appeal is pending judgement 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 TEAC, 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 TEAC 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. The proceedings have been joined, so they are all pending a National High Court judgement. 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 2020, 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:

Item	**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 2022); (ii) an accepted assessment, now final, showing tax payable of €155 thousand (paid during 2022); and (iii) a contested assessment showing tax payable of €2,295 thousand. Allegations were presented against the contested 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 in 2022 (avoiding the need to post a bond), even though the assessment was appealed to the TEAC. 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 in 2022); 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 also appealed to the TEAC. Allegations have been presented and a resolution is pending at the issuance date of these Annual Accounts.
- Accepted penalties: In addition, on 6 July 2022 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 2022.

- 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. In 2023, the Tax Agency gave notice of the resolution of both penalty proceedings. The corporate income tax penalty was confirmed and an economic-administrative claim was lodged at the Central Economic-Administrative Court. The Company's allegations in relation to value added tax and the Tax Agency's ruling were partially upheld, the penalty having been considerably reduced to €83 thousand. Nonetheless, this ruling was also appealed at the Central Economic-Administrative Court. Both economic-administrative claims are pending judgement at the issuance date of these annual accounts, the amounts in question having been suspended, so no payment or bond is required.

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 2023, 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 €14,536 thousand in 2023 (€11,795 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 2022 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 of the claim proceedings were completed in 2023 and rejected. 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).
- In the current year, the Company set aside €2,200 thousand to cover litigation risk following the tax inspection of the Algerian Branch relating to 2018.

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 2023 is €23,732 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 €4,499 thousand at the closing exchange rate in 2022, 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 ruling was appealed to a higher court and is pending judgement at the issuance date of these annual accounts. The updated value of the lawsuit at 31 December 2023 is €17,879 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	
	2023	**2022**
Taxes refundable:		
Value added tax	34,742	23,486
Other taxes	12,968	11,990
Subtotal	**47,710**	**35,476**
Government grants	1,907	385
Social Security contributions refundable	2,339	1,571
Total (Note 15)	**51,956**	**37,432**

Balances payable to Public Administrations are as follows:

	Thousand euro	
	2023	**2022**
Taxes payable:		
Value added tax	83,833	70,676
PIT withholdings	44,697	37,766
Other taxes	7,283	7,888
Subtotal	**135,813**	**116,330**
Reimbursable government grants	-	53
Social Security contributions payable	54,546	46,207
Total (Note 25)	**190,359**	**162,590**

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 the 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 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 2023 and 2022. 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 2023

+10%	Thousand euro
Saudi riyal	1,967
Mexican peso	5,009
Chilean peso	5,477
Brazilian real	2,675
Colombian peso	2,366

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 results 2023

+10%	Thousand euro
Saudi riyal	255
Mexican peso	589
Chilean peso	1,332
Brazilian real	170
Colombian peso	4,368

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

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 non-convertible bond issues (issued in 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):

	2023		**2022**	
	Change in interest rates		Change in interest rates	
Effect on profit/(loss) before tax	+0.5%	(0.5)%	+0.5%	(0.5)%
	(527)	527	(676)	795

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 2023 calculation total €39 million (€46 million in 2022).

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 2023 and 2022, but which are not impaired.

	2023 (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	249,074	57,499	54,714	54,991	416,278
Total assets	**249,074**	**57,499**	**54,714**	**54,991**	**416,278**

	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**

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 financial debt 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 2023 and 2022, the maturities of the Indra Group's debt are as follows:

	2023 (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	154	15,476	54,466	377,995	10,649	458,740
Financial liabilities for bonds and debentures	-	798	152,634	90,418	-	243,850
Trade and other payables	155,832	272,896	375,055	637	-	804,420
Other financial liabilities	9,491	18,979	85,404	257,789	19,908	391,571
Total	**165,477**	**308,149**	**667,559**	**726,839**	**30,557**	**1,898,581**
Derivative financial instruments	-	27	8,276	1,217	-	9,520
Total	**165,477**	**308,176**	**675,835**	**728,056**	**30,557**	**1,908,101**

	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**

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 2023 and 2022:

	Thousand euro	
	2023	**2022**
Cash and cash equivalents	595,741	933,039
Non-current bank borrowings and debentures	(479,063)	(700,431)
Current bank borrowings and debentures	(223,528)	(275,206)
Net financial debt	**(106,850)**	**(42,598)**
Equity	**(1,135,968)**	**(1,004,581)**
Leverage ratio	**9%**	**4%**

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 2023 (Note 4.w).

At 31 December 2023, the notional amount contracted in the relevant currencies and in euros is as follows:

2023 Currency	Currency amount			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates dirham	-	25,892,933	-	-
Australian dollar	1,962,734	4,073,849	2,523,875	1,545,674
Brazilian real	-	3,187,239	-	139,109
Canadian dollar	5,177,642	15,317,468	2,462,690	6,120,169
Chilean peso	-	8,397,570,006	-	8,606,922,210
Chinese yuan	4,580,845	-	-	-
Colombian peso	5,757,057,631	15,631,586,529	5,533,171,260	698,818,594
Euro	4,655,983	29,532,413	1,899	2,678,559
Pound sterling	3,186,333	18,497,922	3,502,281	10,201,310
Kuwaiti dinar	-	5,705,101	-	425,571
Mexican peso	20,299,099	241,191,738	14,658,936	40,750,797
Malaysian ringgit	-	11,706,941	-	5,985,739
Norwegian krone	4,077,087	-	1,795,500	-
New Zealand dollar	-	9,051,050	-	758,256
Peruvian sol	497,559	16,936,089	-	14,862,096
Philippine peso	49,436,625	4,926,558	-	-
Saudi riyal	-	36,211,010	-	5,730,677
Singapore dollar	1,027,732	2,403,036	420,800	-
US dollar	56,977,946	107,302,698	9,382,633	50,309,821
Japanese yen	3,997,199	-	-	-

2023 Currency	Euro amount			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates dirham	-	6,387,481	-	-
Australian dollar	1,212,387	2,516,430	1,559,006	954,768
Brazilian real	-	594,434	-	25,944
Canadian dollar	3,554,608	10,515,906	1,690,711	4,201,681
Chilean peso	-	8,704,921	-	8,921,936
Chinese yuan	581,362	-	-	-
Colombian peso	1,344,849	3,651,539	1,292,549	163,244
Euro	4,655,983	29,532,413	1,899	2,678,559
Pound sterling	3,666,455	21,285,222	4,030,011	11,738,462
Kuwaiti dinar	-	16,809,372	-	1,253,892
Mexican peso	1,084,175	12,882,051	782,934	2,176,500
Malaysian ringgit	-	2,305,650	-	1,178,875
Norwegian krone	363,425	-	160,048	-
New Zealand dollar	-	5,188,632	-	434,680
Peruvian sol	121,612	4,139,463	-	3,632,544
Philippine peso	806,692	80,390	-	-
Saudi riyal	-	8,741,447	-	1,383,403
Singapore dollar	704,312	1,646,818	288,377	-
US dollar	51,563,753	97,106,517	8,491,071	45,529,251
Japanese yen	25,677	-	-	-

At 31 December 2022, the notional amount contracted in the relevant currencies and in euros is as follows:

2022 Currency	Currency amount			
	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 Currency	Euro amount			
	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	-	-	-

Set out below is a breakdown of average exchange rates under the derivatives contracted at 31 December 2023 and 2022 in each geography:

Spain

	EUR/CURRENCY	
	2023	**2022**
AED	4.281	4.279
AUD	1.635	1.580
BRL	5.614	5.442
CAD	1.486	1.470
CLP	994.351	981.010
CNH	7.749	7.130
COP	5,047.622	4,999.564
GBP	0.894	0.886
KWD	0.388	0.382
MXN	21.128	23.340
MYR	5.108	4.713
NOK	11.119	10.349
NZD	1.768	-
PEN	4.360	4.286
PHP	61.270	58.438
PLN	-	4.940
SAR	4.151	4.087
SGD	1.444	-
USD	1.117	1.122

Australia

	AUD/CURRENCY	
	2023	**2022**
EUR	-	0.596
USD	1.407	1.431

Mexico

	MXN/CURRENCY	
	2023	**2022**
EUR	0.052	0.047
USD	0.056	0.049

Norway

	NOK/CURRENCY	
	2023	**2022**
AED	0.343	0.373
CAD	0.128	0.139
EUR	0.088	0.096
GBP	0.075	0.084
JPY	13.715	11.791
SGD	0.135	0.149
USD	0.097	0.104

At 31 December 2023 and 2022, foreign exchange hedges show the value changes:

	Thousand euro							
	2023				2022			
	Short term		Long term		Short term		Long term	
Foreign exchange hedges	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases
Cash flow hedges	(5,073)	824	(441)	(127)	6,344	(2,194)	(587)	(913)
Total	**(5,073)**	**824**	**(441)**	**(127)**	**6,344**	**(2,194)**	**(587)**	**(913)**

Information on foreign exchange cash flow hedges is as follows:

- The gross amount reclassified from equity to the consolidated income statement was a loss of €2,090 thousand (gain of €2,350 thousand in 2022).
- Extension expenses (recognised ineffectiveness) amount to €2,307 thousand in 2023 (€2,074 thousand in the previous year) and are recognised under "Financial income/(expense)" in the consolidated income statement.

The fair value of the above-mentioned contracts in force at 31 December 2023 and 2022 breaks down as follows:

Foreign exchange risk hedges for financial assets	Thousand euro	
	Exports	Imports
Short term	718,651	168,339
Long term	140,713	34,817
Total 31.12.2023	**859,364**	**203,156**

Foreign exchange risk hedges for financial assets	Thousand euro	
	Exports	Imports
Short term	786,554	192,536
Long term	196,324	50,107
Total 31.12.2022	**982,878**	**242,643**

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 was 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 2021-2023 and in the policy approved by the 2023 Annual General Shareholders' Meeting for 2024-2026, which came into force on the approval date (30 June 2023) and will remain in effect to 31 December 2026.

The annual amounts applicable for 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; €24 thousand for membership of the Strategy Committee and €24 thousand for membership of the Executive Delegate Committee set up in September 2023. The chairs of each committee receive 1.5 times the above amounts. The Board members weighted average remuneration totalled €162 thousand in 2023.

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) and the amount proportional to his time spent on the Executive Delegate Committee (€12 thousand).

In view of the special dedication required of the office of Lead Independent Director, this position receives an annual fixed remuneration of €30 thousand.

The total remuneration accrued to each parent company director in 2023 and 2022 for membership of the administrative bodies breaks down as follows:

DIRECTORS' REMUNERATION (€) 2023								
	FIXED ALLOWANCE							
DIRECTOR	BOARD	AUDIT AND COMPLIANCE COMMITTEE	APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE	SUSTAINABILITY COMMITTEE	STRATEGY COMMITTEE	EXECUTIVE DELEGATE COMMITTEE	LEAD INDEP. DIRECTOR	TOTAL
LUIS ABRIL	80,000							80,000
BELEN AMATRIAIN (1)	80,000	40,000		36,000		8,000		164,000
JOKIN APERRIBAY	80,000		24,000		24,000			128,000
VIRGINIA ARCE (2)	80,000	60,000	8,000	16,000		8,000	30,000	202,000
AXEL ARENDT (3)	33,333		10,000		10,000			53,333
COLOMA ARMERO (4)	80,000	40,000	24,000		8,000			152,000
ANTONIO CUEVAS (5)	80,000		24,000	16,000		8,000		128,000
JOSÉ VICENTE DE LOS MOZOS (8)	49,333					8,000		57,333
ELENA GARCIA	40,000			8,000				48,000
F. J. GARCÍA	80,000				24,000			104,000
PABLO JIMÉNEZ DE PARGA (8)	40,000					8,000		48,000
IGNACIO MATAIX (9)	33,333							33,333
JUAN MOSCOSO DEL PRADO	80,000	40,000		24,000				144,000
MARC MURTRA (10)	550,000				36,000	12,000		598,000
OLGA SAN JACINTO (11)	80,000		18,533	24,000	16,000			138,533
ANGELES SANTAMARÍA (12)	40,000			8,000		8,000		56,000
MIGUEL SEBASTIÁN	80,000	40,000			24,000			144,000
BERNARDO VILLAZAN (13)	80,000		24,000	16,000	14,533	8,000		142,533
TOTAL	**1,666,000**	**220,000**	**132,533**	**148,000**	**156,533**	**68,000**	**30,000**	**2,421,066**
Weighted average remuneration								**162,306**

(1) Member of the Executive Delegate Committee as from September 2023; (2) Member of the Sustainability Committee to September 2023; and member of the Appointments, Remuneration and Corporate Governance Committee and the Executive Delegate Committee as from September 2023; (3) Board Director to May 2023; and member of the Strategy Committee and the Appointments, Remuneration and Corporate Governance Committee to May 2023; (4) Chair of the Appointments, Remuneration and Corporate Governance Committee to September 2023 and member of the Strategy Committee as from September 2023; (5) Member of the Sustainability Committee to September 2023, and member of the Executive Delegate Committee as from September 2023; (6) CEO as from May 2023 and Deputy Chair of the Executive Delegate Committee as from September 2023; (7) Board Director as from June 2023 and member of the Sustainability Committee as from September 2023; (8) Board Director as from June 2023, and member of the Executive Delegate Committee as from September 2023; (9) CEO to May 2023; (10) Chair of the Executive Delegate Committee as from September 2023; (11) Member of the Appointments, Remuneration and Corporate Governance Committee as from May to September 2023, and Chair as from that date; and member of the Strategy Committee to September 2023; (12) Board Director as from June 2023, member of the Sustainability Committee and the Executive Delegate Committee as from September 2023; (13) Member of the Strategy Committee as from May 2023; member of the Sustainability Committee to September 2023; and member of the Executive Delegate Committee as from September 2023.

DIRECTORS' REMUNERATION (€) 2022							
	FIXED ALLOWANCE						
DIRECTOR	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.

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	
	2023	2022
Life insurance	2	2
Health insurance	9	7
TOTAL	**11**	**9**

In 2023 and 2022 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 2023 or 2022.

The Directors did not receive any benefit or remuneration in 2023 or 2022 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 Shareholders' Meeting in June 2021 approved the Remuneration Policy for the period 2021-2023. The 2023 Annual General Shareholders' Meeting approved the Remuneration Policy for 2024-2026, which came into force on the approval date (30 June 2023), so the policy terms overlapped during 2023. They include a remuneration scheme setting out 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 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 targets.

On 31 December 2023, the MTI for the period 2021-2023 vested and the weighted payment coefficient resulting from the assessment of target fulfilment was 142.2%.

(iv) 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 (LTSP) which takes the form of a fixed contribution fund that is outsourced through an insurance policy.

The Long-Term Savings Plan is not a pension or retirement scheme, and receipt of the amount that the executive director accrues under the Plan is contingent. The time at which the director will have the right to receive the accumulated amount is set down in his/her contract for the provision of executive services.

In the case of the CEO, he will receive the amount accumulated in the Long-Term Savings Plan in the event that his contract is still in place when he reaches the age of 65, or the age agreed by the parties in the event of an agreed extension, regardless of whether or not he continues with the Company. It will be received either as capital, as a life annuity, or as a combination of both. The Executive Director and IT Managing Director will be entitled to receive the amount accumulated in the Long-Term Savings Plan in the event that his contract is still in place when he reaches the age of 62, regardless of whether or not he continues with the Company. It will be received either as capital, as a life annuity, or as a combination of both.

In both cases, the maximum amount receivable in this regard is limited to one year's total annualised target remuneration.

Annual contributions are determined as a percentage of the Executive Directors' annualised total target remuneration (ATTR) (15% in the case of the CEO and 5% in the case of the Executive Director and 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 targets set for Executive Directors, as well as the procedure and methodology for measuring compliance.

2.2. Amounts of remuneration

In 2023, the composition of Senior Management was as follows:

		Berta Barrero (i)	*Transport*
		Manuel Escalante (i)	*Defence & Security*
Ignacio Mataix	*CEO (to May 2023)*	Jorge Estévez (i)	*Corporate Services and Media*
José Vicente de los Mozos	*CEO (as from May 2023)*	Luis de León (ii)	*Defence & Security Operations*
Luis Abril	Executive Director and IT Managing Director	Fabiola Gallego (i)	*General Secretary and Legal Counsel*
		Borja García-Alarcón	*Chief Financial Officer*
		Antonio Mora	*Management Control*
		Borja Ochoa	*Defence & Security*
		Luis Permuy (i)	*ASOMAF*
		Raúl Ripio	*Mobility Technology*
		Javier Ruano	*ATM*
		Juan Pedro Rodriguez Veiga (i)	*Minsait (International)*
		Miguel Ángel Morell (iii)	*Chief Tech Officer*
		Sofia Collado (iii)	*Chief Human Resources Officer*
		David Santos (iii)	*Chief Legal Officer*
		Jesús Presa (iii)	*Chief Communications Marketing Officer*
		Manuel Ausaverri (iii)	*Chief Strategy Officer*

(i) To end of June 2023
(ii) To November 2023
(iii) As from July 2023

Set out below is a breakdown of Executive Directors' remuneration:

(€ thousand)	*Cristina Ruiz*		*Ignacio Mataix*		*José Vicente de los Mozos*		*Luis Abril*	
	CEO (to April 2022)		*CEO (to May 2023)*		*CEO (as from May 2023)*		*Executive Director. IT Managing Director (as from April 2022)*	
	2023	***2022***	***2023***	***2022***	***2023***	***2022***	***2023***	***2022***
FR	--	*189*	*252*	*644*	*410*	--	*550*	*406*
AVR	--	*281*	*388*	*1,063*	*662*	--	*865*	*590*
MTR	*3,699*	--	*9,156*[3]	--	--	--	*4,243*[5]	--
Benefits in kind	--	*7*	*22*	*55*	*20*	--	*34*	*22*
Sum	***3,699***[1]	***477***	***9,818***	***1,762***	***1,092***	**--**	***5,692***	***1,018***
Other	--	*3,616*[2]	*4,641*[4]	--	--	--	--	--
PALP	--	--	--	*424*	*231*	--	*110*	*73*
TOTAL	***3,699***	***4,093***	***14,459***	***2,186***	***1,323***	**--**	***5,802***	***1,091***

(1) It includes the proportional part of the amount of the 2021-2023 MTI (MTR) for Ms. Ruiz's term of office as Board director. The MTR relates to 264,243 gross shares reflecting an overall payment coefficient of 142.2%, common to all the beneficiaries and calculated based on target fulfilment for this incentive. The price considered to calculate the amount reflected in this table is the share price at 31 December 2023, the incentive vesting date, as delivery has not taken place at the issuance date of the annual accounts.

(2) 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 thousand).

(3) It includes the 2021-2023 MTI for the full period, as agreed in the mutual termination of Mr. Mataix's agreement for services. The MTR relates to 654,001 gross shares reflecting an overall payment coefficient of 142.2%, common to all the beneficiaries and calculated based on target fulfilment for this incentive. The price considered to calculate the amount reflected in this table is the share price at 31 December 2023, the incentive vesting date, as delivery has not taken place at the issuance date of the annual accounts.

(4) The amount indicated includes the indemnity received by Mr. Mataix due to the termination of his contractual relationship in May 2023 (€2,640 thousand). This also includes the remuneration accrued under the non-compete agreement with the Company (€1,980 thousand) and the amount reflecting accrued holidays not taken included in the final settlement (€21 thousand).

(5) It includes the proportional part of the 2021-2023 MTI (MTR) for the period from his appointment as Executive Director and IT Managing Director (21 April 2022 to 31 December 2023). The MTR relates to 303,052 gross shares reflecting an overall payment coefficient of 142.2%, common to all the beneficiaries and calculated based on target fulfilment for this incentive. The price considered to calculate the amount reflected in this table is the share price at 31 December 2023, the incentive vesting date, as delivery has not taken place at the issuance date of the annual accounts.

The amounts pertaining to the other **Senior Managers** who are not Executive Directors are as follows:

(€ thousand)	***2023*** (1)	***2022*** (2)
FR	*3,610*	*3,079*
AVR	*3,666*	*3,532*
MTR (3)	*18,990*	--
Benefits in kind	*295*	*247*
Sum	***26,561***	***6,858***
Other (4)	*832*	*2,429*
PPALP	--	--
TOTAL	***27,393***	***9,287***

(1) Data concerning the Senior Managers listed at the beginning of this section 2.2 (including Luis Abril Mazuelas to April 2022 as regards the medium-term incentive and excluding the Executive Directors)

(2) Data concerning the Senior Managers in their roles during 2022 (including Luis Abril to April 2022 and excluding the Executive Directors).

(3) The MTR relates to 1,356,453 gross shares reflecting an overall payment coefficient of 142.2%, common to all the beneficiaries and calculated based on target fulfilment for this incentive and on each senior manager's term of office. The price considered to calculate the amount reflected in this table is the share price at 31 December 2023, the incentive vesting date, as delivery has not taken place at the issuance date of the annual accounts.

(4) In 2023, it includes the amounts received by the ex-senior managers Ms Barrero, Ms Gallego and Mr De León on termination of their employment relationships (€609 thousand), and accrued holidays not taken included in their respective settlements (€36 thousand); international removal costs incurred by Mr. De León (€12 thousand); and the amount paid by the Company (€175 thousand) under the non-compete clause agreed with the ex-senior managers Ms Barrero and Mr Gavín.

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.

The amounts of AVR included in the tables 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 during the year. The amounts included in the Annual Report on Directors' Remuneration and the Annual Corporate Governance Report do not match those reflected in this note because they follow the approach set out in CNMV Circular 3/2021 of 28 September, which entails including, in addition, the amounts pertaining to the deferred shares delivered to the executive directors during the year as AVR for prior years (vesting criterion), which were not included in the corresponding periods since delivery was subject to further conditions (malus clauses).

The amounts of contributions to the Long-Term Savings Plans are disclosed in this note following the criteria established by the accounting legislation applicable to the Company, although as noted, their receipt by the Executive Director is contingent. The total remuneration in the Annual Report on Directors' Remuneration 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, as reflected in the tables in this note, accrued at the end of the period, so the relevant amount is included for both the executive directors and the senior managers. As mentioned previously, this incentive is settled in shares. The shares will be delivered over the course of April 2024. Therefore, the amount reflected was calculated by multiplying the number of shares alloted by the share price at 31 December 2023, the incentive vesting date.

In 2023 and 2022, no stock options were granted to Executive Directors or Senior Management personnel, nor did they exercise any options on the parent company's shares.

Executive Directors and Senior Management personnel did not receive any benefits, compensation or remuneration in 2023 or 2022 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 and 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. In the event of the termination of their contract for reasons that cannot be attributed to the CEO themselves (unilateral voluntary termination by the Company or a significant modification of their duties or service provision conditions), the CEO is entitled to receive compensation equivalent to one year's ATTR and the Executive Director and IT Managing Director is entitled to receive compensation equivalent to 60% of his ATTR.

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 ATTR for the notice period infringed.

Furthermore, these contracts include a post-contractual non-compete clause for a period of one year following termination of their relationship with the Company, compensated in an amount equivalent to 0.75 times their ATTR in the case of the CEO and 0.60 times their ATTR for the Executive Director and IT Managing Director. Furthermore, on terminating the CEO's contract in 2023, the Company triggered the one-year post-contractual non-compete clause, giving rise to compensation of 0.75x his ATTR.

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 Board directors are entitled to receive the balance accumulated in the Long-Term Savings Plan: in the CEO's case, in the event that his contract remains in force when he reaches 65 years of age; and in the case of the Executive Director and IT Managing Director, only on reaching the age of 62. In both cases, the maximum amount receivable is limited to one year's total annualised target remuneration.

The special features of the senior manager contracts at 31 December 2023 are described below:

- The contracts of two senior managers include a temporary indemnity right for an amount equivalent to between one and two years of their total annualised 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 contract of a senior manager, as is the case with the executive directors, provides for a three-month notice period in the event of the termination of their professional relationship by the Company, which, if not observed, leads to the same compensation described previously.

- The contracts of four 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 2023 and 2022 amounted to €364 thousand and €440 thousand, respectively.

39) Information reported by 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, 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 2023, including capitalised projects (Note 9), amounted to €66,514 thousand, equivalent to 1.5% 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 67% of the total R&D&i expenses incurred by the Group. In 2022, expenditure on R&D&i projects amounted to €53,426 thousand, equivalent to 1.4% of the Group's total sales.

Non-capitalised R&D&i expenditure incurred in 2023 amounted to €45,017 thousand (€38,393 thousand in 2022).

In addition, the 2023 consolidated income statement reflects development expenses in other kinds of projects amounting to €306,099 thousand (€229,978 thousand in 2022) (see the Management Report).

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 2023.

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 2023.

The Group 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, located at Avd. de Bruselas 35 (Arroyo de la Vega) - 28108 Alcobendas (Madrid); Torrejón, located at Ctra. de Loeches, 9 - 28850 Torrejón de Ardoz, Madrid; San Fernando, located at Cl. Mar Egeo, s/n - 28830 San Fernando de Henares (Madrid); Aranjuez, located at Cl. Joaquín Rodrigo, 11 - 28300 Aranjuez (Madrid); Ciudad Real, located at Ronda de Toledo, s/n - 13003 Ciudad Real (Ciudad Real); Bembibre, located on the Bierzo Alto Industrial Estate, plots K-5 and K-10 - 24318 San Román, Bembibre (León); Valencia, located at Avd. Cardenal Benlloch, 67 - 46021 Valencia (Valencia); Malaga, located at Cl. Severo Ochoa, 23 (Parque Tecnológico de Andalucía) - 29590 Campanillas (Malaga); Coslada Simulation Centre, located at Avd. de Europa, 4 - 28821 Coslada (Madrid); Edificio Japón 2 in San Fernando, located at Avd. de Castilla, 2 (San Fernando Business Park, Ed. Japón) - 28830 San Fernando de Henares (Madrid); Edificio VEGA5 (FCAS project) in Alcobendas, located at Cl. Francisca Delgado, 9 - 28108 Alcobendas (Madrid); Puerto de Santa María, located at Cl. Pitágoras, 11 (Salinas De Poniente Industrial Estate) - 11500 Puerto De Sta. María (Cádiz); Seville-Bollullos, located at Ctra. Prado de la Torre, s/n - 41110 Bollullos De La Mitación (Seville); Edificio @22 Barcelona, located at Carrer de Roc Boronat, 133 - 08018 Barcelona (Barcelona); Edificio KENYA in San Fernando de Henares, located at Avd. de Castilla, 2 (San Fernando Business Park, Ed. Kenia)

- 28830 San Fernando de Henares (Madrid); Sierra de Guadarrama, located at Cl. Sierra de Guadarrama, 80 - 28830 San Fernando de Henares (Madrid); Nave Lean, located at Cl. Guarnicioneros, 3 - 28830 San Fernando de Henares (Madrid); Fuente Álamo, located at Ctra. el Estrecho-Lobosillo, Km 2 Plot 2.9.1. - 30320 Fuente Álamo (Murcia); Rio Do Pozo, located at Avd. Dos Ferreiros, 5-7 - 15578 Narón, Ferrol (La Coruña); Kuehne Nagel Warehouse, located at Cl. Tajo, 8 (Acacias Industrial Estate) – 28840 Mejorada Del Campo (Madrid); Barberá, located at Carrer De Marie Curie 2b Warehouse 4 (Parc Del Moli) - 08210 Barberá Del Vallés (Barcelona); Edificio Inneo, located at Cl. Samontà, 21-25 - 08970 Sant Joan Despí (Barcelona); Edificio Kenya, located at Avd. de Castilla, 2 (San Fernando Business Park, Ed. Kenia) - 28830 San Fernando de Henares (Madrid); Edificio de Miguel Yuste, located at Cl. De Miguel Yuste, 45 - 28037 Madrid (Madrid); Edificio de La Grela, located at Ctra. Baños De Arteixo, 47 - 15007 La Coruña (La Coruña); Edificio de Axpe, located at Cl. Ribera De Axpe, 11 - 48950 Erandio (Vizcaya); Lisbon, located at Estrada do Seminário, 4 (Afrapark - Edifício C) - 2610-171 Amadora (Portugal); Oporto, located at Avd. da Boavista, 772 (Edificio Boavista) - 4100-111 Oporto (Portugal); Edificio MILAN2, located at Viale Monza, 338 - 20128 Milan (Italy); Edificio Serafico, located at Via Del Serafico, 200 - 00142 Rome (Italy); Edificio Basadre, located at Avd. Jorge Basadre, 233 - 15073 San Isidro, Lima (Peru); Edificio Jesús María, located at Avd. República de Chile, 388 - 15072 - Jesús María, Lima (Peru); LIMA ATE, located at Avd. Prolongación Boulevard, 1048 – 15023 Ate, Lima (Peru); Sao Paulo, located at Avd. Guido Caloi, 1002 (Torre III) - 05802-140 Jardim São Luís, São Paulo (Brazil); Barranquilla, located at Carrera 51b, 80-58 (Edificio Smart Office Center) - Barranquilla (Colombia); Edificio Pereira. located at Carrera 17, 12 - 124-660006 Pereira (Colombia); Medellín Itagui, located at Carrera 42, 66-55 - 05412 - Itagüí, Medellín Colombia; Edificio Calle 93 located at Calle 93, 16-25 - Bogotá (Colombia); Whiteley, located at Parkway, 4500 (Solent Business Park) - PO15 7AZ Whiteley, Fareham (United Kingdom).

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

In view of the Company's activity and business model, no significant physical or transition risks associated with climate change have been identified that could have affected its financial statements in 2023.

As described in the Sustainability Report and Non-Financial Information Statement, which form part of Indra's Management Report, in 2023 the Company updated its analysis of climate change risks and opportunities to include various scenarios, in line with the TCFD (Task Force on Climate Related Financial Disclosure) recommendations.

This meant identifying and analysing physical and transition risks, as well as the opportunities open to Indra in the work it carries out: The basis for the analysis was five scenarios, expressed both in quantitative and qualitative terms, which were used to identify the climate-related risks and opportunities associated with Indra's operations over a 30-year period beginning in 2019.

- The IEA's Stated Policies Scenario (STEPS): Explores the outlook for the energy system without a major push from policymakers towards stricter regulation. Physical and transition risks are equally balanced.
- The IEA's 2°C Scenario (2DS): Describes an energy system consistent with limiting the increase in global temperatures to 2°C. Physical and transition risks are equally balanced.
- The IEA's Net Zero Emissions by 2050 Scenario (NZE): Argues for the need to achieve net zero CO_2 emissions by 2050. Transition risks are more relevant here.
- RCP 2.6, the IPCC's "very stringent" pathway: Requires a reduction in emissions by 2020 and net zero by 2100 in order to keep temperature increases below 2°C. Transition risks are more relevant here.
- RCP 8.5, the IPCC's "business-as-usual" scenario: In this scenario, physical risks are the most important to consider due to the increase in climate events, including chronic Climate Change events.

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 relate to the financial, reputational and competitive impact of the increasingly stringent climate regulations being introduced across the world. These compliance risks could affect the Company and its access to capital and markets. The Company has therefore set out an ambitious decarbonisation pathway including science-based emission reduction targets, in line with trends and best practices. Given the non-carbon-intensive nature of the Company's activities and in view of the mitigation measures in place, the financial impact of climate risks is 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 significant cost overrun.

For further information, see the 2023 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 2023 and 2022 are as follows:

	Thousand euro	
	2023	
	Fees of the principal auditor or its network firms (1)	**Fees of other auditors or their network firms (2)**
Audit services	2,562	336
Non-audit services		
Services required by accounting legislation	74	1
Other assurance services	101	5
Tax services	4	97
Other services	-	49
Total professional services	**2,741**	**488**

	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**

(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 2023 and 2022, commercial 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 2023 and 2022 break down as follows, by nature:

	2023 (Thousand euro)		
Nature of the transaction	**With shareholders (SEPI Group)**	**With shareholders (Prisa Group)**	**Total 31.12.2023**
Sales of goods and services	22,169	3,560	25,729
Purchase of goods and services	627	-	627
	22,796	**3,560**	**26,356**

	2022 (Thousand euro)
Nature of the transaction	**With shareholders (SEPI Group)**
Sales of goods and services	54,926
Purchase of goods and services	401
	55,327

	2023 (Thousand euro)		
Year-end balances	**With shareholders (SEPI Group)**	**With shareholders (Prisa Group)**	**Total 31.12.2023**
Trade and other receivables	7,379	1,429	8,808
Trade and other payables	16	-	16
	7,395	**1,429**	**8,824**

	2022 (Thousand euro)
Year-end balances	**With shareholders (SEPI Group)**
Trade and other receivables	29,917
Trade and other payables	36
	29,953

a) Transactions with shareholders

"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.

The Prisa Group is included in the scope of the Group's related companies, since Amber Capital, a significant shareholder represented on Indra's Board of Directors, has significant influence at Prisa.

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:

	2023 (Thousand euro)		**2022 (Thousand euro)**	
	With shareholders	**With Directors**	**With shareholders**	**With Directors**
SEPI Group	12,366	-	7,419	-
SAPA	3,508	-	2,105	-
Directors	-	23	-	35

b) Transactions with Directors

No transactions were carried out with Board Directors or parties related to them in 2023 or 2022, 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 (*)	
	31.12.2023	**31.12.2022**
Total income	485,219	423,006
Total expenses	4,196	2,525
Total receivables	76,604	43,116
Total payables	721	255

(*) 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 2023 or 2022.

Senior Management remuneration is analysed in Note 38.2.

e) Transactions with associates

	2023 (Thousand euro)			
	Receivable	**Payables**	**Income**	**Expens**
Associates	15,388	62,616	40,147	837
	15,388	**62,616**	**40,147**	**837**

	2022 (Thousand euro)			
	Receivable	**Payables**	**Income**	**Expens**
Associates	35,764	57,949	46,930	1,100
	35,764	**57,949**	**46,930**	**1,100**

These amounts include balances and transactions with companies in which Indra and other related parties have an interest (Saes Capital, S.A., S.M.E.; Sociedad Anónima de Electrónica Submarina, S.M.E.; Sainsel Sistemas Navales, S.A.U., S.M.E.; and Tess Defence, S.A.).

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 2023 and 2022 are as follows:

	Thousand euro	
	2023	**2022**
Non-current assets	83,683	85,105
Current assets	88,032	70,819
Non-current liabilities	(80,535)	(81,560)
Current liabilities	(87,059)	(73,867)
Revenue	(109,650)	(79,398)
Subcontracting and other expenses	105,528	78,900

Appendix II lists the temporary consortia in which the Group has been involved.

44) Events after the reporting period

- On 18 January, Indra renewed its Top Employer certificate for the sixth consecutive year. This certificate recognises companies offering the best working environment and professional development, highlighting Indra's and Minsait's commitment to talent.

- On 1 February, the Company's CFO, Borja García-Alarcón, informed the Company of his decision to resign at the end of February, once the accounts have been drawn up and the FY 2023 results presented, in order to begin a new phase of his professional career. The Company reports that the process for an orderly succession in financial management has been initiated.

- On 5 February 2023, the Company completed the acquisition of 65% of Global Training Aviation, S.L. for €18,723 thousand, thereby reaching 100% of share capital and becoming one of the few companies in the world capable of covering the entire value chain in this business, from the development of the most advanced simulators and training systems to the provision of training services for civil and military pilots.

- On 12 February 2024, the Supreme Court's Contentious-Administrative Chamber issued an Order admitting the cassation appeal filed by the parent company against the National High Court Judgement of 20 September 2023, which dismissed the parent company's contentious-administrative appeal against the CNMC's Penalty Ruling of August 2018.

- On 27 February, the Board approved the Group's Strategic Plan, which will be announced on 6 March. The new Strategic Plan seeks to make Indra Spain's benchmark multinational in the Defence, Aerospace and Advanced Digital Technology markets.

- On 19 January, the Constitutional Court issued a judgement declaring the unconstitutionality of RDL 3/2016 of 2 December, which contained various restrictive tax measures. This judgement has had a direct, positive impact on the Spanish consolidated Group's corporate income tax returns for 2016-2022, as they have all been duly contested. The effect of the judgement has been reflected in the 2023 Annual Accounts, except for the effect on 2022, as the 2022 tax return was contested after 31 December 2023.

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.

Details of Group companies at 31 December 2023

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	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	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	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.

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 2023

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.
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 Payment 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.

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 2023

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.
Indra Soluciones Tecnologias de la Informacion Romania S.A.,	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.

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 2023

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.
Indra Australia Pty Ltd	Sydney (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.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Digitalisation 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.U.	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 Infrastructure 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 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 2023

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.
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.
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

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 2023

Name	Address	Activity
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.
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.
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 TyD 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
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.U.	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.

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 2023

Name	Address	Activity
ALG Global Infrastructure 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 Enel
Baltik IT, S.I.A.	Riga, Latvia	BPO (document management, recovery and commercial back office outsourcing) for Enel
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.
Indra Gestión de Usuarios, S.LU.	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.

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Details of Group companies at 31 December 2023

Name	Address	Activity
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).
Antexia Technologies, SL	Vigo (Pontevedra)	Provision of civil engineering, consulting and technical assistance services. Design and development of multi-sector technology, solutions and services, focusing mainly on the Defence and Security Industry.
Park Air Systems Ltd	UK	Design, engineering and manufacture of systems and customer training activities in its own facilities.
Deuser Tech Group, S.L	Córdoba (Spain)	Software and hardware engineering, selling of all kinds of computer processing and telecommunication-related products. Advice, consultancy and professional technical assistance for business, industry and institutions, i.e. for any type of industry.
Indra- Soluções de Tecnologia da informação Angola, LDA.	Angola	Management system and technology consulting services.
I.C.A. Sistemas y Seguridad SL	Spain	Import, export, purchase, sale, marketing, development and installation of systems, components, devices and electronic computer equipment, as well as all services related to the electronics and IT sectors; any other activities directly or indirectly related to the above.
Minsait Payment Systems Colombia, SAS	Colombia	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.
Minsait Payments Brasil Ltda	Brazil	Data processing, application service providers and internet services. Technical support, maintenance and other IT services.
Tramasierras 2021, SL	Spain	Purchase, sale, administration and exploitation of real estate, and the purchase, sale and administration of securities; tax, economic, financial, accounting, legal, labour, IT, business, commercial and administrative studies and advice for all kinds of individuals and legal entities.
Pecunia Cards EDE, SL	Spain	I. Issuance of means of payment in the form of electronic money, i.e. any monetary value stored in electronic or magnetic media representing a receivable from the issuer, which is issued on receipt of funds for the purpose of completing payment transactions, as defined in I.1 Issuance of means of payment in the form of electronic money, i.e. any monetary value stored in electronic or magnetic media representing a receivable from the issuer, which is issued on receipt of funds for the purpose of completing payment transactions, as defined in I.
Soluciones Tecnológicas Normax, S.L.	Spain	Development and marketing of computer software
NAE Comunicaciones, S.L.U.	Spain	Network management and deployment
NAE Consulting Colombia	Colombia	Network management and deployment

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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.
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	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	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, S.L.	Madrid (Spain)	Consulting, learning and training services for airlines and initiation and recycling courses for pilots.
Startical, S.L.	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 C.V.	Mexico City	Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems.
Visión Inteligente Aplicada S.A de C.V.	Mexico City	Services provided
EFI Túneles Necaxa SA de C.V.	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 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.U.	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.U.	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.

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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.

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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	Sydney (Australia)	Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems.
Indra BPO, S.L.U.	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.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Digitalisation 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.U.	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 Infrastructure 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.

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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, A.S.	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.

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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 TyD 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 Infrastructure Advisors, S.L.U.	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.

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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.U.	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.U.	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).

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	Mexico City	Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems.
Visión Inteligente Aplicada S.A de C.V	Mexico City	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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Financial data of Group companies at 31 December 2023

Name	Shareholdings			Equity	Total operating	Individual
	Direct	Indirect	Total			
INDRA GROUP				**1,135,968**	**4,375,974**	**208,696**
1. Parent company						
Indra Sistemas, S.A.				**818,504**	**1,414,903**	**52,203**
2. Subsidiaries						
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	3,208	4,512	22
Indra Sistemas de Comunicaciones Seguras, S.L.U.	-	100%	100%	7,529	4,202	264
Inmize Capital, S.L.	80%	-	80%	1,629	-	(2)
Inmize Sistemas, S.L.	-	40%	40%	3,411	729	83
Teknatrans Consultores, S.L.U.	100%	-	100%	1,143	9,968	665
Indra Holding TI Group	**100%**	**-**	**100%**	**1,376,696**	**2,580,815**	**100,117**
Prointec Group	**100%**	**-**	**100%**	**(14,982)**	**33,439**	**(2,427)**
Indra Advanced Technology, S.L. Group	**100%**	**-**	**100%**	**55,018**	**37,936**	**1,077**
Indra Tecnología Brasil	100%	-	100%	264	95	3
Indra Sistemas Chile, S.A.	100%	-	100%	19,760	44,962	(1,422)
Azertia Tecnologías de la Información Argentina, S.A.	99.94%	0.06%	100%	(32)	-	13
Indra SI, S.A.	82.90%	12.84%	96%	8,388	39,144	6,836
Computación Ceicom, S.A.	95%	-	95%	(8)	-	(8)
Indra USA, Inc	100%	-	100%	60,869	33,831	5,852
Minsait ACS, INC	-	100%	100%	(6,648)	23,742	(8,108)
Indra Panamá, S.A.	100%	-	100%	(1,011)	18,553	(357)
Indra Sistemas Portugal, S.A.	100%	-	100%	11,814	27,510	637
Indra Navia A.S. (Norway)	100%	-	100%	13,832	69,515	6,789
Normeka, A.S.	-	66%	66%	3,381	6,501	438
Indra Turkey	100%	-	100%	14	-	(14)
Indra Maroc S.A.R.L.U.	100%	-	100%	(1,035)	495	1
PT Indra Indonesia	99.99%	0.01%	100%	107	-	(26)
Indra Arabia Company LTD. (Arabia)	95%	5%	100%	22,377	35,360	2,522
Indra Technology Solutions Co Ltd (Arabia)	100%	5%	100%	(163)	9,502	25
Indra Beijing Information Technology Systems Ltd.	100%	-	100%	698	1,510	(327)
Indra Australia PTY Limited	100%	-	100%	8,130	27,872	3,677
Indra Sistemas India Private Limited	100%	-	100%	1,442	898	246
Indra Technology Solutions Malasya Sdn. Bhd	100%	-	100%	(987)	462	(241)
Indra L.L.C. (Oman)	99%	1%	100%	3,970	7,518	59
Indra Corporate Services, S.L.U.	100%	-	100%	1,424	11,598	442
Indra Corporate Services México S.A de C.V.	0.01%	99.99%	100%	(742)	2,104	(503)
Indra Corporate Services Philippines, INC	0.01%	99.99%	100%	27	-	(17)
Indra Sistemas Transporte y Defensa, S.A De C.V	100%	-	100%	3,485	21,014	795
Indra TyD SAC	100%	-	100%	337	17,571	716
Indra Factoria Tecnología	100%	-	100%	493	27,647	358
ALG Global Infrastructure Advisors, S.L.	100%	-	100%	14,171	27,372	3,456
ALG Global Infrastructure Advisor Brasil Ltda	20%	80%	100%	1,947	3,599	1,093
Sistemas Informáticos Abiertos, S.A.	100%	-	100%	29,157	119,014	9,601
Mss Managed Security Services Gmbh	-	100%	100%	377	1,110	4
Net Studio, S.P.A.	-	100%	100%	2,468	9,137	(118)
Mobbeel Solutions, S.L.	-	100%	100%	716	1,941	126
Mobbeel Innovation Labs, S.L.	-	100%	100%	15	552	1
Aplicaciones de Simulación Simtec, S.L.	100%	-	100%	2,018	5,816	(659)
Indra Air Traffic INC	100%	-	100%	41,979	16,993	(1,294)
Park Air Systems Ltd	100%	-	100%	15,230	12,542	1,148
Antexia Technologies, SL	100%	-	100%	2,829	-	(274)
I.C.A. Sistemas y Seguridad, S.L.	-	100%	100%	2,212	7,173	242

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 2023

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.	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				**1,376,696**	**2,580,815**	**100,117**
1. Parent company						
Indra Holding Tecnologia de la				**1,125,835**	**601**	**39**
2. Subsidiaries						
Indra Soluciones TI Group	**100%**	**-**	**100%**			
BPO Group	**100%**	**-**	**100%**	**90,051**	**123,988**	**6,829**
Business Consulting Group	**100%**	**-**	**100%**	**53,218**	**91,695**	**6,188**
Minsait Group	**100%**	**-**	**100%**	**91,833**	**191,168**	**18,113**
Paradigma Digital, Sl	100%	-	100%	14,812	63,532	1,552
Flat 101	100%	-	100%	8,600	13,175	2,239
The Overview Effect, SL	-	75%	75%	936	1,606	(173)
3. Associates						
Tagsonomy (DIVE)	10.38%	-	10.38%	-	-	-

Appendix I

Financial data of Group companies at 31 December 2023

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
Indra Soluciones TI Group composition				**1,109,722**	**2,206,185**	**80,070**
1. Parent company						
Indra Soluciones Tecnologia de la Información, S.L.U.				**858,955**	**1,304,005**	**24,176**
2. Subsidiaries						
Indra III Soluções de Tecnologia da Informação Portugal	100%	-	100%	5,651	34,354	(908)
Indra Soluções de Tecnologia da Informação Angola, LDA.	-	100%	100%	317	39	9
Indra Producción de Software, S.L.U.	100%	-	100%	34,891	150,533	17,822
Indra Italia S.P.A. (Italy)	100%	-	100%	67,485	188,969	8,372
Softfobia	-	100%	100%	2,317	3,065	(195)
Unclick Srl	-	100%	100%	152	499	(14)
Riganera Srl	-	100%	100%	80	255	(89)
Smart Paper		70%	70%	12,950	30,204	(176)
Smart Test		100%	100%	2,514	8,106	(538)
Baltik IT		100%	100%	2,512	3,586	696
Indra Czech Republic S.R.O.	100%	-	100%	1,771	2,246	602
Indra Sistemas Polska Sp.z.o.o.	100%	-	100%	(465)	660	88
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	460	1,491	176
Indra LTDA (Kenya)	100%	-	100%	5,848	8,593	1,454
Tecnocom Peru, S.A.C.	100%	-	100%	9,252	141	(143)
Tecnocom Colombia, S.A.	100%	-	100%	388	-	71
Indra Colombia LTDA	100%	-	100%	25,118	110,105	(834)
Soluciones y Servicios Indracompany Uruguay, S.A.	100%	-	100%	274	5,846	(142)
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	100%	-	100%	36,816	39,030	895
Minsait Brasil Ltda	100%	-	100%	28,755	176,024	7,086
Indra Perú, S.A.	100%	-	100%	11,932	90,084	2,166
Indra Sistemas México, S.A. de C.V.	100%	-	100%	13,615	131,464	(4,107)
Indra Soluciones Tecnologías de la Información Romania, SA	51%	-	51%	2,882	2,091	670
Indra Bahrain Consultancy SPC	100%	-	100%	13,817	7,077	204
Indra Philippines INC	50%	-	50%	27,546	48,235	4,925
Morpheus Aiolos, S.L. (Afterbanks)	100%	-	100%	866	1,872	16
Arcopay, S. de R.L de C.V.	100%	-	100%	(58)	-	(37)
Afterbanks Ltd	100%	-	100%	(35)	-	-
Consultoría Organizacional, S.A.S.	100%	-	100%	2,766	10,140	(144)
Gestión de Usuarios, S.L.	100%	-	100%	37,107	105,372	6,987
Indra- Soluções de tecnologia da informação Angola, LDA.	100%	-	100%	317	39	9
Deuser Tech Group, S.L	100%	-	100%	778	5,523	794
BPO Group composition				**90,051**	**123,988**	**6,829**
1. Parent company						
Indra BPO, S.L.U.				**65,198**	**25,812**	**3,952**
2. Subsidiaries						
Indra BPO Servicios, S.L.U.	100%	-	100%	42,401	92,125	3,651
Indra II Business Outsourcing Portugal, Unipessoal, Limitada	-	100%	100%	748	1,880	140
OUAKHA Services, Sarl AU (Morocco)	100%	-	100%	(379)	-	(9)
Indra BPO Hipotecario, S.L.U.	100%	-	100%	3	-	-
Indra BPO México, S.S. de C.V.	100%	-	100%	11,982	4,706	221
Indra Servicios Perú SAC	100%	0.10%	100%	(497)	641	(442)
Business Consulting Group composition				**53,218**	**91,695**	**6,188**
1. Parent company						
Indra Business Consulting, S.L.U.				**32,685**	**62,078**	**1,352**
2. Subsidiaries						
Indra Business Consulting ALG Mexico S.A. de C.V.	100%	-	100%	8,670	26,211	2,428
Europraxis-ALG Consulting Andina, S.A.C. (Peru)	100%	-	100%	260	-	(3)
Europraxis ALG Consulting Maroc, S.A. (Morocco)	65.71%	34.29%	100%	(54)	-	(10)
NAE Comunicacions, S.L.U.	100%	-	100%	4,019	-	-
NAE Consulting Colombia	-	100%	100%	-	-	-

Financial data of Group companies at 31 December 2023

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
Minsait Group composition				**91,858**	**191,168**	**18,139**
1. Parent company						
Minsait Payments Systems, SL				42,055	68,758	(2,219)
2. Subsidiaries						
Minsait Payments Systems Chile, S.A.	99.98%	0.02%	100%	30,697	28,457	18,236
Minsait Payment Systems México	100%	-	100%	12,285	20,106	1,890
Tecnocom Procesadora de Medios de Pago,	100%	-	100%	3,376	6,974	2,976
Minsait Payments Systems Perú	100%	-	100%	4,544	5,037	1,601
Credimatic	100%	-	100%	6,219	10,818	3,218
Operadora de Tarjetas de Crédito Nexus, S.A.	100%	-	100%	10,684	71,177	13,211
Tecnocom Chile, S.A.	100%	-	100%	6,190	9,369	575
Minsait Payment Systems Portugal,	100%	-	100%	(25)	416	(35)
Minsait Payment Systems Colombia, SAS	100%	-	100%	179	193	67
Minsait Payments Brasil Ltda	100%	-	100%	51	348	49
Tramasierras 2021, SL	100%	-	100%	33,867	-	(2)
Pecunia Cards EDE, S.L.	-	100%	100%	5,494	2,360	312
Soluciones Tecnolçogicas Normax, SL	-	100%	100%	2,263	161	(75)
Prointec Group composition				**(14,982)**	**33,439**	**(2,427)**
1. Parent company						
Prointec, S.A.U.				(13,781)	23,418	(4,302)
2. Subsidiaries						
Consis Proiect SRL (Romania)	100%	-	100%	3,111	5,138	1,581
Ingenieria de Proyectos de Infraestructuras	100%	-	100%	6,739	3,727	1,481
Prointec Engenharia, Ltda. (Brazil)	100%	-	100%	257	875	(65)
Prointec Panama, S.A.	75%	-	75%	(122)	-	-
Prointec USA LLC	100%	-	100%	403	621	38
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				**55,018**	**37,936**	**1,077**
1. Parent company						
Indra Advanced Technology, S.L.U.				50,306	-	861
2. Subsidiaries						
Avitech GmbH (Germany)	100%	-	100%	10,255	27,441	(480)
Avitech S.R.O. (Slovakia)		100%	100%	1,550	10,495	696

Financial data of Group companies at 31 December 2022

Name	Shareholdings Direct	Indirect	Total	Equity	Total	Individual
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%	50%	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 TD 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

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Appendix I

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.	23.50%	-	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

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
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 Infrastructure 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

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Financial data of Group companies at 31 December 2022

Name	Shareholdings Direct	Indirect	Total	Equity	Total operating income	Individual result after taxes
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 Perú	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

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Details of activities jointly-controlled with third parties at 31 December 2023

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 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 ABI EXTREMADURA - CORREDOR OESTE	15.00%
UTE ZONA NORTE GC	20.00%
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 SITRAPLUS	50.00%
UTE CGT LEVANTE	50.00%
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 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 INDRA AEROPUERTOS SEGUROS	50.00%
UTE INDRA-ITP (20195324)	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 December 2023

Name	Direct interest
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 MINSAIT-INDRA DTEC112-2021	50.00%
UTE INDRA-DEITEL 2022	42.00%
UTE MTO.REDES Y CONTROL METRO MALAGA 2022	63.00%
UTE INDRA MINSAIT ACTIVOS	15.39%
UTE INDRA AEROPUERTOS SEGUROS	50.00%
UTE CUI LOTE 4 AEROMEDIA-INDRA-ITG	34.00%
UTE INDRA-AIRBUS-ITP DIGIMAES	33.34%
UTE INDRA CPS PONS ITS DGT	65.00%
UTE INDRA-ITP (202362A4)	90.00%
UTE CENTRO NEURONAL DE ESTACIONES	31.55%
UTE IS-SIA-ISS	66.00%
UTE DIAL	53.00%
UTE SILPRE	35.00%
UTE BABEL INDRA AM 20/23 ARMADA	43.16%
UTE CTDA LEÓN	33.00%

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Details of activities jointly-controlled with third parties at 31 December 2023

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 SISTEM	64.26%
UTE INDRA-ALTIA	48.67%
UTE INDRA BPO-INDRA-TELEFONICA	9.33%
UTE AYESA TECNOCOM	50.00%
UTE SOLTEL GETRONICS	50.00%
UTE GLOBAL ROSETTA T	50.00%
UTE INDRA-SOLTEL	80.00%
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 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%

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Details of activities jointly-controlled with third parties at 31 December 2023

Name	Direct interest
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 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 ICASS	52.56%
UTE MINSAIT-CLINISYS LABCYL	79.21%
UTE TELEFONI-MINSAIT I2CAT	70.72%
UTE ALTIA-MINSAIT EDUCACIÓN AMTEGA 3	37.13%
UTE TELEFÓNICA-MINSAIT PARA SERVICIOS 6G UMU	35.29%
UTE MINSAIT-LABERIT DESIG3 Lote 7	50.00%
UTE INDRA MINSAIT ACTIVOS	84.61%
UTE SOLUTIA-MINSAIT	49.00%
UTE IST-CIBERNOS L5	55.00%
UTE ISTI-CIBERNOS-BABEL L4	44.00%
UTE MINSAIT-BABEL	57.50%
UTE T-SYSTEMS-MINSAIT, LOTE 3	35.00%
UTE MINSAIT-ODIN-SIA	33.13%
UTE INDRA+LKS KZ GUNEA 2025	5.00%
UTE ISTI-IBC	45.00%
UTE LABERIT-MINSAIT MODERNIZACIÓN L1	50.00%
UTE MINSAIT-CLINISYS CONP-2022-4414	80.82%

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Details of activities jointly-controlled with third parties at 31 December 2023

Name	Direct interest
Prointec	
UTE PROINTEC-BLOM	50.00%
GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA	50.00%
UTE PROINTEC-EUSKONTROL	50.00%
UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO)	50.00%
UTE PAYMA COTAS S.A.U-PRO	50.00%
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%
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%
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 PPA	5.00%
UTE ATECSUR-PROINTEC	50.00%
UTE PROINTEC-AC2 BIM	50.00%
CONSORCIO AVANÇA SAÚDE	4.00%
UTE MANTENIMIENTO LOTE 2	37.00%
UTE PROINTEC-ICYFSA	80.00%
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 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%
UTE L11 PLAZA ELÍPTICA LOTE 2	50.00%
UTE ESTUDIO INFORMATIVO SALIDA SUR DE VIGO	65.00%
UTE A.T.R.P y A.T.A.AREA TERMINAL-AEROPUERTO TENERIFE SUR	61.00%

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Details of activities jointly-controlled with third parties at 31 December 2023

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 - EJIE 018 - 2021 UTE	64.00%
UTE INDRA+LKS KZ GUNEA 2025	60.00%
UTE IBPOS+GUREAK+TEKNEI-RRCC	60.00%
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%
UTE INDRA AEROPUERTOS SEGUROS II	50.00%
UTE SIA-ISS	20.00%
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-AXIANS-SIA	15.47%
UTE SISTEMAS INFORMATICOS ABIERTOS SA- GESEIN SL- CESCE SOLUÇOES INFORMATICAS SA	60.00%
UTE MINSAIT-VODAFONE	75.00%
UTE INDRA SIST-SIA BIOMETRICO 2020-2021	50.00%
UTE SIRT-SIA	30.00%
UTE SIA INDRA L3	60.00%
UTE BABEL-KYNDRYL-SIA-GESEIN GISS 2022-7201 Lote 2	18.00%
UTE SIA-PWC ASESORES DE NEGOCIOS	56.27%
UTE SIA-ISS	80.00%
UTE MINSAIT-ODIN-SIA	27.58%
UTE IS-SIA-ISS	28.00%

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Details of activities jointly-controlled with third parties at 31 December 2023

Name	Direct interest
Indra Produccion Software, S.L	
UTE ISTI-IPS-INFORMANCE	40.00%
Indra Gestión de Usuarios, S.L.	
UTE IECISA-INDRA-ZENSANIA-EMTE	37.50%
UTE INETUM-INDRA-ZEMSANIA-COMSA CTTI-2021-50	50.07%
UTE T-SYSTEMS-MINSAIT, LOTE B.4	33.00%
NAE Comunicacions, S.L.	
UTE 5G Cataluña	12.65%
UTE DxC Nae Lote A	20.00%
UTE DxC Nae Lote B	40.00%
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%
ADMIRAL LOTE 1	52.00%
ADMIRAL LOTE 2	75.00%
CONSORCIO GIA	100.00%
CONSORCIO SOLUCIÓN DIGITAL	62.00%
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%

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 December 2022

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%

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 December 2022

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%

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Details of activities jointly-controlled with third parties at 31 December 2022

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%

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Details of activities jointly-controlled with third parties at 31 December 2022

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%

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 December 2022

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.

Details of activities jointly-controlled with third parties at 31 December 2022

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.

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Details of activities jointly-controlled with third parties at 31 December 2022

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%

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

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2023	**US dollar**	**Pound sterling**	**Mexican peso**	**Argentine peso**	**Chilean peso**	**Brazilian real**	**Peruvian sol**	**Canadian dollar**	**Norwegian krone**
Other financial assets	390	-	-	-	-	-	-	-	-
Total non-current assets	390	-	-	-	-	-	-	-	-
NON-GROUP trade and other receivables	46,704	5,682	12,783	-	-	1,412	1,314	325	27
NON-GROUP other financial assets	-	-	-	-	-	-	-	-	-
Total current assets	46,704	5,682	12,783	-	-	-	1,314	325	27
Total assets	47,094	5,682	12,783	-	-		1,314	325	27
Other financial liabilities	-	-	-	-	-	-	-	-	-
Total non-current financial liabilities	-	-	-	-	-	-	-	-	-
Other financial liabilities									
NON-GROUP trade and other payables	45,224	60,239	-	-	79	6	-	81	-
Total current liabilities	45,224	60,239	-	-	79	-	-	81	-
Total liabilities	45,224	60,239	-	-	79	-	-	81	-
Gross balance sheet exposures	**1,870**	**(54,557)**	**12,783**	**-**	**(79)**	**1,406**	**1,314**	**244**	**27**
Sales coverage	138,991	33,024	15,058	-	17,626	620	7,772	14,717	-
Purchase coverage	60,636	7,696	1,867	-	-	-	122	5,245	523
Net derivative financial instruments - hedging	78,355	25,328	13,191	-	17,627	620	7,650	9,472	(523)

This Appendix should be read together with Note 38) 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

2023	Colombian peso	Moroccan dirham	Polish zloty	Bahraini dinar	Malaysian ringgit	Australian dollar	Other currencies	TOTAL
Other financial assets	-		-	-	-	-	-	390
Total non-current assets	-		-	-	-	-	-	390
NON-GROUP trade and other receivables	10,150	750	-	4,214	2,821	-	69,914	156,096
NON-GROUP other financial assets			-			-		
Total current assets	10,150	750	-	4,214	2,821	-	69,914	154,684
Total assets	10,150	750	-	4,214	2,821	-	69,914	155,074
Other financial liabilities	-	-	-	-	-	-	-	-
Total non-current financial liabilities	-	-	-	-	-	-	-	-
Other financial liabilities								
NON-GROUP trade and other payables	15,240	571	-	371	810	-	97,358	219,979
Total current liabilities	15,240	571	-	371	810	-	97,358	219,973
Total liabilities	15,240	571	-	371	810	-	97,358	219,973
Gross balance sheet exposures	**(5,089)**	**179**	**-**	**3,843**	**2,011**	**-**	**(27,444)**	(63,492)
Sales coverage	3,815	-	-	-	3,484	4,056	-	-
Purchase coverage	2,637	-	-	-	-	2,771	-	-
Net derivative financial instruments - hedging	1,178	-	-	-	3,484	1,285	-	-

This Appendix should be read together with Note 38) 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

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

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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.

Appendix IV

Information on significant non-controlling interests at 31 December 2023 and 2022

2023

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	4,805	-	17	497	-	5,319
Non-current liabilities	(4,912)	-	-	-	-	(4,912)
Total net non-current assets	(107)	-	17	497	-	407
Current assets	41,671	3,680	3,323	4,008	-	52,681
Current liabilities	(18,924)	(268)	(458)	(1,124)	-	(20,775)
Total net current assets	22,746	3,412	2,865	2,884	-	31,907
Net assets	22,639	3,412	2,882	3,381	-	32,314
Carrying amount of non-controlling interests (*)	**11,297**	**1,706**	**1,421**	**1,150**	**529**	**16,102**
Income statement information						
Total comprehensive income	4,925	83	670	438	-	6,116
Consolidated profit/(loss) allocated to non-controlling	**2,458**	**42**	**330**	**149**	**-**	**2,978**

(*) Excluding currency translation differences

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	**2,727**	**64**	**188**	**221**	**-**	**3,200**

(*) 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 2023 and 2022

2023	A4 Essor SAS	Saes Capital, S.A	Euromids SAS	Global Training Aviation, S.L.	Eurofighter Simulation Systems GmbH	Iniciativas Bio-Energéticas, S.L.	Societat Catalana per la Mobilitat, S.A.	Tagsonomy (DIVE)	Green Border OOD	Tess Defence, S.A.	Startical, S.L.	Satelio Iot Services, S.L	Other immaterial interests	Total
Thousand euro														
% non-controlling interest	23%	49%	25%	35%	26%	20%	17%	10%	50%	25%	50%	10.5%		
Non-current assets	-	3,333	45	26,617	25	22,504	103,829	3,570	-	161	9,748	12,110	2	181,944
Current assets	58,346	409	42,244	7,612	3,958	13,022	41,666	1,277	208	859,446	8,959	4,414	4,075	1,045,636
Equity	1,153	3,737	4,085	3,527	2,567	14,147	18,622	767	(48)	1,409	5,691	9,238	106	65,001
Non-current liabilities	10	-	3	27,495	1,095	4,932	98,052	1,686	-	858,000	11,134	6,641	2,071	1,011,119
Current liabilities	57,183	5	38,201	3,207	321	16,447	28,821	2,394	256	198	1,882	645	1,899	151,459
Income	15,846	183	19,996	13,596	-	57,122	15,933	1,123	-	53,843	-	195	-	177,837
Profit/(loss) for the year	22	(516)	(639)	2,341	(525)	(5,449)	400	(1,611)	(6)	452	(2,715)	(2,748)	(510)	(11,503)

2022	A4 Essor SAS	Saes Capital, S.A.	Euromids SAS	Global Training Aviation, S.L.	Eurofighter Simulation Systems GmbH	Iniciativas Bio-energéticas, S.L.	Societat Catalana per la Mobilitat, S.A.	Tagsonomy (DIVE)	Tess Defence, S.A.	Startical, S.L.	Satelio IOT Services, S.L.	Other immaterial interests	Total
Thousand euro													
% non-controlling	23%	49%	25%	35%	26%	20%	17%	29%	25%	50%	10.5%		
Non-current	-	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	40	-	-	28,987	5,071	4,932	111,767	5,320	547,000	12,788	1,195	1,726	718,826
Current	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	126	216	(710)	421	1,243	(3,750)	222	(1,635)	(318)	(3,480)	1,378	(261)	(6,548)

This Appendix should be read together with Note 11 to the Consolidated Annual Accounts, of which it forms an integral part.

1. 2023 Highlights

Revenues rose 13% in 2023 compared to 2022.

EBIT reported in 2023 grew 15.5%, bringing profitability to 8.0% v. 7.8% in 2022.

Net earnings per share were up 20% in 2023 v. 2022.

Free cash flow reached €312 million in 2023 v. €253 million in 2022.

Net debt rose to €107 million in December 2023 v. €43 million in December 2022.

Main figures	2023 (€M)	2022 (€M)	Variation (%) Reported/Local Currency
Order backlog	6,776	6,309	7.4 / 7.8
Net order intake	4,583	4,778	(4.1) / (2.8)
Revenues	4,343	3,851	12.8 / 14.2
EBITDA	446	400	11.4
EBITDA Margin %	10.3%	10.4%	(0.1) pp
Operating Margin	403	354	13.7
Operating Margin %	9.3%	9.2%	0.1 pp
EBIT	347	300	15.5
EBIT Margin (%)	8.0%	7.8%	0.2 pp
Net profit/(loss)	206	172	19.7
Basic EPS (€)	1.17	0.97	19.9
Free Cash Flow	312	253	23.6
Net Debt Position	107	43	150.8

NB: The amounts in this Management Report are expressed in millions of euros and calculations have been made in euros.

2. Analysis of the consolidated financial statements

Income statement

CONSOLIDATED INCOME STATEMENT (€M)	2023	2022
Revenue	4,343	3,851
Other operating income	33	23
Changes in inventories	131	85
Own work capitalised	41	29
Raw materials and consumables	(1,033)	(882)
Staff costs	(2,403)	(2,147)
Other operating expenses	(645)	(515)
Changes in trade provision	(19)	(43)
Fixed asset depreciation	(99)	(100)
Other gains/(losses) on fixed assets	(1)	(1)
Profit/(loss) from operating activities	**347**	**300**
Financial income	33	15
Financial expenses	(72)	(59)
Change in fair value of financial instruments	0	6
Results from financial assets carried at amortised cost	(1)	(5)
Profit/(loss) from financing activities	**(40)**	**(42)**
Share of profit/(loss) of equity-accounted associates and joint ventures	(3)	(2)
Profit/(loss) before tax	**304**	**256**
Tax income/(expense)	(95)	(80)
Profit/(loss) from continuing operations	209	176
Profit/(loss) for the year	**209**	**176**
Profit/(loss) attributable to the owners of the parent company	206	172
Profit/(loss) attributable to non-controlling interests	3	4
Total basic earnings/(loss) per share	**1.17**	**0.97**
Total diluted earnings/(loss) per share	**1.10**	**0.90**

Statement of Financial Position and Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT (€M)	2023	2022
Operating profit before changes in working capital	444	432
Change in working capital	14	(25)
Corporate income tax paid	(78)	(56)
Payments for acquisition of fixed assets (excluding financial assets)	(63)	(54)
Interest received	25	11
Grant collections	47	15
Interest paid	(44)	(37)
Other flows from investing activities	(33)	(32)
Free cash flow (FCF)	***312***	***253***

3. Human Resources

Final workforce	2023	%	2022	%	Variation (%)
Spain	32,498	56	30,316	53	7.2
America	19,405	34	20,756	37	(6.5)
Europe	3,710	6	3,550	6	4.5
Asia, Middle East & Africa	2,142	4	2,113	4	1.4
Total	**57,755**	**100**	**56,735**	**100**	**1.8**

Average workforce	2023	%	2022	%	Variation (%)
Spain	31,170	55	29,530	54	5.6
America	19,940	35	19,688	36	1.3
Europe	3,613	6	3,545	6	1.9
Asia, Middle East & Africa	2,143	4	2,052	4	4.4
Total	**56,866**	**100**	**54,816**	**100**	**3.7**

4. Analysis by vertical market

The 2023 highlights of the four business units are shown below, reflecting the Company's new organisational structure announced on 3 July 2023.

Defence	2023 (€M)	2022 (€M)	Variation (%) Reported/Local Currency
Order backlog	2,953	2,953	(0.0) / 0.0
Net order intake	817	1,338	(38.9) / (38.9)
Revenues	817	662	23.4 / 23.5
EBITDA	163	132	23.6
EBITDA Margin %	20.0%	19.9%	0.1 pp
Operating Margin	152	115	32.3
Operating Margin %	18.6%	17.3%	1.3 pp
EBIT	146	111	31.8
EBIT Margin %	17.8%	16.7%	1.1 pp
Book-to-bill	1.00	2.02	(50.5)
Backlog/Rev. 12m	3.61	4.46	(19.0)

Air Traffic	2023 (€M)	2022 (€M)	Variation (%) Reported/Local Currency
Order backlog	737	679	8.5 / 10.5
Net order intake	371	504	(26.5) / (24.5)
Revenues	361	299	20.8 / 25.1
EBITDA	57	43	32.8
EBITDA Margin %	15.8%	14.4%	1.4 pp
Operating Margin	46	33	39.8
Operating Margin %	12.8%	11.0%	1.8 pp
EBIT	44	31	42.1
EBIT Margin %	12.3%	10.4%	1.9 pp
Book-to-bill	1.03	1.69	(39.2)
Backlog/Rev. 12m	2.04	2.27	(10.2)

Mobility	2023 (€M)	2022 (€M)	Variation (%) Reported/Local Currency
Order backlog	914	934	(2.1) / (2.0)
Net order intake	348	321	8.3 / 7.6
Revenues	366	348	5.3 / 5.8
EBITDA	12	20	(43.2)
EBITDA Margin %	3.2%	5.8%	(2.6) pp
Operating Margin	9	19	(52.1)
Operating Margin %	2.5%	5.5%	(3.0) pp
EBIT	6	17	(64.2)
EBIT Margin %	1.6%	4.8%	(3.2) pp
Book-to-bill	0.95	0.92	2.9
Backlog/Rev. 12m	2.50	2.69	(7.1)

Minsait	2023 (€M)	2022 (€M)	Variation (%) Reported/Local Currency
Order backlog	2,172	1,742	24.7 / 25.2
Net order intake	3,047	2,615	16.5 / 18.6
Revenues	2,798	2,542	10.1 / 11.6
EBITDA	214	205	4.5
EBITDA Margin %	7.7%	8.1%	(0.4) pp
Operating Margin	196	187	4.4
Operating Margin %	7.0%	7.4%	(0.4) pp
EBIT	151	142	6.3
EBIT Margin %	5.4%	5.6%	(0.2) pp
Book-to-bill	1.09	1.03	5.9
Backlog/Rev. 12m	0.78	0.69	13.2

Note: reclassifications have been made between the Minsait, Air Traffic and Mobility units under the new structure.

5. Analysis by geographical area

Revenues by Region	2023 (€M)	2022 (€M)	Variation (%) Reported	Variation (%) Local Currency
Spain	2,154	1,910	12.8	12.8
America	929	753	23.3	28.2
Europe (*)	817	656	24.6	25.1
Asia, Middle East & Africa	443	533	(16.8)	(14.1)
Total	**4,343**	**3,851**	**12.8**	**14.2**

(*) 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.

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 €372,523 thousand, which is equivalent to 8.6% of the Group's total sales in that year (€312,485 thousand, equivalent to 8.1% of the Group's total sales in the previous year). See APMs in Management Report.

7. Average supplier payment period

Final Provision Two of Law 31/2014 amended the Spanish Companies Act 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 Accounting and Auditing (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:

$$\text{Average supplier payment period} = \frac{\text{Ratio of transactions settled * amount of payments made + Ratio of transactions pending payment * total amount of payments pending}}{\text{Total amount of payments made + total amount of payments pending}}$$

The data for the Spanish companies for 2023 and 2022 are as follows:

	2023	**2022**
	Days	**Days**
Average supplier payment period	52	53
Transactions paid ratio	52	54
Transactions pending payment ratio	45	44

	Amount (thousand euro)	**Amount (thousand euro)**
Total payments made	1,224,870	1,086,809
Total payments outstanding	102,737	138,395

"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.

The monetary volume and the number of invoices paid within the legally prescribed deadline are as follows:

	2023	**2022**
Monetary volume	681,751	600,050
Percentage of total payments	55.82%	55.24%
Number of invoices	106,011	87,051
Percentage of total invoices	55.40%	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

- *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 2023, approximately 51% of the Group's total sales derived from international markets (51% 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 2023 and 2022 are detailed below:

	Thousand euro	
	2023	**2022**
Sales	1,389,343	1,273,051
Purchases	773,964	669,560

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 2023, 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 2023 and 2022 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 2023

+10%	Thousand euro
Saudi Riyal	1,967
Mexican Peso	5,009
Chilean Peso	5,477
Brazilian Real	2,675
Colombian Peso	2,366

Variation in Equity 2022

+10%	Thousand euro
Saudi Ryal	1,040
Mexican Peso	3,417
Chilean Peso	4,558
Brazilian Real	5,133
Colombian Peso	1,488

Variation in Results 2023

+10%	Thousand euro
Saudi Riyal	255
Mexican Peso	589
Chilean Peso	1,332
Brazilian Real	170
Colombian Peso	4,368

Variation in Results 2022

+10%	Thousand euro
Saudi Riyal	1,004
Mexican Peso	1,160
Chilean Peso	1,287
Brazilian Real	487
Colombian Peso	977

The exchange rates used in the analysis are the exchange rates used for the Group's consolidation.

At 31 December 2023 and 2022, 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 Colombian 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 2023 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 proposals submitted by 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 and Security, 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.

o *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 2023, 42% of the Group's gross debt bears interest at fixed rates, including €244 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 2023 and 2022:

	2023		2022	
	Variation in interest rates		Variation in interest rates	
	+0.5%	(0.5)%	+0.5%	(0.5)%
Effect on profit/(loss) before tax	(527)	527	(676)	795

Credit risks

o *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.

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 2023, trade and other receivables in the consolidated balance sheet totalled €1,154 million (€1,120 million in 2022), of which €55 million (€43 million in 2022) is outstanding for over 12 months. The above amount recorded under trade and other receivables includes trade provisions amounting to €82 million (€86 million in 2022) and, depending on how the projects in progress develop, the Group cannot rule out the possibility of additional impairment.

Liquidity risk

o *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 2023, the Group's gross borrowing position was €703 million (€976 million in 2022), 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.

o *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 2023, these loans represented 7% (6% in 2022) 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.

o *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 2023 and 2022, the Group's long-term gross borrowings amounted to €479 million and €700 million, respectively (68% and 72% of the Group's gross borrowings, respectively), while short-term gross borrowings stood at €224 million and €275 million, respectively (32% and 28% of the Group's gross borrowings, respectively). The Group's cash and cash equivalents at 31 December 2023 amounted to €596 million (€933 million in 2022). As a result, at 31 December 2023 the Group's net borrowings amounted to €107 million (€43 million in 2022). 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 has undrawn financing lines amounting to €747 million in 2023 (€181 million in 2022), which include a syndicated line of credit for up to €500,000,000 arranged with six domestic and international financial institutions, falling due in July 2028.

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.

o *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 2023, positive free cash flow of €312 million was generated (€253 million in 2022).

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.

o *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 2023, 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 €1,164 million (€1,075 million in 2022).

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 2023, 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 sustainability 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 is part of the European Green Deal policies, amends previous corporate sustainability legislation and applies to the Group as 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 some 260 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.

- *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.

- *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.

- *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

- *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. This could lead to lost opportunities and cause adverse reputational effects, as well as infringing human rights.

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.

- *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.

- *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 Group.

From a society viewpoint, failing to guarantee freedom of trade union membership and association, the right to strike and the right to collective bargaining could have negative social and reputational impacts and violate human rights, among other implications.

- *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.

- *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*

High undesired turnover of key personnel due to remuneration, benefit or retention policies that fail to reflect the new ways of working or due to ineffective career management, fierce competition in the industry or other causes that undermine the ability to retain employees could lead to a loss of knowledge and innovation, reduced opportunities to generate value and business, cost overruns (increase in hiring costs) and detriment to reputation (customers and employees).

Undesired employee turnover stood at 12% in 2023.

- *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.

- *Diversity and inclusion management*

The absence of or failure to apply a governance strategy and/or approach to managing diversity and inclusion so as to ensure equal opportunities, diversity, respect and non-discrimination of Indra's people could mean difficulties in attracting and retaining talent, human rights infringements or adverse effects on the Company's reputation and image, among other aspects.

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 provisions 100% of the amount of proceedings in which it is a defendant and risk of occurrence has been classified as "probable" (i.e. the risk of an unfavourable ruling is greater than 50%). At 31 December 2023, the Group is a defendant in litigation totalling €40 million (€40 million in 2022). Provisions at that date amounted to €40 million (€40 million in 2022). For further details on the ongoing proceedings and litigation affecting the Group (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 criminal (or criminal-like) act committed in the name or on behalf of the legal entity and for its direct or indirect benefit could incur economic and/or commercial penalties (e.g. fines, business interruption, prohibition on contracting with public administrations, reputational harm and, in the most serious cases, even the entity's dissolution).

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 (Note 35).

Finally, the Group has stepped up activities in the means of payment industry by acquiring companies subject to specific financial sector regulations. This entails building knowledge of those regulations and ensuring that specific internal control, governance and risk management structures are in place. The failure to comply could lead to fines, penalties, criminal proceedings and reputational damage.

- *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, or (iv) human rights violations.

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, weaknesses in the detection, oversight or adoption of measures to prevent harassment or the non-ethical use of technologies (e.g. algorithms that could lead to some form of discrimination, use of biased databases) could have a negative impact on the Group's reputation and image vis-à-vis its stakeholders, as well as financial and sustainability aspects, 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 economic and/or commercial penalties (e.g. fines, prohibition on contracting with public administrations and/or reputational harm).

- *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, reputational damage or human rights violations.

(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 2023, 49% (same percentage in 2022) 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 development 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, resources (testbeds, instrumentation), effective investment or knowledge to take on technological changes caused by disruptive technologies (e.g. artificial intelligence, quantum technology) could place the Group at a disadvantage with respect to its competitors and opportunities could be lost. 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 2023 and 2022, 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

- *Investment/divestment strategy and monitoring risk*

A lack of effective alignment with strategy, incorrect execution (valuation, due diligence, structuring and negotiation), insufficient monitoring and/or non-fulfilment of objectives set in investment/divestment projects, or the emergence of liabilities hidden or unknown at the acquisition date, could jeopardise strategic objectives leading to undesired effects.

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:

- Insufficient or inadequate strategic planning
- Errors in the due diligence process
- Inappropriate valuation of the 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 2023, the Group recorded net intangible assets (excluding goodwill) totalling €264 million (€253 million in 2022).

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 2023, the Group recorded goodwill totalling €996 million (€946 million in 2022).

o *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 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

End of the Covid-19 pandemic

In 2023, the World Health Organization ended the international alert announced early in 2020 due to the Covid-19 pandemic. Most economic sectors returned to pre-Covid levels of activity thanks to a faster-than-expected recovery in many cases. Some of the most affected sectors, such as air transport, expect to recover pre-Covid traffic volumes during 2024.

Despite a sharp contraction in 2020, Indra already managed to return to its pre-pandemic business volume in 2021.

War in Ukraine

Russia's invasion of Ukraine in 2022 has had a profound humanitarian, economic and geopolitical impact, with global repercussions, although these have been felt more keenly in Europe. Almost two years on from the beginning of the invasion, the two sides are currently in a stalemate, and there is still great uncertainty over the duration and outcome of the conflict. Ukraine's performance in this war is closely linked to the delivery of economic and military aid from Western countries, which are still backing Ukraine for the time being.

The conflict has led to an increased awareness of the importance of defence in European society. Most European countries have announced their intention to increase the level of defence spending, with the medium-term goal of reaching the 2% of GDP threshold required of NATO members. This has improved Indra's prospects in the Defence and Security business and has accelerated many of the national and European defence programmes in which the Company is involved. Specifically, Spain has announced a commitment to converge to a level of defence spending of 2% of GDP by 2029 and the 2023 defence budget has already increased considerably, particularly in relation to equipment purchases.

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. 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.

Conflict in the Middle East

Hamas' terrorist attack on Israel in October 2023 triggered a war in the Gaza Strip, reigniting the latent conflict in the region between Israel and its neighbouring countries. So far, the conflict's impact has mainly been limited to Israel and Gaza.

However, broader geopolitical repercussions are now being observed. Yemeni Houthi militia attacks on merchant ships in the southern Red Sea under the pretext of harming Israel are particularly significant. Despite the US-led international security mission in the Red Sea, Houthi attacks are disrupting maritime trade through the Suez Canal. If this situation continues, it could lead to renewed disruptions to global supply chains. In fact, some shipping companies are already opting to temporarily suspend Red Sea traffic and reach Europe via the much longer Cape of Good Hope (South Africa) route.

Domestic industry has already suffered partial shutdowns in specific sectors that were blamed on insecurity in the Red Sea.

To date, Indra has not identified a significant impact on our business, but we will continue to monitor the situation, mainly with regard to any restrictions on imports and exports, as well as potential increases in transport costs and delivery times, for which alternative routes are being explored.

High interest rates

The sharp rise in inflation starting in 2021 forced the main central banks to push up interest rates significantly and very quickly in 2022 and 2023. This tightening of monetary policy appears to have peaked in 2023, although uncertainty persists.

High interest rates had an easing effect on inflation, which reached 3.1% and 2.4% in the US and the euro area, respectively, in November 2023. On the negative side, monetary policies are affecting economic growth which, in the case of the euro area, led to a 0.1% contraction in the third quarter of 2023. In Spain, the economic slowdown is expected to continue without reaching contractionary levels.

The interest rate hikes have had no relevant impact on the Company to date. The Group has a healthy financial position, with a net debt leverage ratio of 0.26x EBITDA at year-end 2023. 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 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 taxonomy for sustainable activities, Corporate Sustainability Reporting Directive, Corporate Sustainability Due Diligence Directive) that will facilitate the benchmarking of ESG performance and step up ESG requirements for companies.

The Company has successfully carried out its Sustainability Master Plan 2020-2023, under which initiatives aimed at responding to the growing demands and regulatory changes in ESG areas have been successfully deployed. Looking ahead, in the first quarter of 2024 the Company will present a new strategic plan in which sustainability will be championed.

10. Capital structure

At 31 December 2023, 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 €14.00 (€10.65 at year-end 2022). The average price for the last quarter of 2023 and 2022 was €13.71 and €9.41 per share, respectively.

The parent company's main shareholders at 31 December 2023, holding an interest of over 3%, are: SEPI (28%); Fidelity Management & Research LLC (7.879%); Joseph Oughourlian (7.239%); Sapa Placencia (7.944%); and Advanced Engineering and Manufacturing, S.L. (8%).

11. Shareholder remuneration

At a meeting held on 27 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 2023 profits.

The proposed distributions of profits in Group companies for 2023 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 parent company directly holds 2,397,997 shares at 31 December 2023 for a total of €32,960 thousand. Further details can be found in Note 18 to the annual accounts.

During 2023, the Company acquired 9,925,089 of its own shares on the stock exchange (5.62% of share capital) (7% of annual volume) and sold 8,037,900 of its own shares (4.55% of share capital) (6% of annual volume). Further details on share movements in 2023 can be found in Note 18 to the annual accounts.

14. Outlook

The Group expects revenue in excess of €4,650 million in constant currency, EBIT over €400 million and Free Cash Flow over €250 million in 2024.

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. Sustainability 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 27 March 2023. 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)	2023	2022
EBIT	347	300
Depreciation/amortisation	99	100
EBITDA	***446***	***400***

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)	2023	2022
EBITDA	446	400
Depreciation/amortisation	99	100
EBIT	***347***	***300***

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)	2023	2022
EBIT	347	300
Extraordinary Costs	56	54
Operating Margin	***403***	***354***

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)	2023	2022
Cash and cash equivalents	596	933
Current bank borrowings and debentures	(224)	(275)
Non-current bank borrowings and debentures	(479)	(700)
Net borrowings	***(107)***	***(43)***

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 (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.
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ORDER INTAKE	2023	2022
Minsait order intake	3,047	2,615
Defence order intake	817	1,338
Air Traffic order intake	371	504
Mobility order intake	348	321
Order intake	***4,583***	***4,778***

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	2023	2022
Order intake	4,583	4,778
LTM Sales	4,343	3,851
Book to Bill	***1.06***	***1.24***

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	2023	2022
Minsait backlog	2,172	1,742
Defence backlog	2,953	2,953
Air Traffic backlog	737	679
Mobility backlog	914	934
ORDER BACKLOG	***6,776***	***6,309***

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	2023	2022
Backlog	6,776	6,309
LTM Sales	4,343	3,851
Order backlog / LTM Sales	***1.56***	***1.64***

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)	2023	2022
Current operating assets	1,762	1,637
Current operating liabilities	1,480	1,423
Working capital (€M)	***283***	***214***

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	2023	2022

LTM Sales	4,343	3,851
Sales/days	12	11
Total working capital (€M)	3	(26)
Working capital (DoS)	***0***	***(2)***

Total working capital S/T+L/T (€M)	2023	2022
Inventories	661	516
Trade receivables	48	92
Payables	(706)	(634)
Total working capital	***3***	***(26)***

Research and development expenses

Definition: the total amount of the Group's research and development expenditure.

Consistency of the policy used: there is no change in policy with respect to the previous year.

Total research and development expenses (€M)	2023	2022	% of sales 2023	% of sales 2022
Capitalised R&D expenditure	22	15		
Uncapitalised R&D expenditure on research and development projects	45	38		
Subtotal	**67**	**53**	1.5%	1.4%
R&D expenditure on other projects (uncapitalised)	306	259		
Total research and development expenditure	***373***	***312***	**8.6%**	**8.1%**

19. Events after the reporting date

- On 18 January, Indra renewed its Top Employer certificate for the sixth consecutive year. This certificate recognises companies offering the best working environment and professional development, highlighting Indra's and Minsait's commitment to talent.

- On 1 February, the Company's CFO, Borja García-Alarcón, informed the Company of his decision to resign at the end of February, once the accounts have been drawn up and the FY 2023 results presented, in order to begin a new phase of his professional career. The Company reports that the process for an orderly succession in financial management has been initiated.

- On 5 February 2023, the Company completed the acquisition of 65% of Global Training Aviation, S.L. for €18,723 thousand, thereby reaching 100% of share capital and becoming one of the few companies in the world capable of covering the entire value chain in this business, from the development of the most advanced simulators and training systems to the provision of training services for civil and military pilots.

- On 12 February 2024, the Supreme Court's Contentious-Administrative Chamber issued an Order admitting the cassation appeal filed by the parent company against the National High Court Judgement of 20 September 2023, which dismissed the parent company's contentious-administrative appeal against the CNMC's Penalty Ruling of August 2018.

- On 27 February, the Board approved the Group's Strategic Plan, which will be announced on 6 March. The new Strategic Plan seeks to make Indra Spain's benchmark multinational in the Defence, Aerospace and Advanced Digital Technology markets.

- On 19 January, the Constitutional Court issued a judgement declaring the unconstitutionality of RDL 3 of 2 December 2016, which contained various restrictive tax measures. This judgement has had a direct, positive impact on the Spanish consolidated Group's corporate income tax returns for 2016-2022, as they have all been duly contested. The effect of the judgement has been reflected in the 2023 Annual Accounts, except for the effect on 2022, as the 2022 tax return was contested after 31 December 2023.