Indra Sistemas, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2021 and Consolidated Directors Report, together with Independent Auditor's Report

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

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Indra Sistemas, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

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

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

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

Key Audit Matters

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

Recognition of revenue by reference to stage of completion

Description	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. We also reviewed the consistency of the estimates made by the Group in 2020 with the actual data for the contracts in 2021. 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 921 million and intangible assets amounting to EUR 274 million, as presented in the consolidated statement of financial position as at 31 December 2021 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. 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 2021, 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 was 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 2021 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 2021, which comprise the XHTML file including the consolidated financial statements for 2021 and the XBRL files with the tagging performed by the entity, which will form part of the annual financial report.

The directors of Indra Sistemas, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation"). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report were included by reference in the consolidated directors' report.

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

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

Additional Report to the Parent's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and compliance committee dated 29 March 2022.

Engagement Period

The Annual General Meeting held on 24 June 2019 appointed us as auditors of the Group for a period of three years from the year ended 31 December 2018.

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

29 March 2022

Appendix 1 to our auditor's report

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

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

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

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

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

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

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

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

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

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

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

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

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

Indra Sistemas, S.A. and Subsidiaries

Consolidated Statement of Financial Position as at 31 December 2021

(Thousand euro)

Assets	Note	2021	2020
Property, plant and equipment	6	78,103	96,235
Investment property		1,120	1,207
Right-of-use assets	7	98,808	119,473
Goodwill	8	921,392	889,489
Intangible assets other than goodwill	9	273,987	278,877
Investments accounted for using the equity method	11	23,651	15,999
Non-current asset derivatives	10, 12, 37	1,771	2,429
Non-current trade and other receivables	10, 12	21,853	16,939
Other non-current financial assets	10, 12	127,241	144,645
Non-current contract assets	14	48,239	79,944
Deferred tax assets	35	182,466	199,115
Non-current assets		**1,778,631**	**1,844,352**
Assets held for sale	13	9,762	9,562
Inventories and current contract assets	14	366,795	411,446
Current trade and other receivables	10, 16	1,023,091	901,849
Current tax assets	35	37,570	32,584
Current asset derivatives	10, 12, 37	4,248	6,093
Other current financial assets	10, 12	27,597	11,446
Other current non-financial assets	15	52,417	60,717
Cash and cash equivalents	10, 17	1,235,025	1,184,853
Current assets		**2,756,505**	**2,618,550**
Total assets		**4,535,136**	**4,462,902**

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

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 (see Notes 2 and 45). In the event of a discrepancy, the Spanish-language version prevails.

Equity and Liabilities	Note	2021	2020
Issued capital	18	35,330	35,330
Share premium	18	523,754	523,754
Retained earnings	18	395,131	245,850
Treasury shares	18	(4,862)	(3,768)
Other own equity instruments	18	7,929	8,000
Cash flow hedge	18	(6,617)	(177)
Currency translation differences	18	(130,496)	(144,207)
Total equity attributable to the owners of the Parent Company		**820,169**	**664,782**
Non-controlling interests	19	20,973	19,098
Equity		**841,142**	**683,880**
Non-current employee remuneration provisions	24	20,024	10,475
Other non-current provisions	24	47,848	55,456
Total non-current provisions		**67,872**	**65,931**
Non-current bank borrowings and debentures	10, 21	1,436,019	1,372,827
Non-current liability derivatives	10, 22, 37	2,169	1,450
Other non-current financial liabilities	10, 22	384,258	223,068
Grants	10, 23	27,431	28,321
Other non-current non-financial liabilities		421	712
Deferred tax liabilities	35	2,188	1,473
Non-current liabilities		**1,920,358**	**1,693,782**
Liabilities held for sale	13	2	2
Current employee remuneration provisions	24	19,689	82,008
Other current provisions	24	41,883	30,633
Total current provisions		**61,572**	**112,641**
Current bank borrowings and debentures	10, 21	39,431	293,412
Current liability derivatives	10, 22, 37	11,210	6,652
Other current financial liabilities	10, 22	54,583	74,967
Current trade and other payables	10, 26	1,417,790	1,425,254
Current tax liabilities	35	25,016	24,744
Other current non-financial liabilities	25	164,032	147,568
Current liabilities		**1,773,636**	**2,085,240**
Liabilities		**3,693,994**	**3,779,022**
Total equity and liabilities		**4,535,136**	**4,462,902**

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Indra Sistemas, S.A. and Subsidiaries
Consolidated Income Statement as at 31 December 2021

(Thousand euro)

	Note	2021	2020
Revenue	27	3,390,425	3,043,408
Other operating income	28	21,376	18,103
Change in inventories	14	(74,895)	39,750
Own work capitalised	9	34,214	51,403
Raw materials and consumables	29	(762,450)	(734,599)
Staff costs	30	(1,872,481)	(1,877,868
Other operating expenses	31	(406,026)	(393,625)
Changes in trade provisions	31	6,131	(19,288)
Fixed asset amortisation	6, 7, 9	(93,535)	(110,279)
Other gains/(losses) on fixed assets	32	12,770	(49,890)
Profit/(loss) from operating activities		**255,529**	**(32,885)**
Financial income	10	5,218	6,168
Financial expenses	10	(45,834)	(47,294)
Fair value changes to financial instruments	10	(4,020)	-
Net financial income/(expense)		**(44,636)**	**(41,126)**
Share of profit/(loss) of equity-accounted associates and joint ventures	11	548	1,598
Profit/(loss) before tax		**211,441**	**(72,413)**
Tax income (expense)	35	**(65,408)**	**14,946**
Profit/(loss) from continuing operations		146,033	(57,467)
Profit/(loss) from discontinued operations		-	-
Profit/(loss) for the year		**146,033**	**(57,467)**
Profit/(loss) attributable to the owners of the Parent Company	18	143,369	(65,153)
Profit/(loss) attributable to non-controlling interests	19	2,664	7,686

	Note	2021	2020
Basic earnings per share			
Basic earnings/(losses) per share from continuing operations	20	0.8140	(0.3697)
Basic earnings/(losses) per share from discontinued operations		-	-
Total basic earnings/(losses) per share		**0.8140**	**(0.3697)**
Diluted earnings per share			
Diluted earnings/(losses) per share from continuing operations	20	0.7543	(0.3249)
Diluted earnings/(losses) per share from discontinued operations		-	-
Total diluted earnings/(losses) per share		**0.7543**	**(0.3249)**

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Indra Sistemas, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income as at 31 December 2021

(Thousand euro)

	Note	2021	2020
Profit/(loss) for the year		146,033	(57,467)
Other comprehensive income			
Components of other comprehensive income that will be reclassified to the income statement, before tax			
Currency translation differences			
Gains/(losses) on currency translation differences taken directly to equity	18	14,057	(62,907)
Other comprehensive income, before tax, currency translation differences		14,057	(62,907)
Cash flow hedges			
Cash flow hedge taken directly to equity	18	(7,764)	20,944
Cash flow hedge transferred to the income statement	18	(822)	899
Other comprehensive income, before tax, cash flow hedges		(8,586)	21,843
Total other comprehensive income that will be reclassified to the income statement, before tax		**5,471**	**(41,064)**
Total other comprehensive income, before tax		**5,471**	**(41,064)**
Income tax on components of other comprehensive income that will be reclassified to the income statement			
Tax effect of cash flow hedge taken directly to equity		1,941	(5,236)
Tax effect of cash flow hedge transferred to the income statement		205	(225)
Income tax on cash flow hedges included in other comprehensive income		**2,146**	**(5,461)**
Income tax on components of other comprehensive income that will be reclassified to the income statement		**2,146**	**(5,461)**
Total other comprehensive income		**7,617**	**(46,525)**
Total comprehensive income		**153,650**	**(103,992)**
Comprehensive income attributable to			
Comprehensive income attributable to the owners of the Parent Company		150,640	(111,012)
Comprehensive income attributable to non-controlling interests		3,010	7,020

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Indra Sistemas, S.A. and Subsidiaries
Consolidated Statement of Changes in Equity for the years ended 31 December 2021 and 2020

(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 01.01.20	**35,330**	**523,754**	**(2,788)**	**6,763**	**312,751**	**(81,966)**	**(16,559)**	**777,285**	**23,468**	**800,753**
Changes in equity										
Profit/(loss) for the year	-	-	-	-	(65,153)	-	-	(65,153)	7,686	(57,467)
Other comprehensive income	-	-	-	-	-	(62,241)	16,382	(45,859)	(666)	(46,525)
Total comprehensive income	**-**	**-**	**-**	**-**	**(65,153)**	**(62,241)**	**16,382**	**(111,012)**	**7,020**	**(103,992)**
Dividends recognised as distributions to the owners	-	-	-	-	-	-	-	-	(5,252)	(5,252)
Increase/(decrease) due to other changes in equity	-	-	-	1,237	(928)	-	-	309	(6,138)	(5,829)
Increase/(decrease) due to dealings in treasury shares, equity (Note 18)	-	-	(980)	-	(820)	-	-	(1,800)	-	(1,800)
Total increase/(decrease) in equity	**-**	**-**	**(980)**	**1,237**	**(66,901)**	**(62,241)**	**16,382**	**(112,503)**	**(4,370)**	**(116,873)**
Balance at 31.12.20	**35,330**	**523,754**	**(3,768)**	**8,000**	**245,850**	**(144,207)**	**(177)**	**664,782**	**19,098**	**683,880**
Balance at 01.01.21	**35,330**	**523,754**	**(3,768)**	**8,000**	**245,850**	**(144,207)**	**(177)**	**664,782**	**19,098**	**683,880**
Changes in equity										
Profit/(loss) for the year	-	-	-	-	143,369	-	-	143,369	2,664	146,033
Other comprehensive income	-	-	-	-	-	13,711	(6,440)	7,271	346	7,617
Total comprehensive income	**-**	**-**	**-**	**-**	**143,369**	**13,711**	**(6,440)**	**150,640**	**3,010**	**153,650**
Dividends recognised as distributions to the owners	-	-	-	-	-	-	-	-	(1,170)	(1,170)
Increase/(decrease) due to other changes in equity	-	-	-	-	4,321	-	-	4,321	35	4,356
Increase/(decrease) due to dealings in treasury shares, equity (Note 18)	-	-	(1,094)	(71)	1,591	-	-	426	-	426
Total increase/(decrease) in equity	**-**	**-**	**(1,094)**	**(71)**	**149,281**	**13,711**	**(6,440)**	**155,387**	**1,875**	**157,262**
Balance at 31.12.21	**35,330**	**523,754**	**(4,862)**	**7,929**	**395,131**	**(130,496)**	**(6,617)**	**820,169**	**20,973**	**841,142**

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

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Indra Sistemas, S.A. and Subsidiaries
Consolidated Cash Flow Statement as at 31 December 2021

(Thousand euro)

	Note	2021	2020
Cash flows generated from/(absorbed by) operating activities			
Profit/(loss) for the year		146,033	(57,467)
Income tax expense	35	65,408	(14,946)
Profit/(loss) before tax		**211,441**	**(72,413)**
Grants	23, 28	(10,961)	(7,887)
Provisions	16, 24	8,102	69,753
Other gains/(losses) on fixed assets	32	(12,770)	49,890
Depreciation and amortisation expenses	6, 7, 9	93,535	110,279
Profit/(loss) in associates	11	(548)	(1,598)
Net financial income/(expense)	10	44,636	41,126
Dividends received	11, 12a	1,874	2,164
Operating profit before changes in working capital		**335,309**	**191,314**
Decrease/(increase) in inventories and contract assets		78,894	(28,236)
Decrease/(increase) in trade receivables		15,362	175,618
Decrease/(increase) in other receivables from operating activities		4,153	10,646
Increase/(decrease) in trade payables		(36,793)	(83,126)
Increase/(decrease) in other payables from operating activities		(6,285)	(32,218)
Change in working capital		55,331	42,684
Cash flows from operating activities		**390,640**	**233,998**
Corporate income tax paid		(46,004)	(38,147)
Net cash flows generated from/(absorbed by) operating activities		**344,636**	**195,851**
Cash flows generated from/(absorbed by) investing activities			
Other cash collections from sales of equity instruments of other entities		911	42,012
Other cash payments to acquire equity instruments of other entities	5	(42,348)	(31,463)
Collections from sales of property, plant and equipment	32	40,000	-
Payments for acquisition of property, plant and equipment	6	(14,142)	(19,251)
Payments for acquisition of intangible assets	9	(35,014)	(46,713)
Government grants received	9, 23	20,611	26,718
Interest collected		3,211	4,637
Net cash flows generated from/(absorbed by) investing activities		**(26,771)**	**(24,060)**

Cash flows generated from/(absorbed by) financing activities			
Acquisition of treasury shares	18	(109,941)	(95,973)
Disposal of treasury shares	18	105,100	93,646
Issuance of debentures and other marketable securities	21	-	36,566
Issuance of bank borrowings	21	71,921	329,262
Repayment and redemption of debentures and other marketable securities	21	(4,100)	-
Repayment and redemption of bank borrowings and other financial liabilities	21	(260,667)	(107,741)
Dividends paid to non-controlling interests	19	(1,170)	(5,484)
Interest paid	10	(36,680)	(41,252)
Other flows from financing activities	7, 22	(33,668)	(36,901)
Net cash flows generated from/(absorbed by) financing activities		**(269,205)**	**172,123**
Net increase/(decrease) in cash and cash equivalents before the effect of foreign exchange fluctuations		48,660	343,914
Effect of foreign exchange fluctuations on cash and cash equivalents		1,512	(13,570)
Net increase/(decrease) in cash and cash equivalents		**50,172**	**330,344**
Cash and cash equivalents at beginning of year	17	**1,184,853**	**854,509**
Cash and cash equivalents at year end	17	**1,235,025**	**1,184,853**

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

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 (see Notes 2 and 45). In the event of a discrepancy, the Spanish-language version prevails.

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1) <u>The Group's Nature, Composition and Activities</u>

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 2021, 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 2021, the Group set up the following subsidiaries:

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

During the financial year ended 31 December 2021, the Group derecognised a number of companies, as summarised below:

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

During the year ended 31 December 2021, the Group acquired the following subsidiaries (Note 5):

- On 18 May 2021, the Group company Sistemas Informáticos Abiertos, S.L. acquired 100% of the German company MSS Managed Security Services GmbH for €2,041 thousand.
- On 7 June 2021, the Group company Indra Holding Tecnologías de la Información, S.L.U. acquired 100% of the Spanish company Flat 101, S.L. for €11,404 thousand, leaving the sum of €1,400 thousand pending payment. An additional liability of €11,000 thousand was recognised, reflecting the probable value that Indra estimates will be payable as an earn-out in the event that the company reaches the targets agreed in the sale and purchase agreement.
- On 17 June 2021, the Group company Paradigma Digital, S.L. acquired 75% of the shares in the company The Overview Effect, S.L. by subscribing for a capital increase in the amount of €1,400 thousand that was fully paid up at the subscription date.
- On 3 August 2021, the Group company Sistemas Informáticos Abiertos, S.A.U. acquired 100% of the shares in the Italian company Net Studio, S.P.A. for €7,295 thousand, leaving the sum of €1,295 thousand pending payment.
- On 30 September 2021, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. acquired 100% of the shares in the Colombian company Consultoría Organizacional, S.A.S. for €8,779 thousand, leaving the sum of €1,027 thousand pending payment.
- On 29 November 2021, an agreement was entered into to acquire Operadora de Tarjetas de Crédito Nexus, S.A., completion being subject to prior approval by the competent authorities in Chile. Approval

has not been obtained at the date these Consolidated Annual Accounts are authorised for issue and therefore Operadora de Tarjetas de Crédito Nexus, S.A. is not carried as a Subsidiary.

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

During the year ended 31 December 2020, the Group set up the following subsidiaries:

- On 22 January 2020, the Parent Company set up ALG Global Infrastructure Advisors, S.L.U., subscribing and paying up 100% of share capital in the amount of €3 thousand.

During the year ended 31 December 2020, the Group deregistered the following subsidiaries:

- On 25 September 2020, the Group company Inertelco, S.A. sold its 60% interest in Metrocall, S.A. to Cellnex Telecom España, S.L.U. for €42.5 million, which had a positive effect of €37.2 million on the Group's Income Statement (Note 32).

- On 27 October 2020, the Group company Inertelco, S.A. was liquidated, having a positive impact of €212 thousand on the Group's Income Statement.

- In December 2020, the Group company Indra Slovensko S.R.O was liquidated, having a negative effect of €3 thousand on the Group's Income Statement.

During the year ended 31 December 2020, the Group acquired the following subsidiaries:

- On 23 December 2020, the Group company Minsait Payments Systems, S.L.U. acquired the minority interests making up a 20% ownership interest in the company Tecnocom Procesadora de Medios de Pago, S.A. for €1,627 thousand.

- On 30 December 2020, the Group company Indra Italia S.P.A acquired 70% of the Italian company SmartPaper, S.P.A. and 100% of the Italian company Smartest, S.R.L., the latter being the Parent Company of Baltik IT S.I.A, for €22,878 thousand. In the current year, payment was made for the remaining 30% of Smart Paper, S.P.A., as stipulated in the sale and purchase agreement, for a price of €1,094 thousand, which had been provisioned. An additional amount of €6,000 thousand was provisioned, reflecting the probable value that Indra estimates will be payable as an earn-out in the event that the companies reach the sales and profitability targets agreed in the sale and purchase agreement in the upcoming years.

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 2021 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 2021 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 2021 and the Group's consolidated financial performance, consolidated cash flows and changes in consolidated equity for the year then ended.

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

The Parent Company’s Directors consider that the 2021 Consolidated Annual Accounts, which were authorised for issue on 28 March 2022, will be approved by the General Shareholders Meeting without changes.

The 2020 Consolidated Annual Accounts were approved by the General Shareholders Meeting on 30 June 2021.

Presentation approach and formats

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

Critical measurement issues and estimates of uncertainty

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

- The Group's core business is based on executing projects contracted with customers. The Group recognises revenue in accordance with IFRS 15. For certain contracts, Indra applies the so-called percentage-of-completion method to account for sales so as to assure the fairest presentation. The contract mark-up is recognised on a straight-line basis over the contract term and in accordance with the matching convention. Group Management continuously reviews all project estimates and adjusts them accordingly.
- Costs incurred in development projects are capitalised in the account "Development expenses" when they are likely to generate economic benefits in the future that will offset the cost of the asset recognised. Intangible assets are amortised based on the best estimates of their useful lives. The estimation of these useful lives requires a certain degree of subjectivity, so they are determined on the basis of analyses performed by the relevant technical departments so that the estimates are duly supported (Note 9).
- The Group performs annual goodwill impairment tests. Management uses estimates in order to determine the recoverable amount of a cash-generating unit (CGU) to which goodwill is assigned. The recoverable amount is the higher of fair value less costs to sell or otherwise dispose of an asset and value in use. The Group generally employs cash flow discounting methods to determine such values. Discounted cash flow calculations are based on five-year projections taking into account past experience and represent Management's best estimate of future business trends. Cash flows beyond year five are extrapolated applying individual growth rates. The key assumptions when determining these values include sales growth rates, weighted average cost of capital, the EBIT margin and working capital levels (Note 8).
- The Group estimates the useful life of property, plant and equipment and intangible assets so as to calculate the depreciation or amortisation charged on fixed assets. Useful life is determined using estimates of expected technological developments, entailing a significant degree of judgemente The need to assess potential impairment means taking into consideration factors such as technological obsolescence, cancellation of certain projects and other changes to circumstances estimated (Notes 6 and 9).
- The Group records provisions for liabilities and charges. The final cost of litigation and contingencies may vary depending on the interpretations of legislation, opinions and final evaluations. Any change to these circumstances could have a material effect on the amounts recognised under the heading Provisions for liabilities and charges (Note 24).
- Deferred tax assets are reflected for all deductible temporary differences, tax-loss carryforwards and tax credits pending application for which the Group is likely to record sufficient future taxable income. The Group must make estimates to determine the amount of deferred tax assets that may be recognised, taking into account the amounts and dates on which the future taxable income will be obtained and the reversal period of taxable temporary differences (Note 35).
- The Group is involved in regulatory and legal proceedings and government inspections in a number of jurisdictions. A provision is recognised if it is likely that there will be an obligation at the year end which will give rise to an outflow of resources, provided that the amount can be reliably measured. Legal processes usually involve complex legal matters and are subject to considerably uncertainty. As a result, Management uses significant judgement when determining whether it is likely that the process will result in an outflow of resources and when estimating the amount (Notes 24 and 35).
- Measurement adjustments for bad debts require a high degree of judgement on the part of Management and the review of individual balances based on the credit quality of customers, current market trends and historical analysis of bad debts at the aggregate level (Note 16). A provision is recorded for the expected loss, in accordance with IFRS 9, based on a number of parameters:
    - Segmentation of trade receivables by maturity

- Large customers and other customers
- Project debt by country based on credit ratings.

Past debt performance is also analysed on the basis of:

- Impairment rates for billings
- Debt ageing rates
- Impairment rates for past-due balances receivable.

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

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

Impacts and uncertainties related to the Covid-19 pandemic

The world economy has increasingly rallied during the course of 2021. The progress made in vaccination programmes, fewer travel restrictions and the effectiveness of the measures adopted in 2020 have steadily helped bolster the Group's operations, to the point that much of the Group's business has regained pre-pandemic levels. In fact, Covid-19 may have boosted certain segments of Indra's business, such as contactless technologies and solutions for temperature and face mask control.

Thus, the varying speed of recovery of different geographical areas due to differing vaccination uptake rates from one country to the next and the periodic uncertainty caused by new variants of the virus (Delta, Omicron, etc.) barely had an impact on the Group, and are expected to dissipate over the course of 2022.

Indra's 2021 results reflect the Group's recovery and even exceed the pre-pandemic results overall, mainly due to revenue growth and the efficiency measures and action plan implemented in the previous year. Despite this, the pandemic had a considerable impact on the following aspects:

- Change in the work model through remote working.
- Delays in project certification, primarily in the T&D segment, due mainly to travel restrictions and supply chain issues.

Nevertheless, while in terms of activity and business volume the company has returned to pre-pandemic levels, in terms of internal management the Group maintains the strictest prevention and control measures, complying at all times with the instructions issued by the health authorities across the various countries in which the Group operates.

As in 2020, Indra's priority has been to guarantee the supply of its solutions and services to its clients, while also ensuring the health and safety of its staff, clients and end users. To achieve this, Indra deployed a variety of initiatives, from maintaining remote working on a full or part-time basis in Spain, to the vaccination of 4,000 of its staff in Colombia. Another of the areas to which the company has made a commitment is the mental health of its staff.

Throughout 2021, the Group maintained a general remote working model in response to the pandemic, while monitoring the health crisis, tracking incidents and correctly applying the preventive measures recommended by the health authorities. Over the course of 2022, and armed since March with a remote working model adapted to new regulations, the Group will continue this monitoring process with the aim of maintaining a working model that is able to adapt to the health situation at all times.

The main impacts of the pandemic in 2020 are described below:

- Agreements with the employees' legal representatives on labour matters, giving rise to staff costs of €85.2 million in 2020 (€37.7 million paid at the end of the previous year and €33.5 million paid this year).

- Asset impairment of €86 million, of which €84 million is recognised in impairment losses (Note 9) and €2 million in other current liabilities.

- Due to certain delays, increased risk of default and deterioration of customers' financial position, the expected credit loss rose by €6.1 million in 2020.

- The equity impact of balance sheet consolidation of countries with a currency other than the euro amounted to €(62,241) thousand in 2020. In addition, the accounting effect on net borrowings amounted to €(13,320) thousand.

- Cancellation of leases, recognising an impairment loss of €6 million on property, plant and equipment.

- Government aid programmes relating to the Covid-19 crisis outside Spain (mainly in America). The impact of government aid on the 2020 income statement was minimal (€0.5 million).

Standards and interpretations approved by the European Union, in force and applicable to the Consolidated Annual Accounts for the financial year ended 31 December 2021

The following standards have been first-time adopted in the Consolidated Annual Accounts for the year ended 31 December 2021:

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Interest rate benchmark reform".** These amendments relate to the reform of benchmark interest rates (phase two).
- **Amendment to IFRS 4: "Deferral of application of IFRS 9".** Deferral of the application of IFRS 9 to 2023.
- **Amendment to IFRS 16: "Leases: Rent concessions".** Amendment to extend the deadline for the application of the practical expedient provided by IFRS 16 for leasehold improvements related to Covid-19.

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 2022 (not early adopted):

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

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

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

- **IFRS 17: "Insurance contracts and amendments thereto"**. 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.

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

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

Amendments	Proposed effective
Amendment to IAS 1: "Classification of liabilities as current or non-current"	1 January 2023
Amendment to IAS 12: "Deferred tax related to assets and liabilities arising from a single transaction"	1 January 2023
Amendment to IFRS 17: "Insurance Contracts - Initial application of IFRS 17 and IFRS 9"	1 January 2023

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 2021 Consolidated Annual Accounts include, for comparative purposes, the corresponding figures for the previous year.

Changes to accounting policies

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

3) Application / Distribution of Results

The Board of Directors of the Parent Company Indra Sistemas, S.A. will propose to the General Shareholders Meeting the following distribution of the profit of €26,880,872.47:

Dividend payable	26,498,160.30
Offset of prior-year losses	382,712.17
	26,880,872.47

The proposals for the distribution of the Group companies' 2021 results have been drawn up by their respective Directors and are pending approval by the corresponding General Shareholders Meetings. The proposed dividend is subject to approval by the Annual General Meeting and has not been recognised as a liability in these Consolidated Financial Statements at 31 December 2021. 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 €0.15 per share. 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) <u>Other aspects related to the consolidation of subsidiaries</u>

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

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

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

b) Jointly-controlled operations and assets

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

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

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

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

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

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

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

(i) Joint operations

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

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

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

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

c) Investments accounted for using the equity method

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

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

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

d) Intangible assets

(i) Goodwill

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

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

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

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

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

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

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

Goodwill impairment losses recognised are not reversed in subsequent years.

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

(ii) <u>Other intangible assets</u>

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:

- <u>Development expenses</u>: 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.

- <u>Computer software:</u> 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: Is presented at acquisition cost and amortised over the period in which the rights inherent in ownership of the industrial property are exercised.

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

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

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

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

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

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

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

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

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

e) Property, plant and equipment

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

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

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

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

f) Investment property

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

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

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

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

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

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

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

Negative differences identified by comparing the carrying amounts of the assets with their recoverable amounts are taken to the Consolidated Income Statement.

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

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

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

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

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

h) Leases

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

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

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

- fixed payments to be made less any lease incentives;
- variable payments depending on an index or rate, initially measured in accordance with the index or rate at inception;

- residual value guarantees expected to be incurred;
- exercise price of a purchase option if it is expected to be exercised;
- lease termination penalty payments, if the lease term reflects that the lessee will exercise an option to terminate the lease.

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

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

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

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

The Group’s main leases relate to buildings/offices and warehouses. These leases primarily include commitments to restore the premises to their original state. In some cases, they include early termination or renewal options and rent-free or rent-rebate periods, although this is not the general rule. The Group has no leases in which payment depends on variables beyond the parties’ control. The Group has no leases containing financial covenants or whose underlying asset carries a residual value guarantee, or leases signed and not in force at year-end 2021 and 2020. The Group has no leases that could be deemed sale and leaseback arrangements, that is agreements to sell fixed assets in order for the Group to lease the associated underlying asset.

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

i) Financial instruments

I. Financial Assets

Classification

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

The Group classifies its financial assets in the following categories:

a) at fair value through equity;

b) at fair value through profit or loss; and

c) at amortised cost.

Measurement

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

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

a) Equity instruments

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

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

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

b) Debt instruments

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

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

Impairment

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

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

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

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

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

Disposals

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

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

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

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

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

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

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

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

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

II. <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) <u>Financial liabilities at amortised cost</u>

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. <u>Fair value hierarchy for financial assets and liabilities and non-financial assets and liabilities</u>

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 2021 and 2020, the value of the Credit Valuation Adjustments (CVA) and Debt Valuation Adjustments (DVA) made was immaterial.

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

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

j) Parent Company’s treasury shares

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

Share sales are carried at weighted average cost.

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

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

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

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

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

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

- On the date on which the entity commits to a plan to sell the asset, there is a reasonable expectation that third parties (other than the purchaser) will impose conditions on the transfer of the assets that will extend the period necessary to complete the sale and that actions in response to such conditions cannot be initiated until the firm purchase commitment has been obtained, it being highly probable that the commitment will be obtained within a year.
- The entity obtains a firm purchase commitment that will extend the period required to complete the sale, provided the necessary actions have been taken on a timely basis to respond to the conditions imposed and the factors giving rise to the delay are expected to be resolved favourably.
- During the initial one-year period, circumstances arise that were previously deemed improbable and, as a result, the non-current asset previously classified as held for sale has not been sold by the end of that period, provided that:
    - During the initial one-year period, the entity took the necessary steps to respond to the change of circumstances;
    - The non-current assets are being actively sold at a reasonable price due to the change of circumstances; and
    - The above-mentioned criteria relating to the likelihood of the sale and Management's commitment are fulfilled.

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

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

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

l) Inventories and Contract assets

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

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

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

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

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

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

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

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

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

2) Subsequently, as the contract’s performance obligations are met, the associated revenue is progressively recognised and balances not yet invoiced are carried as "Accounts Receivable For Billable Production".

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

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

m) Cash and cash equivalents

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

n) Government grants

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

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

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

o) Provisions and contingencies

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

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

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

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

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

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

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

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

i. Provisions for restructuring

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

ii. Provisions for onerous contracts

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

iii. Trade provisions

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

iv. Provision for litigation and Contingent liabilities

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

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

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

v. Provision for remuneration

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

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

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

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

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

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

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

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

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

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 in the Group's normal operating cycle and debts falling due within twelve months as from the date of the Consolidated Statement of Financial Position or debts that may become due at any time without the Group being entitled to defer payment.

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 on 27 December in 2013 and 2014.

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

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

(iv) Classification

Deferred tax assets and liabilities are recognised in the Consolidated Statement of Financial Position as non-current assets or liabilities, irrespective of the expected realisation or settlement date.

t) Earnings per share

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

u) Segment reporting

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

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

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

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

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

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

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

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

v) Revenue recognition

(i) Contract type

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

- Execution of largely turnkey, long-term projects.
- Provision of various kinds of services, such as technical assistance, consultancy, process outsourcing, maintenance, etc.
- Manufacturing and installation to order of equipment and hardware systems (which may include software and firmware) based on proprietary technologies.

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

In 2021, over 4,600 new projects were contracted (4,000 in 2020) and the number of ongoing projects generating revenues exceeded 13,500 (14,000 in 2020). The weighted average duration of new projects contracted in 2021 and the range of duration are as follows:

Type	Average duration	Range
Projects	4 years and 3 months	Between 11 years - 2 months and 1 month
Services	2 years and 4 months	Between 20 years and 1 month
Manufacturing	6 years and 2 months	Between 10 years - 5 months and 1 month

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

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

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

(ii) Invoicing conditions

As a general rule, the customer's acceptance of the various contractual milestones gives rise to a right to invoice, which in turn leads to payment falling due on the agreed invoice settlement date.
In addition, given the profile of its contracts, the Group very frequently accounts for all committed goods and services as a single performance obligation, provided that one of the factors described in the International Financial Reporting Standard “Revenue from Contracts with Customers” (IFRS 15) is fulfilled.

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

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

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

- For the provision of services, certified work is generally invoiced in the immediately following interim period, which is usually the following month.
- For projects and equipment manufacturing, invoicing deadlines are stipulated in the contract and are tied to milestone certification or to the progress and document review process performed by the customer.

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

(iii) Transaction price

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

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

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

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

(iv) Revenue recognition method

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

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

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

(v) Contract modifications

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

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

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

Revenue recognised on a percentage-of-completion basis due to contract modifications totalled €22 million and €86 million in 2021 and 2020, respectively.

(vi) Contract assets and liabilities

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

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

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

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

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

- Conversely, the amount of revenue not billed (in contracts in which billings are below the revenue obtained with respect to percentage of completion or the certification of an unbilled milestone) is recognised as "Accounts receivable for Billable Production" under "Trade and other receivables" in the Consolidated Statement of Financial Position.

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

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

w) Transactions and balances denominated in foreign currencies

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

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

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

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

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

(i) Translation of foreign operations

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

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

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

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

(ii) Entities located in high-inflation countries

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

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

The main impacts at 31 December 2021 are described below:

- An increase in equity of €1,106 thousand (€530 thousand in 2020) 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 2021 are as follows:

	Thousand euro	
	2021	**2020**
Revenue	2,336	(1,396)
Operating profit/(loss)	378	2
Net financial income/(expense)	(1,225)	(116)
Profit/(loss) for the year	(628)	(10)

5) Business Combinations

The Group completed the following business combinations during the year ended 31 December 2021:

Managed Security Services GmbH (MSS)

On 18 May 2021, the Group company Sistemas Informáticos Abiertos, S.L. acquired 100% of the German company MSS Managed Security Services GmbH for €2,041 thousand. This company held cash of €518 thousand at the acquisition date, so the net cash outflow was €1,523 thousand. Provisional goodwill on this transaction amounts to €1,865 thousand. The Group has a period of 12 months to allocate the final value.

MSS Managed Security Services GmbH is a German company incorporated in 2007 and specialising in cybersecurity services. Its headquarters is in Mainz (Germany). It has 19 employees. Through this acquisition, Indra has strengthened its position in the Germany cybersecurity market.

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

	Thousand euro
Other Intangible Assets	1
Property, Plant and Equipment	6
Total Non-current assets	**7**
Trade and Other receivables	128
Cash and cash equivalents	518
Other current assets	8
Total Current assets	**654**
Total Assets	**661**
Non-current provisions	37
Total Non-current liabilities	**37**
Trade and other payables	144
Other current liabilities	304
Total Current liabilities	**448**
Total Liabilities	**485**
Net Assets	**176**
% Acquisition	**100%**
Initial consideration	**2,041**
Goodwill on Consolidation	**1,865**

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

MSS Managed Security Services GmbH contributed revenue of €466 thousand from the date it was included in the consolidation scope to 31 December 2021. This contribution would have amounted to €833 thousand had the company been consolidated throughout 2021.

Flat 101, S.L.

On 7 June 2021, the Group company Indra Holding Tecnologías de la Información, S.L.U. acquired 100% of the Spanish company Flat 101, S.L. for €11,404 thousand, leaving the sum of €1,400 thousand pending payment. An additional liability of €11,000 thousand was recognised, reflecting the probable value that Indra estimates will be payable as an earn-out in the event that the company reaches the targets agreed in the sale and purchase agreement. This company held cash of €1,770 thousand at the acquisition date, so the net cash outflow was €8,234 thousand. Provisional goodwill on this transaction amounts to €19,084 thousand. The Group has a period of 12 months to allocate the final value.

Flat 101, S.L. specialises in optimising e-commerce conversion rates for all industries and managing customer acquisition budgets in digital media by leveraging its data and analytics capabilities. It has approximately 90 employees. Through this acquisition, Indra has consolidated its value proposition in digital consulting and marketing so as to accompany its customers throughout the commercial life cycle of their business.

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

	Thousand euro
Other Intangible Assets	1
Property, Plant and Equipment	138
Non-current financial assets	7
Total Non-current assets	**146**
Inventories	1
Trade and Other receivables	2,286
Cash and cash equivalents	1,770
Other current assets	23
Total Current assets	**4,079**
Total Assets	**4,225**
Trade and other payables	898
Other current liabilities	6
Total Current liabilities	**904**
Total Liabilities	**904**
Net Assets	**3,321**
% Acquisition	**100%**
Initial consideration	**11,404**
Earn-out agreement	**11,000**
Goodwill on Consolidation	**19,083**

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

Flat 101, S.L. contributed revenue of €5,252 thousand from the date it was included in the consolidation scope to 31 December 2021. This contribution would have amounted to €8,419 thousand had the company been consolidated throughout 2021.

The Overview Effect, S.L.

On 17 June 2021, the Group company Paradigma Digital, S.L. acquired 75% of the shares in the company The Overview Effect, S.L., which was incorporated on 2 February 2021, by subscribing for a capital increase in the amount of €1,400 thousand that was fully paid up at the subscription date.

The corporate purpose of The Overview Effect, S.L. is to provide and perform all kinds of services and work within the field of business consulting and/or business management and, in particular, work related to sustainability consulting and social impact, through both strategic consulting and digital prototype development.

The Overview Effect, S.L. contributed revenue of €126 thousand from the date it was included in the consolidation scope to 31 December 2021.

Net Studio, S.P.A.

On 3 August 2021, the Group company Sistemas Informáticos Abiertos, S.A.U. acquired 100% of the shares in the Italian company Net Studio, S.P.A. for €7,295 thousand, leaving the sum of €1,295 thousand pending payment. A liability of €2,000 thousand was also recognised, reflecting the future payment that Indra must make in 2024. The total price is pending the adjustment of net debt and working capital. This company held cash of €1,350 thousand at the acquisition date, so the net cash outflow was €4,650 thousand. Provisional goodwill on this transaction amounts to €7,063 thousand. The Group has a period of 12 months to allocate the final value.

Net Studio, S.P.A. is an Italian company incorporated in 2000 and specialising in the development and implementation of cybersecurity and digital identity services. It has approximately 56 employees. Through this acquisition, Indra has strengthened its position in the Italian cybersecurity market.

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

	Thousand euro
Other intangible assets	3
Property, plant and equipment	158
Non-current financial assets	3
Total non-current assets	**164**
Trade and other receivables	1,134
Cash and cash equivalents	1,350
Other current assets	1,147
Total current assets	**3,631**
Total assets	**3,795**
Bank borrowings	59
Trade and other payables	445
Other current liabilities	1,059
Total current liabilities	**1,563**
Total liabilities	**1,563**
Net assets	**2,231**
% acquisition	**100%**
Initial consideration	**7,295**
Deferred payment	**2,000**
Goodwill on consolidation	**7,064**

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

Net Studio, S.P.A. contributed revenue of €2,058 thousand from the date it was included in the consolidation scope to 31 December 2021. This contribution would have amounted to €7,913 thousand had the company been consolidated throughout 2021.

<u>Consultoría Organizacional, S.A.S.</u>

On 30 September 2021, the Group company Indra Soluciones Tecnologías de la Información, S.L.U. acquired 100% of the shares in the Colombian company Consultoría Organizacional, S.A.S. for €8,779 thousand, leaving the sum of €1,027 thousand pending payment. This company held cash of €84 thousand at the acquisition date, so the net cash outflow was €7,669 thousand. Provisional goodwill on this transaction amounts to €6,511 thousand. The Group has a period of 12 months to allocate the final value.

Consultoría Organizacional, S.A.S. was founded in 2000 in Bogotá (Colombia) and specialises in SAP system consulting services. It has approximately 140 employees. Through this acquisition, Indra has consolidated its position as a reference company for SAP in Colombia.

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

	Thousand euro
Other Intangible Assets	109
Property, Plant and Equipment	324
Deferred tax assets	21
Total Non-current assets	**454**
Trade and Other receivables	3,051
Cash and cash equivalents	84
Other current assets	563
Total Current assets	**3,698**
Total Assets	**4,152**
Other non-current liabilities	142
Total Non-current liabilities	**142**
Trade and other payables	2,016
Current tax liabilities	28
Other current liabilities	36
Total Current liabilities	**2,080**
Total Liabilities	**2,222**
Net Assets	**1,930**
% Acquisition	**100%**
Initial consideration	**8,779**
Currency translation difference	**(339)**
Goodwill on Consolidation	**6,510**

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

Consultoría Organizacional S.A.S. contributed revenue of €1,757 thousand from the date it was included in the consolidation scope to 31 December 2021. This contribution would have amounted to €8,424 thousand had the company been consolidated throughout 2021.

<u>Operadora de Tarjetas de Crédito Nexus, S.A.</u>

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

<u>Credimatic, S.A.</u>

On 22 December 2021, the Group company Minsait Payment Systems, S.L. acquired 100% of the Ecuadorian company Credimatic, S.A. for €6,600 thousand (USD 7,500 thousand). The total price is pending the adjustment of net debt and working capital. This company held cash of €771 thousand at the acquisition date, so the net cash outflow was €5,829 thousand. Provisional goodwill on this transaction amounts to €1,862 thousand (USD 2,109 thousand). The Group has a period of 12 months to allocate the final value.

Credimatic, S.A. is an Ecuadorian company incorporated in 2003 and specialising in credit card processing and card authorisation services, with a consolidated customer base. It has approximately 70 employees. Through this acquisition, Indra has entered the Ecuadorian means of payment market to continue consolidating a position among the reference companies in Latin America.

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

	Thousand euro
Other Intangible Assets	3,216
Property, Plant and Equipment	923
Non-current financial assets	99
Total Non-current assets	**4,238**
Current tax assets	431
Trade and Other receivables	296
Cash and cash equivalents	771
Other current assets	270
Total Current assets	**1,768**
Total Assets	**6,006**
Other non-current liabilities	322
Total Non-current liabilities	**322**
Trade and other payables	162
Other current liabilities	763
Total Current liabilities	**925**
Total Liabilities	**1,247**
Net Assets	**4,759**
% Acquisition	**100%**
Initial consideration	**6,600**
Currency translation difference	**21**
Goodwill on Consolidation	**1,862**

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

Had Credimatic, S.A. been consolidated throughout 2021, it would have contributed revenue of €6,960 thousand, but no amount is included in the consolidated income statement because the acquisition was made at the end of December.

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 2021 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 2021, the Group made the following adjustments to 2020 business combinations:

<u>SmartPaper, S.P.A. and Smartest, S.R.L.</u>

During 2021, an adjustment was made to the fair value of the assets and liabilities of the companies SmartPaper, S.P.A., Smartest, S.R.L. and Baltik IT S.I.A., reducing the goodwill calculated in 2020 by €7,349 thousand. The following assets were restated in the purchase price allocation process:

- The amount of €10,430 thousand relating to contractual relationships.

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

	2020	Additions	2021
	Fair value prior to the PPA	**Assets and liabilities identified**	**Fair value**
		Thousand euro	
Intangible assets	37	10,430	10,467
Property, Plant and Equipment	650	-	650
Deferred tax assets	120	-	120
Non-current financial assets	9	-	9
Total Non-current assets	**816**	**10,430**	**11,246**
Total Current assets	**26,284**		**26,284**
Total Assets	**27,100**	**10,430**	**37,530**
Non-current provisions	3,146	-	3,146
Deferred tax liabilities	8	2,608	2,616
Total non-current liabilities	**3,154**	**2,608**	**5,762**
Total current liabilities	**7,512**	**-**	**7,512**
Total Liabilities	**10,666**	**2,608**	**13,274**
Net assets	**16,434**	**7,822**	**24,256**
% Acquisition	100%		
Initial consideration	23,972	473	24,445
Earn-out agreement	6,000		6,000
Goodwill on Consolidation	**13,538**	**(7,349)**	**6,189**

These effects are as of 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, the Consolidated Income Statement, the 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 2021 and 2020:

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

	Thousand euro						
	Balance at 31.12.19	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.20**
Investments:							
Land	10,028	-	-	-	-	-	10,028
Buildings	55,160	-	(139)	-	(3)	1	55,019
Plant, mach. & other installations	264,288	(28,174)	(2,420)	11,857	(12,523)	403	233,431
Furniture	52,682	3,935	(1,807)	773	(5,285)	(405)	49,893
Vehicles	2,651	31	(190)	-	(169)	(41)	2,282
Data-processing equipment	98,992	50	(2,203)	3,554	(591)	(582)	99,220
Other PPE	7,123	139	(598)	913	(174)	(256)	7,147
	490,924	**(24,019)**	**(7,357)**	**17,097**	**(18,745)**	**(880)**	**457,020**
Depreciation:							
Buildings	(25,966)	-	78	(1,105)	3	-	(26,990)
Plant, mach. & other installations	(206,945)	15,939	1,184	(11,359)	10,535	(42)	(190,688)
Furniture	(41,441)	(3,436)	951	(1,981)	4,661	456	(40,790)
Vehicles	(2,378)	(22)	226	(43)	126	26	(2,065)
Data-processing equipment	(90,636)	(52)	1,962	(5,509)	544	227	(93,464)
Other PPE	(6,395)	(92)	474	(398)	136	221	(6,054)
	(373,761)	**12,337**	**4,875**	**(20,395)**	**16,005**	**888**	**(360,051)**
Impairment provisions:							
Plant, mach. & other installations	-	-	-	(735)	-	-	(735)
	-	**-**	**-**	**(735)**	**-**	**-**	**(735)**
Net value:							
Land	10,028	-	-	-	-	-	10,028
Buildings	29,194	-	(61)	(1,105)	-	1	28,029
Plant, mach. & other installations	57,343	(12,235)	(1,236)	(237)	(1,988)	361	42,008
Furniture	11,241	499	(856)	(1,208)	(624)	51	9,103
Vehicles	273	9	36	(43)	(43)	(15)	217
Data-processing equipment	8,356	(2)	(241)	(1,955)	(47)	(355)	5,756
Other PPE	728	47	(124)	515	(38)	(35)	1,094
Total	**117,163**	**(11,682)**	**(2,482)**	**(4,033)**	**(2,740)**	**8**	**96,235**

Scope changes relate to the acquisitions of the companies MSS Managed Security Services GmbH, Flat 101, S.L., Consultoría Organizacional S.A.S., Net Studio, S.P.A. and Credimatic, S.A. (Note 5).

Additions to data-processing equipment relate to the technological renewal of equipment, mainly in the Parent Company. Additions to plant relate to the refurbishment of the Group companies’ buildings.

Disposals in plant and furniture are explained mainly by the sale of the Parent Company's property in San Fernando de Henares and other disposals of various buildings as a result of lease cancellations (Note 7).

Disposals in land, buildings and plant relate to the sale of the Parent Company’s property in San Fernando de Henares to XDATA Properties for €40,000 thousand, generating a profit of €16,862 thousand under “Gains/(losses) on fixed assets” (Note 32). The Group also recognised an impairment provision of €3,249 thousand for leases containing termination clauses the cancellation of which was notified in 2021 (Note 7).

As a result of the above-mentioned sale and the disposals in 2021, a gain on fixed assets of €13,158 thousand was recognised in the consolidated income statement (loss of €3,147 thousand at 31 December 2020) (Note 32).

The Group made payments to acquire property, plant and equipment totalling €14,142 thousand (€19,251 thousand in 2020).

At 31 December 2021, fully-depreciated property, plant and equipment amount to €276,794 thousand (€270,841 thousand at 31 December 2020).

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 2021 or 2020.

7) Right-of-use assets

Right-of-use assets are analysed below at 31 December 2021 and 2020:

	Thousand euro			
RIGHT-OF-USE ASSETS	**Land and buildings**	**Vehicles**	**Data-processing equipment**	**Total**
Carrying amount at 31 December 2020	**129,335**	**54**	**203**	**129,592**
Cost				
Opening balance	160,515	77	655	161,247
Additions	35,925	-	1,684	37,609
Disposals	(17,465)	(6)	-	(17,470)
Transfers	-	(22)	(156)	(179)
Currency translation differences	(4,991)	(28)	-	(5,019)
Total cost	173,984	22	2,183	176,189
Depreciation				
Opening balance	(31,180)	(23)	(452)	(31,655)
Depreciation	(32,223)	(14)	(1,103)	(33,340)
Disposals	6,804	3	-	6,807
Transfers	-	14	156	171
Currency translation differences	1,250	13	40	1,303
Total depreciation	(55,350)	(7)	(1,358)	(56,715)
Carrying amount at 1 January 2021	**118,634**	**15**	**825**	**119,473**
Cost				
Opening balance	173,984	22	2,183	176,189
Additions	20,160	160	-	20,320
Disposals	(14,360)	-	-	(14,360)
Transfers	-	(5)	(498)	(503)
Currency translation differences	(145)	(3)	40	(108)
Total cost	179,639	175	1,725	181,538
Depreciation				
Opening balance	(55,350)	(7)	(1,358)	(56,715)
Depreciation	(29,607)	(143)	(633)	(30,383)
Disposals	3,554	-	-	3,554
Transfers	-	2	498	500
Currency translation differences	341	-	(27)	314
Total depreciation	(81,062)	(148)	(1,520)	(82,730)
Carrying amount at 31 December 2021	**98,577**	**27**	**205**	**98,808**

The average lease term for land and buildings is 2.8 years. This heading relates primarily to leased offices and other leased workplaces. Net property, plant and equipment associated with leases amounted to €40,089 thousand in 2021 (€46,215 thousand in 2020).

Approximately one fifth of the right-of-use leases expired in 2021. These leases were renewed or replaced by new leases of identical underlying assets where deemed necessary. The additions of €20,160 thousand in 2021 and €35,925 thousand in 2020 therefore relate to changes in existing lease terms, mainly comprising office lease extensions and the consequent adjustments to cumulative rent.

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

	Thousand euro	
IFRS 16 effect on the income statement	**2021**	**2020**
Depreciation expenses	30,316	33,265
Financial expenses	5,331	7,725
Total effect on the income statement	**35,647**	**40,990**

The Group assessed its leases as a result of the pandemic and the new teleworking approach and a number of leases containing an early termination option that was not initially expected to be exercised were cancelled. In addition, where the effective lease cancellation date was in the current year, the Group recognised accelerated depreciation expense of €3,556 thousand for certain installations (property, plant and equipment) associated with the lease. The Group also recorded an impairment provision of €3,249 thousand (Note 6), recognising the expense under the heading Other gains/(losses) on fixed assets in the consolidated income statement (Note 32), for leases containing penalty clauses for termination (generally 12 months' prior notice) the cancellation of which was notified in 2021. The Group has not modified leases as a result of Covid-19, so no specific accounting treatment has been necessary.

Cash outflows recognised under the cash flow statement heading "Other Flows from Financing Activities" totalled €33,668 thousand (€36,901 thousand in 2020).

8) Goodwill

Goodwill is analysed below at 31 December 2021 and 2020:

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

	Thousand euro				
	31.12.19	**Additions**	**Currency translation differences**	**Transfers**	**31.12.20**
Transport and Defence (T&D)	116,037	-	(1,453)	-	114,584
Information Technologies (IT)	768,874	15,534	(8,067)	(1,436)	774,905
Total	**884,911**	**15,534**	**(9,520)**	**(1,436)**	**889,489**

Additions relate to the business combinations described in Note 5.

Key assumptions employed in projections

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

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

Flow projections are based on the 2022 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)									
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
T&D	5.9%	6.5%	6.8%	7.2%	1.7%	1.7%	12.9%	16.1%	(35)	(63)
IT	3.4%	5.1%	8.1%	8.5%	1.7%	1.7%	7.6%	8.0%	27	22

As in the previous year, the 2021 results (last financial year closed) and the 2022 budget approved by the Group are the starting point for the assumptions employed.

Management considers that, were pre-tax future cash flows and discount rates to be estimated, the findings of the impairment tests carried out in 2021 would not be materially different from those performed using the method applied by Management, as shown by the sensitivity exercise presented in this note.

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.

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 1.7% was used in the 2021 projections for both CGUs.

The effect of the pandemic 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 pandemic months.

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 pandemic 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 2021 and 2020 is shown below:

	Residual value	
	2021	**2020**
T&D	75%	78%
IT	75%	81%

Impairment test findings

At 31 December 2021 and 2020, the carrying amount, including goodwill, and the recoverable amount of the CGUs are as follows:

	2021 Thousand euro			2020 Thousand euro		
	Carrying amount (1)	**Recoverable amount (2)**	**Difference (2)-(1)**	**Carrying amount (1)**	**Recoverable amount (2)**	**Difference (2)-(1)**
T&D	139,551	3,197,308	3,057,757	251,318	3,146,502	2,895,184
IT	901,181	2,004,969	1,103,788	894,949	1,807,069	912,120

Set out below is a breakdown of the main assets included in the carrying amount of the CGUs at 31 December 2021 and 2020:

	Net fixed assets		**Working capital**		**Goodwill**		**Other**		**Carrying amount CGU**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
T&D	199,862	460,139	(82,230)	(192,140)	115,484	114,516	(93,565)	(131,197)	139,551	251,318
IT	252,155	295,608	162,158	118,718	805,908	774,973	(319,041)	(294,350)	901,181	894,949
Total	**452,017**	**755,747**	**79,928**	**(73,422)**	**921,392**	**889,489**	**(412,606)**	**(425,547)**	**1,040,732**	**1,146,267**

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 €412.6 million in 2021 (€425 million in 2020).

The Group has verified that, on excluding from the impairment tests deferred tax assets and liabilities (net balance of €180.3 million included in "Other") and their impact on projected cash flows, the findings confirm that there is no impairment as the difference between the recoverable amount and the carrying amount increases.

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

Sensitivity analysis

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

	2021				2020			
	WACC change		Residual growth rate		WACC change		Residual growth rate	
Impact on recoverable value of the CGUs:	-1 p.p.	+1 p.p.	-0.5 p.p.	+0.5 p.p.	-1 p.p.	+1 p.p.	-0.5 p.p.	+0.5 p.p.
T&D	751,859	(505,791)	(234,941)	286,256	711,667	(492,542)	(244,362)	293,176
IT	378,883	(276,613)	(107,804)	126,031	342,744	(254,038)	(100,180)	116,066

The Group has also confirmed by means of a sensitivity exercise that a change in the discount rate (due to the trend in the technical parameters used) does not affect the findings presented in this note. In particular, if the value in use of CGUs had been determined in 2021 using the same discount rate as in 2020, the findings would have been as follows:

2021 Thousand euro	Recoverable value using 2020 WACC	2021 carrying amount	Difference
T&D	2,961,836	139,551	2,822,285
IT	1,888,677	901,181	987,496

	2021				2020			
	Change in sales	EBIT margin	Residual EBIT	Change in days working capital	Change in sales	EBIT margin	Residual EBIT	Change in days working capital
Impact on recoverable value of the CGUs:	(5.0)%	-1 p.p.	-1 p.p.	+10 days	(5.0)%	-1 p.p.	-1 p.p.	+10 days
T&D	(162,791)	(240,057)	(181,665)	(53,333)	(167,561)	(193,860)	(150,072)	(47,563)
IT	(92,721)	(287,935)	(203,733)	(74,963)	(89,186)	(250,167)	(184,992)	(71,592)

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 2021 and 2020, 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:

	2021				2020	
	WACC		G(1)		WACC	
	Assumptions	Value to equal carrying amount	Assumptions	Value to equal carrying amount	Assumptions	Value to equal carrying amount
T&D	6.8%	133.0%	1.7%	N/A	7.2%	64.5%
IT	8.1%	15.6%	1.7%	(17.0)%	8.5%	14.4%

	2021					2020				
	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	(93.92)%	12.9%	(3.90)%	(35)	539	(86.39)%	16.1%	(2.42)%	(63)	546
IT	(59.52)%	7.6%	2.17%	27	174	(51.14)%	8.00%	3.08%	22	150

(1) The perpetuity growth rate (g) sensitivity only affects the terminal value. In the case of T&D, this sensitivity does not apply as the present value of cash flows estimated for the T&D CGU during the period 2022 – 2026, i.e. without taking account of the terminal value, is higher than the CGU's carrying amount. This means that for the recoverable amount of the T&D CGU to equal its carrying amount, the terminal value would have to be negative.

(2) The sensitivity of the EBIT margin to equal the carrying amount is only reflected in the terminal value. In the case of T&D, the margin necessary to achieve this balance is negative, since the present value of projected cash flows for the period 2022-2026 or 2021-2025, respectively, exceeds the carrying amount.

* Data for Normalised Year (2026)

** Data for Normalised Year (2025)

9) Other intangible assets

Other intangible assets are analysed below at 31 December 2021 and 2020:

Thousand euro

	Balance at 31.12.20	Scope change	Currency translation differences	Additions	Disposals	Transfers	Balance at 31.12.21
Investments:							
Industrial property	58,060	51	(167)	-	(89)	-	57,855
Computer software	634,998	10,874	1,443	2,438	(2,656)	39,019	686,116
Development expenses	92,185	-	(145)	33,770	(1,403)	(38,602)	85,805
Contractual relationships	91,698	-	559	-	-	10,430	102,687
Other intangibles	20,902	-	(146)	-	(3)	(417)	20,336
	897,843	**10,925**	**1,544**	**36,208**	**(4,151)**	**10,430**	**952,799**
Amortisation							
Industrial property	(16,943)	-	2	(1,348)	-	-	(18,289)
Computer software	(400,841)	(7,554)	(1,080)	(34,459)	2,596	(7,522)	(448,860)
Development expenses	(7,928)	-	124	-	1,403	-	(6,401)
Contractual relationships	(30,216)	-	(161)	(10,216)	-	-	(40,593)
Other intangibles	(17,759)	-	146	(12)	3	381	(17,241)
	(473,687)	**(7,554)**	**(969)**	**(46,035)**	**4,002**	**(7,141)**	**(531,384)**
Grants							
Computer software	(33,907)	-	-	(11,675)	2,385	7,141	(36,056)
	(33,907)	**-**	**-**	**(11,675)**	**2,385**	**7,141**	**(36,056)**
Provisions							
Industrial property	(6,066)	-	-	-	-	-	(6,066)
Computer software	(103,160)	-	-	-	-	-	(103,160)
Development expenses	(3)	-	-	-	-	-	(3)
Other intangibles	(2,143)	-	-	-	-	-	(2,143)
	(111,372)	**-**	**-**	**-**	**-**	**-**	**(111,372)**
Net value:							
Industrial property	35,051	51	(165)	(1,348)	(89)	-	33,500
Computer software	130,997	3,320	363	(32,021)	(60)	31,497	134,096
Development expenses	50,347	-	(21)	22,095	2,385	(31,461)	43,345
Contractual relationships	61,482	-	398	(10,216)	-	10,430	62,094
Other intangibles	1,000	-	-	(12)	-	(36)	952
Total	**278,877**	**3,371**	**575**	**(21,502)**	**2,236**	**10,430**	**273,987**

	Thousand euro						
	Balance at 31.12.19	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.20**
Investments:							
Industrial property	58,334	-	(264)	-	(10)	-	58,060
Computer software	550,185	130	(3,186)	2,431	(779)	86,217	634,998
Development expenses	133,939	-	(1,168)	45,574	-	(86,160)	92,185
Contractual relationships	82,220	-	(619)	-	-	10,097	91,698
Other intangibles	22,127	429	(1,654)	-	-	-	20,902
	846,805	**559**	**(6,891)**	**48,005**	**(789)**	**10,154**	**897,843**
Amortisation							
Industrial property	(15,613)	-	6	(1,346)	10	-	(16,943)
Computer software	(348,325)	(133)	2,169	(44,311)	775	(11,016)	(400,841)
Development expenses	(8,932)	-	1,028	-	-	(24)	(7,928)
Contractual relationships	(20,802)	-	132	(9,546)	-	-	(30,216)
Other intangibles	(19,008)	(393)	2,811	(1,174)	-	5	(17,759)
	(412,680)	**(526)**	**6,146**	**(56,377)**	**785**	**(11,035)**	**(473,687)**
Grants							
Computer software	(34,385)	-	-	(13,053)	2,553	10,978	(33,907)
	(34,385)	**-**	**-**	**(13,053)**	**2,553**	**10,978**	**(33,907)**
Provisions							
Industrial property	(6,066)	-	-	-	-	-	(6,066)
Computer software	(18,943)	-	-	(84,217)	-	-	(103,160)
Development expenses	(3)	-	-	-	-	-	(3)
Other intangibles	(2,143)	-	-	-	-	-	(2,143)
	(27,155)	**-**	**-**	**(84,217)**	**-**	**-**	**(111,372)**
Net value:							
Industrial property	36,655	-	(258)	(1,346)	-	-	35,051
Computer software	182,917	(3)	(1,017)	(139,150)	2,549	75,201	130,997
Development expenses	90,619	-	(140)	45,574	-	(75,206)	50,347
Contractual relationships	61,418	-	(487)	(9,546)	-	10,097	61,482
Other intangibles	976	36	1,157	(1,174)	-	5	1,000
Total	**372,585**	**33**	**(745)**	**(105,642)**	**2,549**	**10,097**	**278,877**

Scope changes relate to the acquisitions of the companies MSS Managed Security Services GmbH, Flat 101, S.L., The Overview Effect, S.L., Consultoría Organizacional, S.A.S., Net Studio, S.P.A. and Credimatic, S.A. (Note 5).

Contractual relationships relate to the reassessment of the assets of Tecnocom in the amount of €60,400 thousand (2017), Paradigma Digital in the amount of €14,500 thousand (2018), North American Transmission & Distribution Group in the amount of €7,260 thousand (2019), Sistemas Informáticos Abiertos, S.A. in the amount of €10,097 thousand (2020) and SmartPaper, S.R.L. in the current year due to the purchase price allocation in the amount of €10,430 thousand (Note 5).

The Group made payments to invest in intangible assets totalling €35,014 thousand (€46,713 thousand in 2020).

The amount of €38,602 thousand was transferred from Development Expenses to Computer Software in 2021 once the developments had been completed and fulfilled technical and economic feasibility requirements.

In 2020, due to the effects of Covid-19 (Note 2), the Group detected indications of intangible asset impairment and recognised the amount of €84,217 thousand in the consolidated income statement (Note 32).

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

	Thousand euro 2021	Thousand euro 2020	Segments
Investments (1)			
Public Administrations	15,533	11,547	IT
Defence & Security	163,564	161,328	T&D
Energy	112,177	109,353	IT
Industry & Consumption	25,159	24,321	IT
Election Processes	3,514	2,715	IT
Healthcare	25,155	22,826	IT
Financial Services	103,040	95,645	IT
Telecom & Media	7,541	4,551	IT
Air Traffic	80,908	73,638	T&D
Transport	61,912	55,709	T&D
Transversal T&D	1,847	1,847	T&D
Other Markets	171,571	163,704	
	771,921	**727,183**	**Estimated years of amortisation (2)**
Accumulated amortisation:			
Public Administrations	(7,827)	(6,358)	1 to 5 years
Defence & Security	(87,870)	(79,619)	1 to 10 years
Energy	(56,216)	(53,128)	1 to 10 years
Industry & Consumption	(15,317)	(13,511)	1 to 10 years
Election Processes	(1,335)	(946)	1 to 5 years
Healthcare	(15,621)	(13,733)	1 to 10 years
Financial Services	(65,155)	(56,693)	1 to 5 years
Telecom & Media	(6,235)	(3,489)	1 to 5 years
Air Traffic	(52,910)	(39,593)	1 to 5 years
Transport	(30,427)	(25,894)	1 to 5 years
Transversal T&D	(1,169)	(936)	1 to 10 years
Other Markets	(115,179)	(114,869)	
	(455,261)	**(408,769)**	
Accumulated impairment:			
Defence & Security	(21,376)	(21,376)	
Energy	(41,646)	(41,646)	
Industry & Consumption	(4,400)	(4,400)	
Healthcare	(8,000)	(8,000)	
Financial Services	(20,100)	(20,100)	
Transport	(7,641)	(7,641)	
	(103,163)	**(103,163)**	
Grants			
Defence & Security	(1,324)	(1,645)	
Financial Services	(996)	(1,992)	
Telecom & Media	(62)	(62)	
Air Traffic	(21,329)	(19,888)	
Transport	(9,532)	(7,428)	
Transversal T&D	(178)	(260)	
Other Markets	(2,635)	(2,631)	
	(36,056)	**(33,907)**	

	Thousand euro 2021	Thousand euro 2020
Net value:		
Public Administrations	7,706	5,189
Defence & Security	52,994	58,688
Energy	14,315	14,579
Industry & Consumption	5,442	6,411
Election Processes	2,179	1,769
Healthcare	1,534	1,093
Financial Services	16,789	16,859
Telecom & Media	1,244	999
Air Traffic	6,669	14,157
Transport	14,312	14,747
Transversal T&D	500	652
Other Markets	53,756	46,202
Total	**177,441**	**181,344**

(1) In 2021, the carrying amount of Development projects capitalised during the year that are not yet being amortised is €33,080 thousand (€28,661 thousand in 2020).

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

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

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

The following IT segment projects stand out:

- Digital, sustainable solutions integrating urban management with the operation of public services and including citizens in the transformation towards a smart community.
- Platform that enhances efficiency in the integrated management of hotel operations, from property costs to customer satisfaction and loyalty.
- Innovative solution that securely manages the entire digital payments value chain, including issuing businesses, acquirers and new payment methods.
- Management solution for electoral processes and assemblies of all kinds that facilitates participation from any place and platform (computer, mobile phone or tablet).

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

In 2021, as in 2020, the Group continued to invest in developments in all business areas, the most significant relating to the T&D segment.

At 31 December 2021, the carrying amount of projects not being amortised is €79,093 thousand (€84,233 thousand in 2020).

Transfers recognised under the heading “Computer software” in 2021 and 2020 relate to the following vertical markets:

	Thousand euro	
MARKET	**2021**	**2020**
Public Administrations	732	3,231
Defence & Security	11,898	31,771
Energy	1,570	11,621
Industry & Consumption	1,197	1,930
Healthcare	-	1,041
Financial Services	6,028	7,808
Air Traffic	6,204	11,360
Transport	3,557	10,066
Other Markets	7,833	7,389
	39,019	**86,217**

Certain capitalised development expenses are financed or subsidised by government bodies. Set out below is a breakdown of the vertical markets (Note 4n) to which the most significant grants relate in 2021 and 2020:

	Thousand euro	
MARKET	**2021**	**2020**
Public Administrations	1,811	1,771
Defence & Security	19,892	18,729
Energy	315	204
Healthcare	70	84
Financial Services	996	1,992
Telecom & Media	435	62
Air Traffic	24,071	21,941
Transport	11,096	9,762
	58,686	**54,545**

Development expenses total €292,753 thousand in the current year and €265,064 thousand in the previous year. The Group has capitalised €33,770 thousand and €45,574 thousand of these amounts, respectively. The 2021 Consolidated Income Statement therefore reflects development expenses in different projects amounting to €258,983 thousand (€218,489 thousand in 2020) (Note 40).

The Industrial property balance includes assets acquired from third parties totalling €57,855 thousand in 2021 (€58,060 thousand in 2020), 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 €23,170 thousand.

Intangible asset amortisation rates are shown below:

		Thousand euro				
		Expenses incurred in-house		**Acquisition from third parties**		
	Balance at 31.12.21	**Finite useful life**	**Amortisation rate**	**Indefinite useful life**	**Finite useful life**	**Amortisation rate**
Net value						
Industrial property	33,500	-	-	20,000	13,500	5-10%
Computer software	134,096	121,595	10-100%	-	12,501	25%
Development expenses	43,345	43,345	10-100%	-	-	-
Contractual relationships	62,094	-	-	-	62,094	6-10%
Other intangibles	952	-	-	-	952	10%
	273,987	**164,940**		**20,000**	**89,047**	

		Thousand euro				
		Expenses incurred in-house		**Acquisition from third parties**		
	Balance at 31.12.20	**Finite useful life**	**Amortisation rate**	**Indefinite useful life**	**Finite useful life**	**Amortisation rate**
Net value						
Industrial property	35,051	-	-	19,949	15,102	5-10%
Computer software	130,997	118,822	10-100%	-	12,175	25%
Development expenses	50,347	50,347	10-100%	-	-	-
Contractual relationships	61,482	-	-	-	61,482	6-10%
Other intangibles	1,000	-	-	-	1,000	10%
	278,877	**169,169**		**19,949**	**89,759**	

At 31 December 2021, fully-amortised intangible assets amount to €185,586 thousand (€178,621 thousand at 31 December 2020).

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

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

The Group has no intangible assets pledged as collateral and there are no ownership restrictions. There are also no commitments to acquire property, plant and equipment at 31 December 2021 or 2020.

10) Financial Instruments

a) Financial Assets

Financial assets (except for investments in associates) are set out below by class and maturity for 2021 and 2020:

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

		2020 Thousand euro		
FINANCIAL ASSETS: NATURE/CATEGORY	Note	Fair value through other comprehensive income	Amortised cost	Hedging derivatives
Other ownership interests in non-Group companies	12	13,200	-	-
Derivatives	12	-	-	2,429
Other receivables	12	-	4,751	-
Other financial assets	12	-	143,633	-
Long term / non-current		**13,200**	**148,384**	**2,429**
Guarantees and deposits	12	-	2,321	-
Derivatives	12	-	-	6,093
Other financial assets	12, 16	-	910,974	-
Cash and cash equivalents	17	-	1,184,853	-
Short term / current		**-**	**2,098,148**	**6,093**
Total		**13,200**	**2,246,532**	**8,522**

The Group's core business is based on executing projects contracted with customers. The Group recognises contract revenue and costs in accordance with IFRS 15 (Note 4v). The decrease in the item “Other long-term financial assets” is due mainly to the transfer of these assets to the short term (Note 12).

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 2021 and 2020:

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

FINANCIAL LIABILITIES: NATURE/CATEGORY	Note	31.12.20 Thousand euro Amortised cost	Hedging derivatives	Fair value through profit or loss
Bank borrowings	21	985,646	-	-
Debentures and other marketable securities	21	387,181	-	-
Derivatives	22, 37	-	1,450	-
Other financial liabilities	22, 23	236,637	-	14,752
Long-term payables / Non-current financial liabilities		**1,609,464**	**1,450**	**14,752**
Bank borrowings	21	39,183	-	-
Debentures and other marketable securities	21	254,229	-	-
Derivatives	22, 37	-	6,652	-
Trade payables, other payables, other financial liabilities	22, 26	1,492,380	-	7,841
Short-term payables / Current financial liabilities		**1,785,792**	**6,652**	**7,841**
Total		**3,395,256**	**8,102**	**22,593**

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 2021 relate primarily to the estimated earn-outs from the Paradigma acquisition in the amount of €9,992 thousand (€14,492 thousand in 2020), the acquisition of the companies SmartPaper and Smart Test for €6,000 thousand and the acquisition of Flat 101 for €11,000 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 2021 and 2020:

	Thousand euro	
	2021	**2020**
Financial expense on bank borrowings	13,259	13,344
Other financial expenses	7,066	9,135
Interest on debentures and bonds	17,223	16,505
Financial expenses, IFRS 16	5,331	7,725
Exchange gains/(losses)	2,955	584
Fair value changes to financial instruments	4,020	-
Total financial expenses	**49,853**	**47,294**
Other financial income	5,218	6,168
Total financial income	**5,218**	**6,168**

11) Investments accounted for using the equity method

Set out below is a breakdown of this heading in the Consolidated Statement of Financial Position at 31 December 2021 and 2020:

Thousand euro

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

Thousand euro

	Balance at 31.12.19	Invest-ment	Currency translation differences	Dividends	Profit/ (loss)	Balance at 31.12.20	Net assets	Implicit goodwill
SAES Capital	2,363	-	-	(373)	536	2,526	2,526	-
Eurofighter Simulation Systems	1,127	-	-	(780)	1,361	1,708	3,128	(1,420)
Euromids	451	-	-	-	136	587	839	(252)
Iniciativas Bioenergéticas	316	-	-	-	1,263	1,579	1,856	(277)
Tagsonomy	-	4,499	-	-	(347)	4,152	755	3,397
IRB Riesgo Operacional	14	-	-	-	76	90	185	(95)
A4 Essor	38	-	-	-	2	40	171	(131)
Tower Air Traffic System	501	-	-	-	-	501	-	501
Logistica Marítima de Tuxpan	150	-	-	-	-	150	-	150
Natming	3	-	-	-	-	3	-	3
Indra Isolux México	1	-	-	-	-	1	(4)	5
Visión Inteligente Aplicada	(101)	-	-	-	-	(101)	(4)	(101)
EFI Túneles Necaxa	165	-	(9)	-	6	162	69	93
Societat Catalana Per a la Mobilitat	2,136	-	-	-	1	2,137	1,869	268
Green Border OOD	(10)	-	-	-	(3)	(13)	-	(13)
Spa Mobeal	(257)	46	-	-	121	(90)	-	(90)
Global Training Aviation, S.L.	3,998	-	-	-	(1,554)	2,444	325	2,119
Tess Defence, S.A.	-	123	-	-	-	123	76	47
Total	**10,895**	**4,668**	**(9)**	**(1,153)**	**1,598**	**15,999**	**11,791**	**4,204**

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

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

During 2020, the Group company Indra Holding Tecnologías de la Información, S.L.U. acquired 29.2% of the company Tagsonomy, S.L. and the Parent Company set up the company Tess-Defence, S.A. with a 24.7% ownership interest.

As at 31 December 2021, there are no restrictions on the receipt of dividends from or on the repayment of loans granted to equity-accounted companies.

The Group reviews the values of equity-accounted subsidiaries whenever there are indications of impairment. The most relevant loss-making subsidiaries, which may be an indication of impairment, are Global Training Aviation and Tagsonomy.

Global Training Aviation, an airline pilot training company, and Tagsonomy, a company that develops and exploits artificial intelligence technology, are the two companies that have been most affected by the pandemic. In the case of GTA, because it is a company operating in the civil air traffic sector and, in the case of Tagsonomy, because it is a start-up with an incipient business some of whose customers have suffered the effects of the pandemic and have therefore delayed projects. However, both companies have drawn up business plans which show a gradual recovery of the business and support the value of these assets for the Group, provided the plans are fulfilled.

12) Other long-term financial assets and trade receivables

Movements in Other long-term financial assets and trade receivables at 31 December 2021 and 2020 are set out below:

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

	Thousand euro						
Net value:	**Balance at 31.12.19**	**Scope change**	**Currency translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.20**
Other long-term interests							
in non-Group companies	13,504	-	-	36	(340)	-	13,200
Long-term loans	9,335	-	(1,221)	3,917	(506)	(2,966)	8,559
Long-term guarantees and deposits	12,966	9	(1,965)	460	(1,543)	192	10,119
Other long-term investments	105,704	-	(76)	34,418	(41)	(10,298)	129,707
Total	**141,509**	**9**	**(3,262)**	**38,831**	**(2,430)**	**(13,072)**	**161,584**

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

This heading breaks down as follows:

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

	Thousand euro						
Net value:	**% interest**	**Balance at 31.12.19**	**Scope change**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.20**
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
Medina Capital Fund GP	7.2%	600	-	-	-	-	600
Business Services for Operational Support	10.0%	611	-	-	(340)	-	271
Other	-	34	-	36	-	-	70
Total		**13,504**	**-**	**36**	**(340)**	**-**	**13,200**

There were no significant movements relating to financial investments in equity instruments of non-Group companies during 2021 or 2020.

Dividends were received from the company Neotec in the amount of €690 thousand in 2021 (€671 thousand in 2020).

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 2021 relate mainly to the amount of €556 thousand (€385 thousand in 2020) for leased buildings due to moves to other work centres. Disposals in 2021, on the same basis, amounted to €18 thousand (€776 thousand in 2020).

Additions to loans to third parties in 2020 include the amount of €692 thousand (€26 thousand in 2020) relating to deposits given to secure labour claims of the Group company Indra Brasil Soluções e Serviços Tecnológicos, S.A. Disposals in 2021, on the same basis, amounted to €1,073 thousand (€767 thousand in 2020).

c) Other long-term investments

In 2021, this heading includes the amount of €81,795 thousand (€78,813 thousand in 2020) 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 as from 2023, once all the work has been completed. For this same reason, the amount of €22,527 thousand (€24,027 thousand in 2020) in current assets relates to the debt claim yet to be invoiced in 2022. These programmes are funded by the Ministry of Industry, Energy and Tourism (Note 22) in the amount of €109,408 thousand in the long term (Note 27) (€76,541 thousand in the long term and €30,844 thousand in the short term in 2020). All these amounts are discounted at the market interest rate.

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

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

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

At 31 December 2021, the Group records “Accounts receivable for billable production” totalling €21,853 thousand (€16,939 thousand in 2020) relating to projects completed by the Group which are expected to be invoiced over more than one year. Transfers to the short term (Note 16), on the same basis, amount to €4,914 thousand (€17,747 thousand in 2020).

In addition, the Group recognises grants for various multi-year projects pending execution and collection in the amount of €13,886 thousand (€31,775 thousand in 2020) 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). Transfers to the short term, on the same basis, amount to €11,246 thousand in 2021.

d) Other current financial assets

	Thousand euro	
	2021	**2020**
Other receivables	13,328	8,480
Short-term deposits	1,460	1,497
Short-term security deposits	914	824
Current asset investments	649	645
Grants pending collection	11,246	-
Total net value	**27,598**	**11,446**

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 2021 and 2020:

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

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

	2020 Thousand euro			2020 Thousand euro
	Investment	Impairment	Net amount	Liabilities
Buildings	9,353	-	9,353	-
Other financial assets	9,123	(9,015)	108	(2)
Loans	5,958	(5,857)	101	-
Total net value	**24,434**	**(14,872)**	**9,562**	**(2)**

14) Contract assets and Inventories

This heading breaks down as follows at 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Long-term contract assets	48,239	79,944
Long-term total	**48,239**	**79,944**

	Thousand euro	
	2021	**2020**
Good purchased for resale	1,103	1,263
Raw materials	50,286	49,046
Work in progress	111,434	112,784
Short-term contract assets	207,261	253,941
Subtotal	**370,084**	**417,034**
Impairment	(3,289)	(5,588)
Total net value	**366,795**	**411,446**

At 31 December 2021 and 2020, the balance of "Long-term contract assets" relates almost entirely to Transport and Defence Division projects that have been delayed in some way or other. However, the balances recognised at the 31 December 2021 close will be recovered when the outstanding milestones are certified, which is expected to take place over more than 12 months following the year end, no indications of impairment having arisen during the year.

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

The Group estimates that the revenue correlated to 73% and 85% of the balance of "Long-term contract assets" at 31 December 2021 and 2020, respectively, will be recognised by 31 December 2023.

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

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

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

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

The expense due to changes in inventories recognised in the 2021 Consolidated Income Statement totals €613,165 thousand (€520,686 thousand in 2020).

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

	Balance at 31.12.19	**Currency translation differences**	**Appropria-tions**	**Reversal**	**Application**	**Transfer**	**Balance at 31.12.20**
Provision for impairment	(3,320)	(5)	(3,199)	2,235	484	(1,783)	(5,588)

The Group owns no inventories pledged as collateral.

15) Other current non-financial assets

This heading is analysed below at 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Public Administrations (Note 35)	36,490	43,011
Prepayments and accrued income	15,927	17,706
Other current non-financial assets	**52,417**	**60,717**

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 2021 and 2020:

	Thousand euro	
	2021	**2020**
Trade receivables for sales and services	743,823	669,828
Accounts receivable for billable production	310,820	287,742
Prepayments to suppliers	27,135	19,194
Advances and loans to employees	7,955	8,996
Other receivables	14,919	12,490
Total	**1,104,652**	**998,250**
Impairment of trade receivables	(43,417)	(56,119)
Expected loss impairment	(31,332)	(34,306)
Impairment of other receivables	(153)	(161)
Impairment of accounts receivable for billable production	(6,659)	(5,815)
Total impairment	**(81,561)**	**(96,401)**
Total net value	**1,023,091**	**901,849**

The average collection period was 75 days in 2021 (72 in 2020). 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 €22,527 thousand (€24,027 thousand in 2020) 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 2022 (Note 12).

At year-end 2021 and 2020, non-recourse factoring receivables were written off in the amount of €186,741 thousand and €187,180 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 31.12.20	**Scope change**	**Appropriations**	**Applications**	**Curr. trans. differences**	**Reversal**	**Balance at 31.12.21**
Impairment	96,401	61	9,961	(1,233)	494	(24,122)	81,561

	Thousand euro						
	Balance at 31.12.19	**Scope change**	**Appropriations**	**Applications**	**Curr. trans. differences**	**Reversal**	**Balance at 31.12.20**
Impairment	79,756	-	45,107	(1,926)	(4,208)	(22,328)	96,401

Appropriations in 2021 amount to €9,961 thousand (€45,107 thousand in 2020). Most of the 2021 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 €32,155 thousand in 2021 (€34,061 thousand in 2020) detailed in Note 36b 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 2021 and 2020, the Group records past-due receivables totalling €311,449 thousand and €295,131 thousand, respectively (Note 36b). 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	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Contract assets	43%	48%	7%	9%	0.3%	0.4%
Current receivables	37%	28%	4%	2%	0.2%	0.1%
Receivables past due for less than 180 days	12%	14%	15%	16%	2.5%	2.5%
Receivables past due for 180-365 days	2%	5%	16%	26%	13.6%	12.3%
Receivables past due for more than 365 days	6%	5%	58%	48%	42.5%	43.9%
	100%	**100%**	**100%**	**100%**	**2.0%**	**2.2%**
By customer	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Large customers	19%	23%	0.03%	0.003%	0.003%	0.0003%
Other	81%	77%	99.97%	99.997%	2.4%	2.9%
	100%	**100%**	**100%**	**100%**	**2.0%**	**2.2%**
By country risk	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
With investment rating	89%	90%	44%	54%	1.0%	1.2%
With speculative rating	11%	10%	56%	46%	9.7%	11.8%
	100%	**100%**	**100%**	**100%**	**2.0%**	**2.2%**
By division	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Transport and Defence (T&D)	53%	59%	72%	60%	2.7%	2.3%
IT	47%	41%	28%	40%	1.0%	2.2%
	100%	**100%**	**100%**	**100%**	**2.0%**	**2.2%**

Movements in the expected loss provision are as follows:

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

17) <u>Cash and cash equivalents</u>

The breakdown is as follows:

	Thousand euro	
	2021	**2020**
Very-short-term deposits and fixed-income securities	66,496	45,807
Other current asset investments	2,966	2,232
Subtotal	**69,462**	**48,039**
Cash	1,165,563	1,136,814
Total	**1,235,025**	**1,184,853**

Cash and Short-term deposits and fixed-income securities include the amount of €3,447 thousand relating to the liquidity agreement with Banco de Sabadell (€2,351 thousand in the previous year) (Note 18).

At 31 December 2021 and 2020, 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 2021, the Parent Company's issued and paid-up capital stands at €35,330,880.40, consisting of 176,654,402 ordinary shares with a par value of €0.20 each, represented by book entries.

Share capital is fully-subscribed and paid up.

All the shares are officially listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges, are quoted in the Continuous Market and are included in the selective IBEX-35 index, the year-end price being €9.52 (€6.98 at year-end 2020). The average price for the last quarter of 2021 and 2020 was €9.95 and €6.42, respectively.

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

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

	31.12.21	31.12.20
Sociedad Estatal de Participaciones Industriales (SEPI)	18.750%	18.713%
Fidelity Management & Research LLC	9.809%	9.809%
Sapa Placencia, S.L.	5.000%	-
Fidelity International Limited (1)	3.866%	-
Norges Bank (2)	3.601%	3.186%
Corporación Financiera Alba	3.206%	10.522%
T.Rowe Price Associates (3)	3.112%	3.066%
Santander Asset Management	3.069%	3.037%
State Street Corporation	-	3.180%

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

(2) In 2021, of the 3.601% of share capital stated, 2.152% relates to voting rights carried by the shares and 1.449% to voting rights through financial instruments. In 2020, of the 3.186% of share capital stated, 2.148% related to voting rights carried by the shares and 1.038% to voting rights through financial instruments.

(3) In 2021, of the 3.112% of share capital stated, 3.009% relates to voting rights carried by the shares and 0.103% to voting rights through financial instruments. In 2020, of the 3.066% of share capital stated, 3.004% relates to voting rights carried by the shares and 0.062% to voting rights through financial instruments.

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

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

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

Direct or indirect ownership interests held personally by each of the Directors at 31 December 2020 were as follows:

Directors	Class	No. of shares			% share capital
		Direct	Indirect	Total	
Fernando Abril-Martorell	Executive	412,596	-	412,596	0.234
Alberto Terol Esteban	Independent	51,390	-	51,390	0.029
Carmen Aquerreta Ferraz	Independent	2,738	4,000	6,738	0.004
Antonio Cuevas Delgado (1)	Proprietary	8,989	-	8,989	0.005
Enrique de Leyva	Independent	26,841	38,350	65,191	0.037
Silvia Iranzo Gutiérrez	Independent	13,165	-	13,165	0.007
Ignacio Martín San Vicente	Independent	10,199	-	10,199	0.006
Santos Martínez-Conde Gutiérrez-Barquín (2)	Proprietary	42,273	-	42,273	0.024
Ignacio Mataix Entero	Executive	57,324	1,000	58,324	0.033
Ana de Pro Gonzalo	Independent	-	-	-	-
Cristina Ruiz Ortega	Executive	60,759	-	60,759	0.034
Miguel Sebastián Gascón (1)	Proprietary	8,365	-	8,365	0.005
Isabel Torremocha Ferrezuelo	Independent	7,090	-	7,090	0.004
Total		**701,729**	**43,350**	**745,079**	**0.422**

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

(2) Representing the shareholder Corporación Financiera Alba

At 31 December 2021, 33,576,342 shares were represented on the Board of Directors, that is 19.006% of the total. At 31 December 2020, 52,389,968 shares were represented on the Board of Directors, representing 29.66% of the total at the time.

On 30 June 2021 and 25 June 2020, the Parent Company held its Annual General Meeting, which approved the applications of results for 2020 and 2019, 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 €4,545 thousand and €8,651 thousand at 31 December 2021 and 2020, respectively, and for the amount of the unamortised balances of the Parent Company's research and development expenses, that is €55,577 thousand at 31 December 2021 (€58,861 thousand at 31 December 2020); and any prior-year losses recognised.

Other own equity instruments

	Thousand euro	
	2021	2020
Delivery of shares	7,929	8,000
Total	**7,929**	**8,000**

The outstanding amount of €7,929 thousand at 31 December 2021 (€8,000 thousand in the previous year) relates mainly to the provision for medium-term remuneration payable in 2024 to Managers 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	
	2021	**2020**
Hedge of foreign exchange insurance contract flows	(6,617)	(177)
Total	**(6,617)**	**(177)**

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

Treasury shares

At 31 December 2021 the Parent Company directly holds a total of 499,888 treasury shares amounting to €4,862 thousand (a total of 546,555 treasury shares amounting to €3,768 thousand at 31 December 2020), 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 2021 and 2020:

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

	Thousand euro			
Used in:	**Balance at 31.12.19**	**Additions**	**Disposals**	**Balance at 31.12.20**
- Ordinary and extraordinary transactions	2,788	96,059	(95,079)	3,768

Treasury share movements in 2021 and 2020 are as follows:

		Number of shares						
	% of share capital	**31.12.20**	**Additions**	**% annual volume**	**Disposals**	**% annual volume**	**31.12.21**	**% of share capital**
Used in:								
- Ordinary transactions (*)	0.16	286,167	12,456,523	6.56	(12,508,839)	6.59	233,851	0.13
- Extraordinary transactions	0.15	260,388	650,000	0.34	(644,351)	0.34	266,037	0.15
	0.31	**546,555**	**13,106,523**	**6.90**	**(13,153,190)**	**6.93**	**499,888**	**0.28**

		Number of shares						
	% of share capital	**31.12.19**	**Additions**	**% annual volume**	**Disposals**	**% annual volume**	**31.12.20**	**% of share capital**
Used in:								
- Ordinary transactions (*)	0.12	210,673	12,881,865	5.99	(12,806,371)	5.96	286,167	0.16
- Extraordinary transactions	0.04	71,333	250,000	0.12	(60,945)	0.03	260,388	0.15
	0.16	**282,006**	**13,131,865**	**6.11**	**(12,867,316)**	**5.99**	**546,555**	**0.31**

(*) Includes the residual balance of 11,623 shares 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 2021 and 2020 with Banco de Sabadell, S.A.

Extraordinary transactions relate to those effected under the Parent Company's share buy-back agreements in force in the reporting period with Banco de Sabadell, S.A. (from 1 May to 11 March 2021). In 2021, 650,000 treasury shares were acquired under the above-mentioned Share Buy-Back Scheme.

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

In 2021, 644,351 shares were handed over (on 25 February and 16 March 2021) (60,945 shares in 2020), valued at the price on the delivery date.

Retained Earnings/(Losses)

Retained Earnings/(Losses) break down as follows:

	Thousand euro	
	2021	**2020**
Legal Reserve	7,066	7,066
Reserves in Fully-Consolidated Companies	(43,458)	(6,029)
Merger reserve	12,233	12,233
Reserves in Equity-Consolidated Companies	(1,157)	(1,603)
Reserve for own shares held	(2,132)	(1,877)
Voluntary reserves	279,210	301,213
Profit/(loss) for the year	143,369	(65,153)
Total	**395,131**	**245,850**

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 2021 and 2020, 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 2021 and 2020 is as follows:

	Thousand euro 2021	Thousand euro 2020
Indra Sistemas		
BPO Group (formerly BMB Group)	26,223	37,638
Indra Sistemas de Seguridad, S.A.U.	4,857	3,819
Indra SI, S.A.	6,499	5,737
Indra Sistemas Chile, S.A.	(1,921)	(4,557)
Indra Sistemas Portugal, S.A.	2,710	2,793
Indra Business Consulting Group	17,912	2,957
Inmize Capital, S.L.	(307)	(284)
Inmize Sistemas, S.L.	2,673	2,559
Indra Beijing Information Technology Systems Ltd. (China)	1,342	1,789
Indra Sistemas Comunicaciones Seguras, S.L.U.	2,765	2,694
Indra Maroc S.A.R.L.U.	129	(262)
Indra Australia Pty Limited	(6,777)	(7,231)
Azertia Tecnologías de la Información Argentina, S.A.	(342)	(304)
Indra USA Inc.	(13,064)	(18,299)
Prointec, S.A.U. Group	(12,643)	(17,560)
Soluziona Guatemala, S.A.	338	338
Indra Panamá, S.A.	(1,603)	379
Computación Ceicom, S.A.	4,226	4,248
AC-B air Traffic Control & Business Systems GmbH	-	2,508
Indra Sistemas India Private Limited	521	(18)
Avitech GmbH (Germany)	4,828	1,484
Indra Technology Solutions Malaysia Sdn Bhd	(1,541)	(1,412)
PT Indra Indonesia	748	860
Indra Italia S.P.A Group (Italy)	37,833	32,942
Indra Navia A.S. Group (Norway)	12,608	17,529
Indra Turkey	(3,134)	(3,331)
Teknatrans Consultores, S.L.U.	(36)	(56)
Indra Tecnología Brasil LTDA	(1,808)	(4,316)
Indra Arabia Company LTD (Arabia)	16,889	25,345
Indra L.L.C	1,405	959
Indra Corporate Services, S.L.U.	688	693
Indra Corporate Services Mexico S.A de C.V.	(405)	(358)
Indra Advanced Technology	1,115	588
Indra Soluciones Tecnologías de la Información, S.L.U. Group	(141,803)	(90,509)
Paradigma Digital, S.L.	3,225	3,520
Indra Holding Tecnología de la Información	8,943	(10,046)
Advance Control Systems INC	(11,445)	(2,261)
CSC Philippines	(82)	(54)
Indra Technology Solutions Co Ltd	(719)	(574)
Indra Factoría Tecnológica	625	178
Indra T&D, SAC	(498)	(14)
Indra Sistemas T&D, S.A. de CV (Mex)	398	(112)
Sistemas Informáticos Abiertos Group	4,217	-
Minsait Payments Systems, S.L. Group	2,939	3,972
ALG Global Infrastructure	(11,986)	-
Total	**(43,458)**	**(6,029)**

c) <u>Reserves in Equity-Consolidated Companies</u>

The breakdown of consolidation reserves by company at 31 December 2021 and 2020 is as follows:

	Thousand euro 2021	Thousand euro 2020
Saes Capital	1,186	1,023
Eurofighter Simulation System	1,640	1,059
Euromids	576	440
Iniciativas Bioenergéticas, S.L.	(2,856)	(4,119)
Tagsonomy	(347)	-
IRB Riesgo Operacional	89	14
A4 Essor SAS	19	17
Indra Isolux México SA de CV	(32)	(32)
Visión Inteligente Aplicada S.A de C.V	(17)	(17)
EFI Túneles Necaxa SA de CV	104	98
Societat Catalana per a la Mobilitat, S.A.	(183)	(184)
Green Border OOD	(19)	(16)
SPA Mobeal	(185)	(307)
Global Training Aviation, S.L.	(1,132)	421
Total	**(1,157)**	**(1,603)**

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 €4,545 thousand and €8,651 thousand at 31 December 2021 and 2020, respectively, and for the amount of the unamortised balances of the Parent Company's research and development expenses, that is €55,577 thousand at 31 December 2021 (€58,861 thousand at 31 December 2020) 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 2021 and 2020 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	
	2021	**2020**
Brazilian real	(35,323)	(35,741)
Argentine peso	(19,541)	(16,843)
Colombian peso	(18,179)	(14,947)
Norwegian krone	(14,236)	(15,869)
Mexican peso	(11,277)	(13,822)
Chilean peso	(10,803)	(6,807)
Peruvian sol	(5,094)	(4,631)
Omani rial	(5,071)	(4,569)
Turkish lira	(3,971)	(3,209)
Dominican peso	(3,688)	(3,804)
Romanian leu	(2,196)	(2,115)
Algerian dinar	(1,552)	(1,112)
Malaysian ringgit	(1,432)	(1,803)
Kenyan shilling	(1,045)	(1,290)
Saudi riyal	(511)	(13,557)
US dollar	2,423	(2,486)
Other currencies	1,000	(1,602)
Total	**(130,496)**	**(144,207)**

The Group does not use net investment hedges.

19) Non-controlling interests

This heading is analysed below at 31 December 2021 and 2020:

Thousand euro

	31.12.21				31.12.20			
	Non-Contr. Interest Capital	**Non-Contr. Interest Reserves**	**Non-Contr. Interest Results**	**Total**	**Non-Contr. Interest Capital**	**Non-Contr. Interest Reserves**	**Non-Contr. Interest Results**	**Total**
Inmize Capital	32	507	9	548	32	484	23	539
Inmize Sistemas	750	3,422	49	4,221	750	3,308	114	4,172
Elektrica Soluziona	15	903	191	1,109	15	852	147	1,014
Indra Philippines	264	11,394	2,297	13,955	264	10,302	1,619	12,185
The Overview Effect	-	51	(49)	2	-	-	-	-
Normeka	-	1,001	167	1,168	-	1,098	117	1,215
Prointec Panama	-	(30)	-	(30)	-	(27)	-	(27)
Metrocall, S.A.	-	-	-	-	1,306	(1,739)	433	-
Tecnocom Procesadora de Medios de Pago, S.A.	-	-	-	-	282	(402)	120	-
Inertelco, S.A.	-	-	-	-	70	(5,183)	5,113	-
Total	**1,061**	**17,248**	**2,664**	**20,973**	**2,719**	**8,693**	**7,686**	**19,098**

The information on assets, liabilities and consolidated results for 2021 and 2020 of the most significant non-controlling interests, attributed to the Parent Company, is provided in Appendix IV.

During 2020, the company Metrocall, S.A. was sold and Inertelco, S.A. was liquidated (Note 1).

20) Earnings/(Loss) per share

At 31 December 2021 and 2020, the calculation of weighted average outstanding and diluting shares is as follows:

	Weighted average ordinary shares at 31.12.21	**Ordinary shares at 31.12.21**	**Weighted average ordinary shares at 31.12.20**	**Ordinary shares at 31.12.20**
Total shares issued	176,654,402	176,654,402	176,654,402	176,654,402
Treasury shares	(518,659)	(499,888)	(421,506)	(546,555)
Total outstanding shares	**176,135,743**	**176,154,514**	**176,232,896**	**176,107,847**

	Weighted average ordinary shares at 31.12.21	**Weighted average ordinary shares at 31.12.20**
Total shares issued	176,654,402	176,654,402
Financial instruments related to shares	17,024,076	17,089,343
Treasury shares	(518,659)	(421,506)
Total diluting shares	**193,159,819**	**193,322,239**

The diluting factor used to calculate 17,024,076 in 2021 (17,089,343 in 2020) is the effect of the convertible bond issued in 2016 (Note 21).

The calculation of basic earnings per share (rounded to four digits) for 2021 and 2020 is as follows:

	2021	**2020**
Profit/(loss) attributed to the Parent Company, in thousand euro	143,369	(65,153)
Weighted average ordinary shares outstanding	176,135,743	176,232,896
Basic Earnings/(Loss) per ordinary share, in euro	**0.8140**	**(0.3697)**

The calculation of earnings per ordinary share (rounded to four digits) for 2021 and 2020 is as follows:

	2021	2020
Profit/(loss) attributed to the Parent Company, in thousand euro	143,369	(65,153)
Shares issued	176,654,402	176,654,402
Earnings/(Loss) per ordinary share, in euro	**0.8116**	**(0.3688)**

The calculation of diluted earnings per share (rounded to four digits) for 2021 and 2020 is as follows:

	2021	2020
Profit/(loss) attributed to the Parent Company, in thousand euro (*)	145,691	(62,815)
Weighted average ordinary shares outstanding	193,159,819	193,322,239
Diluted Earnings/(Loss) per ordinary share, in euro	**0.7543**	**(0.3249)**

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

21) Bank borrowings and debentures

Bank borrowings and debentures are analysed below at 31 December 2021 and 2020:

	Thousand euro	
Non-current	**2021**	**2020**
Debentures and bonds	632,129	387,181
Bank borrowings	756,869	921,544
Payables under subsidised research plans	47,021	64,102
Total Bank Borrowings	**803,890**	**985,646**
Non-Current Total	**1,436,019**	**1,372,827**

	Thousand euro	
Current	**2021**	**2020**
Debentures and bonds	7,310	254,229
Bank borrowings	12,258	26,270
Interest payable	1,754	1,887
Payables under subsidised research plans	18,109	11,026
Total Bank Borrowings	**32,121**	**39,183**
Current Total	**39,431**	**293,412**

Non-Current	**Balance at 31.12.20**	**Currency Translation Differences**	**Receipts**	**Payments**	**Present Value of Loans**	**Transfers**	**Balance at 31.12.21**
Debentures and bonds	387,181	-	-	-	9,305	235,643	**632,129**
Bank borrowings	921,544	(21)	69,900	(224,753)	655	(10,456)	**756,869**
Payables under subsidised research plans	64,102	-	740	(10,651)	(51)	(7,118)	**47,021**
Total bank borrowings	985,646	(21)	70,640	(235,404)	604	(17,574)	**803,890**
Non-current total	**1,372,827**	**(21)**	**70,640**	**(235,404)**	**9,909**	**218,069**	**1,436,019**

Current	Balance at 31.12.20	Currency Translation Differences	Receipts	Payments	Present value of Loans	Transfers	Balance at 31.12.21
Debentures and bonds	254,229	-	-	(19,195)	7,919	(235,643)	**7,310**
Bank borrowings	28,157	47	12,271	(36,993)	-	10,530	14,012
Payables under subsidised research plans	11,026	-	-	(36)	-	7,118	18,109
Total bank borrowings	39,183	47	12,271	(37,029)	-	17,648	**32,121**
Current total	**293,412**	**47**	**12,271**	**(56,224)**	**7,919**	**(217,995)**	**39,431**

It is the Group's policy not to wait for bank financing to mature before renewing it. In 2021, the Group extended the maturities of long-term loans of €520 million (€403 million in 2020), this being almost the entire amount, €490 million (€383 million in 2020) relating to pre-existing bank borrowings and €30 million (€20 million in 2020) to incremental borrowings, so as to reduce the amounts falling due in 2022 and 2023 to a minimum and thereby increase the average maturity period. This extension of maturities did not entail relevant changes to the structure and content of the existing agreements, that is floating-rate bilateral loans denominated in euros and not subject to covenants, guarantees or pledges.

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

a) <u>Financial liabilities due to the issuance of debentures and other marketable securities</u>

This Consolidated Statement of Financial Position heading includes:

<u>Extension in July 2020 of the non-convertible bond issue completed in December 2019:</u>

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 €35,694 thousand in 2021 (€35,817 thousand in 2020).

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 has been 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 (108.20%), the bond's fair value at year-end 2021 was €37,870 thousand (€34,990 thousand in 2020).
- The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2022	1,098
2023	1,094
2024	1,090
2025	1,086
2026	1,062
Total	**5,430**

<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 €297,421 thousand in 2021 (€296,412 thousand in 2020).

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%.
- The amount of €9,000 thousand has been paid in the current year.
- The bond's effective interest rate is 3.38%, 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 (104.45%), the bond's fair value at year-end 2021 was €313,338 thousand (€307,119 thousand in 2020).
- The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2022	10,042
2023	10,077
2024	3,461
Total	**23,580**

- Short-term maturities amount to €6,000 thousand (€6,000 thousand in 2020).

<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 €29,948 thousand in 2021 (€29,938 thousand in 2020).

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 (105.14%), the bond's fair value at year-end 2021 was €31,542 thousand (€29,992 thousand in 2020).
- The forecast interest expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2022	881
2023	881
2024	881
2025	882
2026	154
Total	**3,679**

- Short-term maturities amount to €798 thousand (€797 thousand in 2020).

<u>Issuance of non-convertible bonds in 2016:</u>

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 2021 (€25,014 thousand in 2020).

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 (108.20%), the bond's fair value at year-end 2021 was €27,050 thousand (€25,289 thousand in 2020).
- The forecast interest expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2022	875
2023	874
2024	875
2025	874
2026	864
Total	**4,362**

Issuance of convertible bonds in 2016:

On 7 October 2016, an issue of bonds that were non-convertible and/or exchangeable for shares listed on the Frankfurt Stock Exchange's Freiverkehr (Open Market) was completed in the amount of €250,000 thousand. The financial liability derived from the issue amounts to €244,053 thousand in 2021 (€247,432 thousand in 2020).

The bond terms and conditions are as follows:

- The bond issue had a nominal value of €250,000 thousand and a 7-year term (matures on 7 October 2023). The issuance agreement includes a clause whereby the bondholder had an option to surrender the bond in advance on 7 October 2021 (year 5) in exchange for full cash payment. Accordingly, if the bondholder were to exercise the option, the issuer could not avoid a cash outflow. This option was exercised in the amount of €4,100 thousand and the remainder was transferred to the long term.
- Issue costs amounted to €7,751 thousand (€3,000 thousand in fees and €4,751 thousand for the 2013 convertible bond buy-back premium).
- The bonds accrue fixed interest at an annual nominal rate of 1.25% payable six-monthly in arrears on 7 April and 7 October each year, the first payment having been made on 7 April 2017. The amount of €3,125 thousand was paid in both periods.
- The bond's effective interest rate is 1.729%. The difference between the effective interest reflected in the accounts and the cash interest accrued to the investors is explained by the time apportionment of the initial issuance costs. In the case of the 2016 convertible bond, the accounting treatment of the investors' conversion option does not affect the effective interest rate because the buy-back option for bondholders in year five can only be settled in cash by the Parent Company.
- The bond conversion price is the initially stipulated amount of €14,629 per share.
- The shares underlying the bonds initially represented 10.4% of the Parent Company's pre-issue share capital. At year-end 2021, the shares underlying bonds in circulation represent 9.5% (9.7% in the previous year) of the Parent Company's share capital.
- Bondholders may exercise conversion rights from the issue date, 7 October 2016, to 28 September 2023, the seventh business day prior to the bond maturity date.
- The Parent Company may redeem the bond issue in full (not in part) for a cash amount equal to the principal plus accrued unpaid interest at the redemption date, in two scenarios:

  1. At any time as from 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 entire amount is therefore carried as a liability.
- The issue is personally guaranteed by the Parent Company's assets and not by third parties.

- According to the price quoted on the Frankfurt Stock Exchange (101.25%), the bond's fair value at year-end 2021 was €248,971 thousand (€250,715 thousand in 2020).
- Forecast interest (including issue costs) expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2022	4,230
2023	3,252
Total	**7,482**

- Short-term maturities amount to €512 thousand (€247,432 thousand in 2020) and the amount of €243,863 thousand was transferred to the long term during the year, once the holder had exercised the early redemption option.

In the Consolidated Cash Flow Statement, the amount repaid or redeemed relates to interest on bonds in 2021 amounting to €15,095 thousand (€15,095 thousand in 2020), the principal amount being €4,100 thousand in 2021.

b) Bank borrowings

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

Years	Credit Institutions	R&D loans	Total
2023	12,285	9,119	21,404
2024	158,027	10,052	168,079
2025	386,995	7,503	394,498
Beyond	199,562	20,347	219,909
Total at 31.12.21	**756,869**	**47,021**	**803,890**

Set out below is a breakdown of other long-term borrowings by maturity at 31 December 2020:

Years	Credit Institutions	R&D loans	Total
2022	87,377	11,886	99,263
2023	423,622	10,961	434,583
2024	304,778	10,678	315,456
Beyond	105,767	30,577	136,344
Total at 31.12.20	**921,544**	**64,102**	**985,646**

The average interest rate paid on bank borrowings in 2021 and 2020 was 1.9%.

The entire balance of R&D loans at 31 December, €47,021 thousand (€64,102 thousand in 2020), relates to the long-term portion of loans granted by official bodies to engage in research programmes. The amount of €18,109 thousand (€11,026 thousand in 2020) reflects the portion falling due in the short-term.

Accrued unmatured interest amounted to €1,754 thousand and €1,887 thousand in 2021 and 2020, respectively.

In December 2016, the Parent Company obtained a 9-year loan of up to €80 million from the European Investment Bank (EIB) to fund R&D projects. The Parent Company utilised the entire loan in 2017. This loan includes a shareholders' funds to total capital covenant that has been fulfilled since the loan was obtained. The other bank borrowings are not subject to covenants.

The increase in the Parent Company's bank borrowings reflected in the 2020 Consolidated Cash Flow Statement is €71,921 thousand in 2021 (€329,262 in 2020). The amount of €260,667 thousand (€107,741 thousand in 2020) is reflected for the repayment and redemption of bank borrowings.

Forecast interest accruing on bank borrowings is set out below:

Years	Thousand euro
2022	10,237
2023	10,085
2024	9,434
2025	4,425
2026	939
2027	214
Total	**35,334**

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	**2021**	**2020**
Amount drawable	74,833	186,600
Amount drawn	1,911	2,850
Total credit lines	**76,744**	**189,450**

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 2021 and 2020 is as follows:

	Thousand euro	
	2021	**2020**
Deposits and guarantees received	353	408
Fixed asset suppliers	26,030	14,752
Finance lease liabilities	80,348	95,093
Advance payments from customers	147,729	-
Other long-term payables	129,798	112,815
Total other non-current financial liabilities	**384,258**	**223,067**

	Thousand euro	
	2021	**2020**
Finance lease liabilities	26,204	30,484
Fixed asset suppliers	17,132	13,640
Other payables	11,247	30,843
Total other current financial liabilities	**54,583**	**74,967**

At 31 December 2021, the heading “Fixed asset suppliers” mainly includes the long-term amount of €5,495 thousand (€7,745 thousand in 2020) and a short-term amount of €4,497 thousand (€6,747 thousand in 2020) relating to the earn-out agreement, which imposes the obligation to pay future compensation, in addition to the cash consideration already paid, in the event that the company Paradigma Digital, S.L. fulfils certain future objectives stipulated in the sale and purchase agreement. In 2020, the amount of €6,000 thousand was recognised, relating to the earn-out agreement imposing the obligation to pay future compensation, in addition to the cash consideration already paid, in the event that the companies SmartPaper, S.P.A. and Smartest, S.R.L fulfil certain future objectives stipulated in the sale and purchase agreement. In 2021, it also includes a long-term amount of €11,000 thousand relating to the earn-out agreement, which imposes the obligation to pay future compensation, in addition to the cash consideration already paid, in the event that the company Flat 101, S.L. fulfils certain future objectives stipulated in the sale and purchase agreement (Note 5).

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

Set out below is a breakdown of the maturities of financial liabilities arising from leases at 31 December 2021:

Years	Thousand euro Lease liabilities
2022	33,791
2023	32,067
2024	20,723
2025	11,844
Beyond	22,088
Total gross liabilities	**120,513**
Interest to be discounted	(13,960)
Total at 31.12.21	**106,553**

The heading "Advance payments from customers" includes the amount of €147,729 thousand in relation to sales completed over more than one year.

The heading "Other long-term payables" mainly includes €109,408 thousand (€76,541 thousand in 2020) 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 €30,844 thousand was transferred to the long term during the year because it is not expected to be paid in 2022 (Note 12c). The Group also records under this heading grants for various multi-year projects pending execution and collection in the amount of €13,886 thousand in 2021 (€31,775 thousand in 2020). The corresponding asset is reflected in other non-current financial assets (Note 12). Transfers to the short term, on the same basis, amount to €11,246 thousand in 2021.

23) Grants

Set out below is an analysis of this heading showing movements during 2021 and 2020:

	Balance at 31.12.20	Additions	Transfers	Taken to income st.	Balance at 31.12.21
Grants	28,321	11,675	(7,209)	(5,356)	27,431

	Balance at 31.12.19	Additions	Transfers	Taken to income st.	Balance at 31.12.20
Grants	12,427	13,053	5,482	(2,641)	28,321

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

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

24) Provisions

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

	Thousand euro										
	Balance at 31.12.20								Balance at 31.12.21		
Item	Balance	Temp. diff.	Scope change	Curr. trans. diff.	Appropr-iations	Applic-ations	Paym-ents	Transfers	Balance	Temp diff.	Forecast cancellation date
Remuneration	10,475	10,475	292	50	15,365	(140)	(2,686)	(3,332)	20,024	20,024	2023-2024
Provisions for guarantees and onerous contracts	5,854	5,854	-	-	89	(2,690)	-	(3,100)	153	153	2023-2024
Other provisions	13,339	13,339	-	-	-	-	-	-	13,339	13,339	2023-2024
Operating provisions	**29,668**	**29,668**	**292**	**50**	**15,454**	**(2,830)**	**(2,686)**	**(6,432)**	**33,516**	**33,516**	
HR claims	14,286	3,497	-	(9)	6,154	(2,314)	(4,162)	(2,592)	11,363	3,497	2023-2024
Tax provision	3,906	-	-	-	-	-	-	-	3,906	-	2023-2024
Other provisions for litigation	18,071	23	421	22	182	-	(42)	433	19,087	3,123	2023-2024
Provision for litigation in progress	**36,263**	**3,520**	**421**	**13**	**6,336**	**(2,314)**	**(4,204)**	**(2,159)**	**34,356**	**6,620**	
Total provisions	**65,931**	**33,188**	**713**	**63**	**21,790**	**(5,144)**	**(6,890)**	**(8,591)**	**67,872**	**40,136**	

Item	Balance at 31.12.19							Balance at 31.12.20		
	Balance	**Temp. diff.**	**Curr. trans. diff.**	**Appropr-iations**	**Reversals**	**Payments**	**Transfers**	**Balance**	**Temp. diff.**	**Forecast cancellation date**
	Thousand euro									
Remuneration	6,534	6,534	(68)	3,769	(326)	(1,792)	(788)	10,475	10,475	2022-2023
Project guarantees	1,333	1,333	-	5,823	(37)	-	(1,265)	5,854	5,854	2022-2023
Other provisions	11,819	11,819	-	-	(1,105)	-	2,625	13,339	13,339	2022-2023
Operating provisions	**19,686**	**19,686**	**(68)**	**9,592**	**(1,468)**	**(1,792)**	**572**	**29,668**	**29,668**	
HR claims	14,876	3,136	(4,077)	6,053	(1,512)	(1,357)	(147)	14,286	3,497	2022-2023
Tax provision	3,906	-	-	-	-	-	-	3,906	-	2022-2023
Other provisions for litigation	16,741	24	(283)	3,402	-	(280)	(1,059)	18,071	23	2022-2023
Provision for litigation in progress	**35,523**	**3,160**	**(4,360)**	**9,455**	**(1,512)**	**(1,637)**	**(1,206)**	**36,263**	**3,520**	
Total provisions	**55,209**	**22,846**	**(4,428)**	**19,047**	**(2,980)**	**(3,429)**	**(634)**	**65,931**	**33,188**	

Movements in current provisions are as follows:

	Thousand euro							
	Balance at 31.12.20	**Scope change**	**Currency trans. diff.**	**Appropri-ations**	**Applications**	**Payments**	**Transfers**	**Balance at 31.12.21**
Provisions for guarantees and onerous contracts	30,589	-	363	7,335	(5,832)	(986)	1,385	32,854
Other provisions	15	-	-	-	(15)	-	-	-
Provisions for other staff costs	5,579	72	(6)	1,583	(1,012)	(5,957)	911	1,170
Social security reserve	29	-	-	-	-	-	-	29
Restructuring provisions	76,429	-	6	24	-	(57,940)	-	18,519
Provision for tax liabilities	-	-	-	9,000	-	-	-	9,000
Total	**112,641**	**72**	**363**	**17,942**	**(6,859)**	**(64,883)**	**2,296**	**61,572**

	Thousand euro							
	Balance at 31.12.19	**Scope change**	**Currency trans. diff.**	**Appropri-ations**	**Applications**	**Payments**	**Transfers**	**Balance at 31.12.20**
Provisions for guarantees and onerous contracts	38,281	-	(860)	7,083	(14,607)	(574)	1,266	30,589
Other provisions	374	-	(83)	-	(245)	(31)	-	15
Provisions for other staff costs	9,444	-	(5)	3,626	(2,687)	(5,385)	586	5,579
Social security reserve	29	-	-	-	-	-	-	29
Restructuring provisions	28,094	-	-	85,225	-	(37,761)	871	76,429
Total	**76,222**	**-**	**(948)**	**95,934**	**(17,539)**	**(43,751)**	**2,723**	**112,641**

Non-current provisions

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

“Remuneration” includes long-term personnel provisions. The Group records in liabilities a provision of €7,363 thousand for Medium-Term Remuneration payable in 2024 to Managers entirely in the form of Parent Company shares, the number of shares being determined based on the average quoted price for the 30 stock market sessions prior to the accrual date (Note 18).

In the previous year, it included €1,053 thousand for the retirement plan implemented in 2019. The entire balance has been transferred to current provisions in the current year.

“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 and Kuwait in the vertical markets Defence and Security and Transport.

The item "Other Provisions" includes amounts covering contingencies deemed to be possible as a result of business combinations (Tecnocom, Paradigma and Sistemas Informáticos Abiertos). The Group applied the amount of €1,105 thousand in the previous year.

In non-current "**provisions for litigation in progress**" at 31 December 2021, the Group records litigation in progress in which it is the defendant and occurrence is deemed **probable**, in the amount of €36,966 thousand, covering fully-provisioned employee claims, taxes and contingencies, of which €34,356 thousand is recognised under this long-term provisions heading, the remaining €2,610 thousand having been settled or provisioned and recognised under other current liabilities. In the previous year, the amount of €39,357 thousand was provisioned in this respect.

"HR claims" classed as probable and thus provisioned in the amount of €11,363 thousand include claims amounting to €5,128 thousand (€5,923 thousand in 2020) 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.

The "Provision for taxes" classed as probable and thus provisioned amounts to €3,906 thousand (Note 35).

In 2021 the heading "Other provisions for litigation" includes various legal, civil, commercial, contentious-administrative and criminal proceedings estimated to be **probable** and thus provisioned in the amount of €19,087 thousand in the long term and €1,650 thousand in the short term (€18,071 thousand in 2020). The following probable litigation should be noted:

- Penalty proceeding initiated by the Spanish National Market and Competition Commission ("CNMC") against the Parent Company – Proceeding S/DC/05/65/15 "Tenders for Computer Software".

  Penalty proceeding initiated by the CNMC against several companies operating in the computer systems and applications development and maintenance service industry, including the Parent Company.

  In July 2018, the CNMC issued a penalty resolution attributing an anti-trust practice to the Parent Company and imposing a fine of €13,500 thousand.

  In September 2018, the Parent Company appealed the resolution in the contentious-administrative courts and in November 2018 obtained a precautionary measure staying enforcement of the penalty. The proceeding is pending a judgement, which may be appealed in cassation to the Supreme Court.

- Penalty proceeding initiated by the Spanish National Market and Competition Commission ("CNMC") against the Parent Company – Proceeding S/DC/0598/2016 "Railway electrification and electromechanics".

  Penalty proceeding initiated by the CNMC against several companies operating in the rail traffic industry, including the Parent Company.

  In March 2019, the CNMC issued a penalty resolution attributing an anti-trust practice to the Parent Company in which it (i) imposed a fine of €870 thousand; and (ii) imposed a prohibition on contracting with the public sector. The CNMC forwarded the penalty resolution to the State Consultative Board on Administrative Procurement in order for it to issue a proposal on the scope and duration of the prohibition on contracting, the final decision pertaining to the Ministry of Finance. This proceeding has been suspended until a final court judgement is handed down.

  In May 2019, the Parent Company appealed the penalty in the contentious-administrative courts and in July 2019 obtained a precautionary measure staying enforcement of the penalty and the prohibition on contracting with the public sector. The proceeding is pending a judgement, which may be appealed in cassation to the Supreme Court.

- Penalty proceeding initiated by the Spanish National Market and Competition Commission ("CNMC") against the Parent Company and Indra Business Consulting, S.L.U. – Proceeding S/0627/18 "Consultancy firms"

  Penalty proceeding initiated by the CNMC against several companies operating in the consultancy industry, including the Parent Company and the Group company Indra Business Consulting, S.L.U. ("IBC").

  In May 2021, the CNMC issued a penalty resolution attributing an anti-trust practice constituting a cartel to IBC and imposing a fine of €27 thousand.

In the resolution, the CNMC excludes IBC from the imposition of a prohibition on public sector contracting, as it has a specific Anti-trust Compliance Programme (the CNMC declares this prohibition to apply to all the companies under investigation save for IBC).

Specifically, the CNMC considers the INDRA Group's measures to be suitable for the detection of anti-trust infringements, since they reflect a genuine willingness to comply with competition rules, inspired by a significant cultural change that has taken place in the organisation.

On 7 July 2021, IBC and the Parent Company filed a contentious-administrative appeal against the penalty resolution which finds that a single action by IBC constitutes a cartel.

Litigation the occurrence of which is deemed **possible** and which is not therefore provisioned amounts to €130,570 thousand (€123,641 thousand in 2020).

Of this amount, €56,522 thousand in 2021 (€54,398 thousand in 2020) relates to numerous lawsuits (over 300 in 2021 and over 400 in 2020) of varying kinds (tax, labour, civil, commercial, contentious-administrative and criminal), none of which exceeds €5,000 thousand in 2021 (€2,800 thousand in 2020) on a standalone basis.

Specifically, of the €56,522 thousand in 2021 (€54,398 thousand in 2020):

- €23,347 thousand relates to tax litigation (€24,398 thousand in 2020);
- €9,628 thousand relates to labour litigation (€15,098 thousand in 2020); and
- €23,547 thousand relates to civil, commercial, contentious-administrative and criminal legislation (€14,902 thousand in 2020).

The remaining amount of €74,048 thousand in 2021 (€69,243 thousand in 2020) up to €130,570 thousand (€123,641 thousand in 2020) relates to the following main lawsuits:

- 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 €15,326 thousand (updated at the 31 December 2021 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 €3,752 thousand (updated at the 31 December 2021 exchange rate). This proceeding is pending a judgement.

- Arbitration related to consortium costs derived from the Mecca-Medina high-speed railway line in Saudi Arabia

  Arbitration related to certain expenses incurred in the Mecca-Medina high-speed railway line project awarded to Consorcio Español del Ave Meca-Medina ("CEAVMM"), a consortium of 12 public and private companies including the Parent Company.

  In April 2018, Ingeniería y Economía del Transporte, S.A. ("INECO"), Entidad Pública Empresarial Administrador de Infraestructuras Ferroviarias ("ADIF") and Entidad Pública Empresarial Renfe Operadora ("RENFE") submitted an application for arbitration to the Spanish Court of Arbitration against the private members of the CEAVMM, in which the Parent Company holds a 7.19% interest, in connection with a dispute concerning the consortium or non-consortium nature of certain costs. The Parent Company and a further five consortium members (except for Obrascón Huarte Laín, S.A. ("OHL")) presented joint allegations and announced a counterclaim in the event of a claim.

Finally, on 2 March 2020, INECO, RENFE and ADIF lodged a claim against the private members of CEAVMM. In July 2020, the Parent Company and the other defendants filed a response to the claim and in October 2020 lodged a counterclaim. Costs in dispute currently amount to €20,480 thousand, in respect of which the Parent Company states that the costs to which it is entitled amount to €193 thousand and have already been paid, and that it is also owed the same amount.

The arbitration hearings were held between 25 November and 2 December 2021.

Following the hearings, the Sole Arbitrator issued a decision concluding that an economic expert report updated at 31 December 2021 is required, which was commissioned *ex officio*. Accordingly, the date on which findings will be issued was postponed to 31 May 2022 and the award issuance deadline to 30 November 2022.

- <u>Arbitration proceeding CCI 25853/JPA – Arbitration proceeding EPIC ARABIA PROJECT DEVELOPMENT</u>

  Arbitration related to the alleged breach of a subcontract arranged as part of the Mecca-Medina high-speed railway project awarded to CEAVMM.

  In December 2020, the Parent Company and another three consortium members of CEAVMM (COBRA, INABENSA and OHL) received a request for arbitration from EPIC ARABIA PROJECT DEVELOPMENT ("EPICA") due to the alleged infringement of the contract for the provision of consultancy services entered into by all the members of CEAVMM and EPICA, which claims an overall amount of €14,800 thousand jointly and severally from all four companies. Should the joint and several claim not be allowed, EPICA claims €5,800 thousand from the Parent Company.

  On 10 February 2021, the Parent Company replied to the request for arbitration.

  EPICA lodged its claim on 3 December 2021. A response must be submitted by 11 February 2022.

- <u>Final corporate income tax and VAT settlement resolutions</u>: €9,577 thousand (Note 35).

- <u>Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda related to Service Tax (ISSQN) - São Paulo</u>: €16,500 thousand (Note 35).

- <u>Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. in relation to tax withheld at source (IRRF)</u> €13,900 thousand (Note 35).

Litigation the occurrence of which is deemed **<u>remote</u>** and which is not therefore provisioned amounts to €158,930 thousand (€71,400 thousand in 2020), the most significant being:

- <u>Action for damages caused to the Administration (Brazilian Government Ministry –"INPI"-)</u>

  Civil proceeding for damages due to alleged irregularities affecting the government's contracting of the automotive service awarded to IEL/DF and subcontracted to Politec (now Indra Brasil Soluçoes e Serviços Tecnológicos Ltda).

  The Brazilian Government Ministry initiated the proceeding in April 2004, that is before the acquisition of Politec, claiming damages currently valued at €20,143 thousand (updated at the 31 December 2021 exchange rate). The irregularities alleged by the Brazilian Government Ministry were not proven and the action was declared void on first instance. The Ministry appealed to a higher court and the appeal was dismissed.

  The Ministry also lodged a special appeal that is pending a High Court resolution.

- <u>Project to implement an HR management ERP for Banco do Brasil ("BB")</u>

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 €14,136 thousand (updated at the 31 December 2021 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 has filed a new appeal against this judgement which is pending.

- <u>Administrative proceeding initiated by Caixa Económico Federal ("CEF") against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda.</u>

  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 €20,715 thousand (updated at the 31 December 2021 exchange rate). Indra Brazil lodged a claim against the resolution. 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.

- <u>Metro Mumbai One PVT LT ("MMOPL") arbitration proceeding</u>

  Arbitration related to a project initiated in 2008 consisting of the supply and maintenance of the AFC (Automatic Fare Collection) system for the MRT Versova-Andheri-Ghatkopar line in Mumbai, India, for the customer MMOPL. The contract value was €4,650 thousand.

  Indra initiated the arbitration proceeding in January 2021, claiming payment of €888 thousand by MMOPL for project work carried out plus interest. In October 2021, MMPOL counterclaimed for €74,739 thousand in damages due to the alleged system failures and deficiencies.

  Indra responded in December 2021.

Additionally, the Company is involved in the following proceeding, the risks of which it has not been possible to determine:

- <u>Preliminary Proceedings 85/2014 before the National Court's Central First-Instance Court Number 6</u>

  In a decision of 2 September 2019, the National Court's First-Instance Court No. 6 (the "Court") resolved to summons the Parent Company as a party under investigation in the proceeding for alleged facts that could constitute an ongoing offence of bribery relating to the illegal financing of a political party. The Parent Company's legal representative testified on 10 October 2019.

The Parent Company is cooperating voluntarily and proactively with the Court and the Department of Public Prosecutions, furnishing all the information of which it is aware and which is relevant to the investigation, as well as all the available information and documents requested in relation to the facts investigated.

On 23 March 2021, the Court ordered the provisional dismissal and shelving of the proceedings with respect to the Parent Company on the following grounds:

- The Parent Company's involvement in the facts investigated has not been proven throughout the investigation.
- The Parent Company had effective prevention and compliance rules in place at the time of the events under investigation.
- The Department of Public Prosecutions has not provided any evidence to conclude that the Parent Company's approach to regulatory compliance was structurally flawed in any way.

The Department of Public Prosecutions lodged an appeal for reconsideration and a subsidiary appeal against the court order, which was assigned by the Court on 10 May 2021, although this order was again appealed by the Department of Public Prosecutions. On 10 June 2021, the Parent Company filed an opposition to the appeal.

On 8 July 2021, the Criminal Division of the National High Court dismissed the proceedings against the Parent Company.

On 17 September 2021, at the request of the Department of Public Prosecutions, the National Court's First-Instance Court No. 6 extended the investigation and summoned several people, including three former Indra employees and a person responsible for the Company's control function.

The depositions took place on 7 and 13 October 2021 and the investigation is scheduled to conclude on 29 January 2022 (Note 44).

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

Current provisions

The provision for restructuring plans reflects the following amounts:

- Provision of €21,600 thousand set aside in the previous year under indemnities in relation to the collective agreement on early retirements and voluntary redundancies in the Parent Company. In the current year, the agreement expired and payments amounted to €21,359 thousand.

  This agreement avoided traumatic measures that could have had a serious adverse impact on employment and on the Company’s stability by replacing collective dismissals with a process of early retirements and voluntary redundancies, which also achieved the purpose of reducing and adjusting the workforce so as to improve competitiveness (Note 2).

- Lay-off proceedings in the previous year in the subsidiary Indra Soluciones Tecnologías de la Información S.L.U. (Note 2), the implementation period having ended on 31 January 2021.

  This agreement minimised the impact of the restructuring process on the workforce thanks to different measures that balance the Company's need to meet rationalisation and optimisation objectives with the importance afforded to ongoing training and upskilling, while taking account of social measures to protect groups that find it more difficult to access the job market.

  Staff costs recognised in this respect totalled €63,620 thousand (€11,902 thousand was paid in the current year and €37,761 thousand in the previous year). The amount of €14,000 thousand is pending payment at the year-end, relating to the provision for contributions to the Spanish Treasury.

- In the previous year, it included an amount of €28,094 thousand reflecting the provision reasonably expected to be necessary due to the lay-off measures implemented in 2015, covering the possible legally mandated contribution to the Treasury’s pension funds for employees aged over 50 affected by the restructuring plan. During the current year, the amount of the settlement covering the period to 2017 was notified by the Spanish Public Employment Service (SEPE) and the Group paid the sum of €23,963 million. The SEPE is expected to notify the settlement for the outstanding years in the short term.

Most of these provisions for guarantees and onerous contracts relate to projects undertaken mainly in Spain, Oman, Poland and Kuwait in the vertical markets Defence and Security and Transport.

As a result of the tax inspection in progress in Spain, the Group has recognised the amount of €9,000 thousand using the best estimate available to date (Note 35).

25) Other current non-financial liabilities

This heading breaks down as follows at 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Public Administrations (Note 35)	157,547	134,688
Deposits and guarantees received	37	378
Accruals and deferred income	5,745	11,519
Other liabilities	703	983
Total other current liabilities	**164,032**	**147,568**

26) Current trade and other payables

The breakdown of Trade and other payables at 31 December 2021 and 2020 is as follows:

	Thousand euro	
	2021	**2020**
Trade payables	499,370	525,801
Accrued wages and salaries	130,555	90,452
Advance payments from customers	787,865	809,001
Total	**1,417,790**	**1,425,254**

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, 16% and 11% of revenue recognised in 2021 and 2020, 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 2021 as a result of performance obligations satisfied in previous years totalled €12 million (€7 million in 2020).

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:

Average supplier payment period = Ratio of transactions paid * payments made + Ratio of transactions pending payment * total payments pending
----
Total payments made + Total payments pending

Details of the Spanish companies for 2021 and 2020 are as follows:

	2021	2020
	Days	**Days**
Average supplier payment period	55	56
Ratio of transactions paid	57	56
Ratio of transactions pending payment	43	54

	Amount € th	**Amount € th**
Total payments made	1,060,763	1,019,339
Total payments pending	128,823	178,842

27) Segment information

The following tables show information on the Group's operating segments, based on the Group companies' financial statements. Review and decision-making in relation to this information is carried out by General Management.

Set out below is the segment information for 2021 and 2020:

	2021 (Thousand euro)							
Segment information at 31 December 2021:	**T&D**	**%**	**IT**	**%**	**Corporate non-distrib.**	**Elim.**	**Total**	**%**
Total sales	1,258,074		2,140,917		-	(8,566)	3,390,425	100%
Inter-segment sales	1,048		7,518		-	(8,566)	-	
External Sales	**1,257,026**		**2,133,399**		**-**	**-**	**3,390,425**	**100%**
Profit/(loss) from operating activities	**147,382**	**11.7%**	**108,147**	**5.1%**	**-**	**-**	**255,529**	**7.5%**
Net financial income/(expense)	-		-		(44,636)	-	(44,636)	(1.3)%
Profit/(loss) in associates	587		(39)		-	-	548	0.0%
Corporate income tax	(45,927)		(30,640)		11,159	-	(65,408)	(1.9)%
Segment profit/(loss)	**102,042**	**8.1%**	**77,468**	**3.6%**	**(33,477)**	**-**	**146,033**	**4.3%**
Other information								
Investments	31,220		21,860		-	-	53,080	
Depreciation/amortisation	33,595		59,940		-	-	93,535	
Order book	3,859,151		1,599,825		-	-	5,458,976	
Balance sheet								
Segment assets	1,418,922		1,857,538		1,235,025	-	4,511,485	
Fixed assets in associates	19,469		4,182		-	-	23,651	
Total consolidated assets							**4,535,136**	
Liabilities								
Segment liabilities	1,277,585		940,955		1,475,454	-	3,693,994	
Total consolidated liabilities							**3,693,994**	

Geographic information at 31 December 2021:	Spain	Brazil	Rest of America	Italy	Rest of Europe	Asia, Middle East & Africa	Total
External sales	1,719,100	160,853	442,182	202,474	442,902	422,914	3,390,425
Investments	46,098	420	2,111	1,303	1,785	1,363	53,080
Assets employed	3,279,713	99,936	420,333	195,260	206,152	333,742	4,535,136

	2020 (Thousand euro)							
Segment information at 31 December 2020:	**T&D**	**%**	**IT**	**%**	**Corporate non-distrib.**	**Elim.**	**Total**	**%**
Total sales	1,121,089		1,935,079		-	(12,760)	3,043,408	100%
Inter-segment sales	1,543		11,217		-	(12,760)	-	-
External Sales	**1,119,546**		**1,923,862**		**-**	**-**	**3,043,408**	**100%**
Profit/(loss) from operating activities	**55,008**	**4.9%**	**(87,893)**	**(4.6)%**	**-**	**-**	**(32,885)**	**(1.1)%**
Net financial income/(expense)	-		-		(41,126)	-	(41,126)	(1.4)%
Profit/(loss) in associates	1,939		(341)		-	-	1,598	0.1%
Corporate income tax	(13,467)		18,131		10,282	-	14,946	0.5%
Segment profit/(loss)	**43,480**	**3.9%**	**(70,103)**	**(3.6)%**	**(30,844)**	**-**	**(57,467)**	**(1.9)%**
Other information								
Investments	49,062		26,137		-	-	75,199	
Depreciation/amortisation	38,909		71,370		-	-	110,279	
Order book	3,638,531		1,590,864		-	-	5,229,395	
Balance sheet								
Segment assets	1,455,823		1,806,226		1,184,854	-	4,446,903	
Fixed assets in associates	11,782		4,217		-	-	15,999	
Total consolidated assets							**4,462,902**	
Liabilities								
Segment liabilities	1,210,389		902,294		1,666,339	-	3,779,022	
Total consolidated liabilities							**3,779,022**	

Geographic information at 31 December 2020:	Spain	Brazil	Rest of America	Italy	Rest of Europe	Asia, Middle East & Africa	Total
External sales	1,581,178	172,198	421,281	142,154	423,132	303,465	3,043,408
Investments	70,814	1,533	744	94	1,083	931	75,199
Assets employed	3,293,259	99,519	390,823	135,704	169,008	374,591	4,462,904

Revenue from contracts with customers (Note 4.v.) for the years ended 31 December 2021 and 2020 breaks down as follows:

	Thousand euro	
	2021	**2020**
Project Execution	892,475	837,806
Manufacturing based on proprietary technology	254,083	192,601
Services provided	2,243,867	2,013,001
Total revenue	**3,390,425**	**3,043,408**

In 2021 and 2020, 51% and 45% of revenue recognised derived from the order backlog already contracted at the start of the respective periods.

The Group applies revenue recognition methods by contract type. Revenue from most contracts (in both the IT and T&D segments) is recognised on the basis of contractual milestones, which are usually sufficiently detailed and traceable to be taken as an objective reference when measuring the progress of the contract.

In view of the type of reference contracts in each segment, the percentage-of-completion method of revenue recognition is most relevant in the Transport and Defence segment. In quantitative terms, percentage-of-completion revenue recognised in the Transport and Defence segment accounted for 27% of total segment revenue in 2021 (41% in 2020). For the IT segment, percentage-of-completion revenue accounted for 13% of total revenue in 2021 (15% in 2020).

Maintenance work represented 8% and 9% of revenue in 2021 and 2020, 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 2021, this Consolidated Income Statement heading mainly includes grant income of €10,961 thousand (€7,887 thousand in 2020) relating to operating grants for uncapitalised development expenses and therefore not associated with assets. In addition, other revenue from sundry services amounted to €10,415 thousand (€10,216 thousand in 2020).

29) Raw materials and consumables

Set out below is a breakdown of the heading Materials consumed and other supplies for the years ended 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Subcontracts and materials consumed	762,409	717,099
Inventory Impairment	41	-
Change in Inventories	-	17,500
Total	**762,450**	**734,599**

30) Staff Costs

Set out below is an analysis of staff costs for the years ended 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Wages, salaries and similar remuneration	1,445,393	1,353,383
Termination benefits	17,297	122,362
Social Security and other staff welfare charges	409,791	402,123
Total	**1,872,481**	**1,877,868**

The heading Wages, salaries and similar remuneration reflects the MTI provision and other similar personnel provisions amounting to €14,089 thousand in 2021 (€2,990 thousand in 2020).

In 2020, the heading Termination benefits reflected the cost of the lay-off proceedings in the subsidiary Indra Soluciones Tecnologías de la Información, S.L. amounting to €63,620 thousand and of the collective agreement on early retirements and voluntary redundancies in the Parent Company in the amount of €21,600 thousand (Note 2).

The average number of Group employees by category during 2021 and 2020 is as follows:

Number of people

	2021			2020		
	Men	Women	Total	Men	Women	Total
General Management	12	3	15	15	2	17
Management	443	95	538	439	96	535
Middle management	2,986	1,091	4,077	3,056	1,043	4,099
Technical personnel	22,604	10,548	33,152	21,717	9,685	31,402
Support	6,451	5,157	11,608	6,239	5,180	11,419
Other Categories	490	659	1,149	729	458	1,187
Total	**32,986**	**17,553**	**50,539**	**32,195**	**16,464**	**48,659**

The distribution by gender and category at year-end 2021 and 2020 is as follows:

Number of people

	2021			2020		
	Men	Women	Total	Men	Women	Total
General Management	11	3	14	14	3	17
Management	412	83	495	425	91	516
Middle management	2,932	1,059	3,991	2,923	1,020	3,943
Technical personnel	23,581	10,748	34,329	21,437	9,522	30,959
Support	6,538	5,111	11,649	6,136	5,083	11,219
Other Categories	500	654	1,154	782	544	1,326
Subtotal	**33,974**	**17,658**	**51,632**	**31,717**	**16,263**	**47,980**
New joiners (1)	263	188	451	307	740	1,047
Total	**34,237**	**17,846**	**52,083**	**32,024**	**17,003**	**49,027**

(1) FY 2021: MSS, Flat 101, The Overview, Net Studio, Consultoría Organizacional and Credimatic.
FY 2020: SmartPaper, Smartest and Baltik.

The average number of employees with a disability rating of 33% or more in 2021 and 2020 is shown below by category:

Number of People

	2021			2020		
	Men	Women	Total	Men	Women	Total
Management	1	1	2	1	1	2
Middle management	21	3	24	23	3	26
Technical personnel	146	81	227	136	63	199
Support	129	88	217	113	80	193
Other Categories	-	2	2	1	-	1
Total	**297**	**175**	**472**	**274**	**147**	**421**

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 breaks down as follows at 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Rent and royalties	121,079	118,890
Repairs and maintenance	23,039	25,370
Professional services	85,055	72,296
Transport and freight	11,855	12,562
Insurance	9,405	6,855
Banking services	7,527	7,130
Donations, trade fairs, advertising and entertainment	10,637	7,589
Supplies	11,618	11,260
Travel and other expenses	95,819	102,689
Taxes	29,962	28,399
Other expenses	30	584
Change in provisions for guarantees and onerous contracts	(7,431)	(5,570)
Changes in trade provisions	1,300	24,858
Total	**399,895**	**412,913**

Rent and royalties relate to the following items:

	Thousand euro	
	2021	**2020**
Royalties and licences	89,506	86,687
Short-term leases	10,738	12,101
Leases of low-value underlying assets	12,532	11,571
Other leases	8,303	8,531
Total	**121,079**	**118,890**

The Group records the amount of €3,073 thousand under short-term leases at 31 December 2021. The Group records no income related to subleases of rights of use previously acquired in 2021 and 2020.

32) Impairment losses and Other Gains/(Losses) on Fixed Assets

This heading breaks down as follows at 31 December 2021 and 2020:

	Thousand euro	
	2021	**2020**
Impairment loss and Profit/(Loss) on Other intangible assets (Note 9)	(85)	(84,217)
Impairment loss and Profit/(Loss) on Property, plant and equipment (Note 6)	13,158	(3,147)
Profit/(Loss) on Other long-term investments (Note 1)	(303)	37,474
Total	**12,770**	**(49,890)**

The Group recognises under Impairment loss and Profit/(Loss) on Property, plant and equipment the profit on the sale of Land and buildings owned by the Parent Company in San Fernando de Henares in the amount €16,862 thousand (Note 6). The Group also recognises a provision for the impairment of property, plant and equipment of €3,249 thousand (Note 6) in respect of leases containing termination clauses the cancellation of which was notified in 2021 (Note 7).

In 2020, the Group recognised under the heading Impairment loss and profit/(loss) on other intangible assets the impairment loss resulting from the reassessment of technical and economic feasibility of intangible assets due to Covid-19 (Notes 2 and 9).

Also in 2020, the amount reflected in Profit/(loss) on other long-term investments related mainly to the profit on the sale of a 60% stake in Metrocall, S.A. by the Group company Inertelco to Cellnex Telecom España, S.L.U. in the amount of €37,173 thousand (Note 1).

33) Foreign currency transactions

The main transactions effected in currencies other than the euro during 2021 and 2020 are analysed below:

	Thousand euro	
	2021	**2020**
Sales	1,014,527	918,533
Purchases	462,337	503,987

Transactions in currencies other than the euro were completed in US Dollars, Brazilian Reals, Mexican Pesos and Colombian Pesos.

34) Guarantees

At 31 December 2021, the Group had provided guarantees to third parties, issued by various banks and insurance companies, for a total of €1,039,669 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 2020, these guarantees amounted to €1,006,075 thousand.

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

Guarantees from third parties were received in 2021 in the amount of €24,130 thousand (€3,967 thousand in 2020) 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 files group income tax returns as the Parent Company of group no. 26/01, which includes 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., 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 Payments Systems, S.L.U., Sistemas Informáticos Abiertos, S.A.U., Morpheus Aiolos, S.L. and ALG Global Infrastructure Advisors, S.L.

At 31 December 2021 and 2020, in accordance with IAS 12, the Group presented net deferred tax assets and deferred tax liabilities for each jurisdiction amounting to €96,955 thousand and €90,514 thousand, respectively.

	2021		**2020**	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Balance prior to offset	279,421	(99,143)	289,629	(91,987)
Offset of deferred taxes	(96,955)	96,955	(90,514)	90,514
Closing balance	**182,466**	**(2,188)**	**199,115**	**(1,473)**

Set out below is the breakdown of deferred tax assets and liabilities by geography in 2021:

	Tax losses	**Deductions pending**	**Temporary differences**	**Total deferred tax assets**	**Temporary liability differences**
Spain	84,417	59,273	103,274	246,964	(37,225)
Europe	-	31	1,326	1,357	(1,511)
Asia, Middle East and Africa	-	-	1,456	1,456	(105)
America	-	-	23,771	23,771	(1,521)
Consolidation adjustments	-	(699)	6,571	5,872	(58,782)
Total	**84,417**	**58,605**	**136,399**	**279,421**	**(99,143)**

Set out below is the breakdown of deferred tax assets and liabilities by geography in 2020:

	Tax losses	Deductions pending	Temporary differences	Total deferred tax assets	Temporary liability differences
Spain	86,983	63,599	104,995	255,576	(40,011)
Europe	-	128	1,018	1,146	(1,409)
Asia, Middle East and Africa	-	-	2,383	2,383	(655)
America	-	21	19,902	19,923	(1,684)
Consolidation adjustments	-	(1,264)	11,864	10,600	(48,229)
Total	**86,983**	**62,484**	**140,162**	**289,629**	**(91,987)**

Deferred tax assets

Set out below is an analysis of deferred tax assets:

	Thousand euro							
	Balance at 31.12.20	Scope change	Rate change	Translation difference	Generated	Reversed	Other changes	Balance at 31.12.21
Deferred tax assets	289,629	10	689	(26)	55,401	(67,633)	1,351	279,421

	Thousand euro							
	Balance at 31.12.19	Scope change	Rate change	Translation difference	Generated	Reversed	Other changes	Balance at 31.12.20
Deferred tax assets	242,610	22	(626)	(2,696)	83,488	(27,210)	(5,959)	289,629

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 2021 and 2020 is as follows :

	Thousand euro	
Item	**2021**	**2020**
Appropriations and applications of provisions	40,921	49,599
Goodwill amortisation	25,698	24,016
Excess fixed asset amortisation	13,381	12,018
Tax-loss carryforwards and deductions	144,620	149,466
Effects of transition to IFRS 9, 15 and 16	11,445	11,875
Loss-making permanent establishments	20,840	23,730
Other	22,516	18,925
Deferred tax assets	**279,421**	**289,629**

The deferred tax assets of the Spanish companies with reversal periods estimated to exceed one year amount to €181,857 thousand at 31 December 2021 (€209,811 thousand at 31 December 2020).

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 2021), which limits the application of tax-loss carryforwards and tax credits each year. For the following years, the forecast growth of the two CGUs (T&D and IT) was considered, taking account of temporary differences. It was concluded from this analysis that the Group will have recovered all the capitalised Tax-loss Carryforwards and tax credits by 2030 and 2026, respectively.

The recovery of tax credits generated before each company joined the tax group is also assessed. As a result, an impairment loss of €700 thousand was recognised in 2021 (€586 thousand in 2020) for the Group company Prointec, S.A.U.

Current tax assets

The breakdown of current income tax assets at 31 December 2021 and 2020 is as follows:

	Thousand euro 2021	2020
Prior-year corporate income tax refundable	10,118	13,392
Current-year corporate income tax refundable	27,452	19,192
Total	**37,570**	**32,584**

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 2021 and 2020 break down as follows:

	Balance at 31.12.20	Scope change	Rate change	Translation difference	Generated	Reversed	Other changes	Balance at 31.12.21
	Thousand euro							
Deferred tax liabilities	91,987	-	23	1	8,046	(3,345)	2,431	99,143

	Balance at 31.12.19	Scope change	Rate change	Translation difference	Generated	Reversed	Other changes	Balance at 31.12.20
	Thousand euro							
Deferred tax liabilities	93,116	(13)	(184)	(259)	954	(5,609)	3,982	91,987

This Consolidated Statement of Financial Position heading is analysed below at 31 December 2021 and 2020:

Item	Thousand euro 2021	2020
Finance lease transactions	339	573
Non-exempt capital gains	2,123	2,202
Goodwill amortisation	74,698	66,523
Other	21,983	22,689
Deferred tax liabilities	**99,143**	**91,987**

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 €6,766 thousand, Paradigma for €4,772 thousand, North American Transmission & Distribution Group, Inc. for €2,167 thousand, Sistemas Informáticos Abiertos, S.A. for €2,083 thousand and SmartPaper, S.P.A. for €2,434 thousand (Note 5).

No material reversals of deferred tax liabilities are expected in less than one year.

No deferred tax liability is recognised for retained earnings of foreign subsidiaries since the Group is able to control the timing of reversal of these temporary differences and they are unlikely to reverse in the foreseeable future. Temporary differences that arise in relation to ownership interests in associates are immaterial to the Group.

Current tax liabilities

Current income tax liabilities are analysed below at 31 December 2021 and 2020:

	Thousand euro 2021	2020
Prior-year corporate income tax	2,219	674
Current-year corporate income tax	15,910	12,003
Corporate income tax paid abroad	6,887	12,067
Total	**25,016**	**24,744**

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 2021 and 2020:

	Thousand euro	
Taxes	**2021**	**2020**
A.- Reported Results for the Year (before Taxes)	**211,441**	**(72,413)**
Adjustments to reported results:		
- Other positive differences	125,435	190,877
- Other negative differences	(69,855)	(213,019)
Total adjustments to reported results	**55,580**	**(22,142)**
B.- Adjusted Reported Results	**267,021**	**(94,555)**
Temporary differences:		
- Positive current year	163,939	144,139
- Positive prior years	307	18,961
- Negative current year	4,300	(4,766)
- Negative prior years	(185,048)	(74,289)
Total temporary differences	**(16,502)**	**84,045**
C.- Tax Base	**250,519**	**(10,510)**
D.- Tax-loss carryforwards	(16,442)	-
E.- Adjusted Tax Base	**234,077**	**(10,510)**
Tax payable	**61,626**	**20**
Tax credits:		
- For international double taxation	(2,836)	(1,679)
- For R&D&i and other investments	(6,273)	(5,833)
F.- Tax Credit for Tax-loss Carryforwards (Applied) Capitalised	**257**	**47,613**
G.- Foreign Regional Taxation	**374**	**1,062**
H.- Total Tax payable	**53,148**	**41,183**
Payments and withholdings on account	9,570	3,311
Total payable/(refundable)	**43,578**	**37,872**
I.- Deferred tax assets for the year	(40,520)	(38,740)
J.- Recovery of deferred tax assets	42,556	22,180
K.- Deferred tax liabilities for the year	335	472
L.- Recovery of deferred tax liabilities	362	(5,020)
Accrued corporate income tax (H+I+J+K+L)	**55,881**	**20,075**
Corporate income tax paid abroad	**8,821**	**15,218**
Prior-year corporate income tax	**(2,142)**	**(3,118)**
Corporate income tax due to different tax rates	**539**	**551**
Deductions recognised as assets	**2,309**	**(47,672)**
M.- Corporate Income Tax for the Year	**65,408**	**(14,946)**
Profit/(loss) for the year after tax (A-M)	**146,033**	**(57,467)**

Current corporate income tax expense amounts to €62,675 thousand (€6,162 thousand in 2020) and deferred tax expense totals €2,733 thousand (income of €21,108 thousand in 2020).

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

	2021	
	Thousand euro	%
- Consolidated profit/(loss) before tax	**211,441**	
- Tax calculated at the tax rate applicable in Spain	52,860	25.00%
- Effect of permanent differences	13,895	6.57%
- Effect of deductions	(9,109)	(4.31)%
- Effect of other adjustments to prior-year income tax	(2,142)	(1.01)%
- Effect of tax credit for tax-loss carryforwards/deductions	(1,545)	(0.73)%
- Income tax paid abroad	9,195	4.35%
- Effect of different tax rates	2,254	1.07%
Total	**65,408**	**30.94%**

	2020	
	Thousand euro	%
- Consolidated profit/(loss) before tax	**(72,413)**	
- Tax calculated at the tax rate applicable in Spain	(18,103)	25.00%
- Effect of permanent differences	(5,536)	7.64%
- Effect of deductions	(7,512)	10.37%
- Effect of other adjustments to prior-year Income Tax	(3,118)	4.31%
- Effect of Tax Credit for Tax-loss Carryforwards/Deductions	(59)	0.08%
- Income tax paid abroad	16,280	(22.48)%
- Effect of different tax rates	3,102	(4.28)%
Total	**(14,946)**	**20.64%**

There were no significant changes to tax rates in the Group's main geographies during 2021 or 2020.

The Group's weighted average tax rate is currently 26%.

Tax credits/deductions

A breakdown of tax credits generated by investments, training and exports and carried as assets at 31 December 2021 is as follows:

Tax credits for investments and other	
Years	**2021**
2015 and previous years	27,120
2016	5,641
2017	8,177
2018	46
2019	5,524
2020	6,109
2021	2,778
Total 2021	**55,395**

A breakdown of tax deductions generated by investments, training and exports and pending recognition as assets at 31 December 2021 and 2020 is as follows:

(Thousand euro)

Deductions for investments and other			
Years	**2021**	**Years**	**2020**
2015 and previous	8,713	2014 and previous	6,050
2016	10	2015	11
2017	52	2016	10
2018	139	2017	51
2021	7	2018	139
Total 2021	**8,921**	**Total 2020**	**6,261**

The deductions for investments, training and exports pending recognition under assets at 31 December are expected to reverse after 2025.

Tax-loss carryforwards

Set out below is a breakdown of tax credits for tax-loss carryforwards recognised at 31 December 2021:

(Thousand euro)

Tax losses available for offset	
Years	**2021**
2016 and previous	227,411
2017	544
2018	38
2019	-
2020	130,345
2021	238
Total	**358,577**

The Spanish tax group has generated nearly all these tax credits.

Tax-loss carryforwards pending offset but not capitalised because the Group considers that they are unlikely to be recovered in a period of less than 10 years break down as follows at 31 December 2021:

(Thousand euro)

Tax losses available for offset	
Years	**2021**
2016 and previous	281,872
2017	24,443
2018	7,908
2019	10,140
2020	6,843
2021	3,658
Total	**334,864**

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

The expiration period for the tax-loss carryforwards pending offset for 2021 which have not been recognised as assets is as follows:

Years	**Thousand euro**
2022	4,472
2023	2,388
2024	1,138
2025	3,091
2026	4,177
2027	3,991
After 2027	20,067
No limit	295,540
Total	**334,864**

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.

In accordance with current legislation, tax returns may not be considered definitive until the returns filed have been inspected by the tax authorities or the inspection period has lapsed in accordance with the legislation in force in each of the countries in which the Group operates.

Years open to inspection

On 21 December 2015, the Parent Company was notified of the start of tax inspection proceedings 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 Central Economic Administrative Court. The potential contingent liability, including tax payable and interest, amounted to €9,004 thousand for corporate income tax and €572 thousand for Value Added Tax.

As a result of the contested tax assessments, two penalties were imposed for a total of €12,625 thousand, which were also appealed to the Central Economic Administrative Court.

On 31 May 2021, a Resolution was issued in which the value added tax appeal was partially upheld, annulling the tax assessment and the penalty. The tax authorities, in accordance with the Resolution, issued a new assessment (without a penalty) reducing the original amount and demanding €275 thousand. The Parent Company did not agree with this assessment and lodged an economic-administrative claim at the Central Economic Administrative Court that is pending a Resolution at the issuance date of these annual accounts.

On 7 March 2022, notification was received of the Resolution, which partially upholds the economic-administrative claim for corporate income tax, annulling both the assessment and the penalty in a joined decision. This notwithstanding, the Company does not agree with the content of the Resolution and intends to file a contentious-administrative appeal at the National High Court within the stipulated two-month period.

All the assessments are suspended and secured by a bank guarantee (the penalties are automatically suspended without the need for a guarantee). The Company has not made provision for any amount because it believes, together with its tax advisors, that the risk of failure is low.

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 Company 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 a resolution at the date these annual accounts are authorised for issue.

On 1 June 2020, notification was received of the start of a general tax inspection. It was sent to Indra Sistemas, S.A., as the Parent Company of the consolidated corporate income tax group. On 4 June, the inspection was 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, SLU and Indra Producción Software, S.L.).

The inspection refers to the following taxes and periods:

Tax	Periods
➢ Tax Group's Corporate Income Tax	➢ 2015 to 2018
➢ Value Added Tax	➢ May 2016 to December 2018
➢ Withholdings on account. Non-resident income tax	➢ May 2016 to December 2018

Following the prudence principle and although the tax assessments are not available at the issuance date of these annual accounts, the Company's directors deemed it advisable to set aside a provision of €9,000 thousand, this being the best estimate available to date of the potential contingent liability that could arise from the inspection (Note 24).

The amounts figuring in Note 24, which the Group estimates as possible and which therefore are not provisioned, include the following tax proceedings:

- 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. The original amount stated in the infringement decision was €3,807 thousand, the updated value of which at 31 December 2021 is €16,500 thousand, applying the year-end exchange rate. The proceeding is pending a third-instance court ruling.

- 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 has been appealed in the courts of law and is pending a first-instance judgement. The updated value of the lawsuit at 31 December 2021 is €13,900 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	
	2021	**2020**
Taxes refundable:		
Value Added Tax	23,543	29,314
Other taxes	11,198	11,932
Subtotal	**34,741**	**41,246**
Government grants	69	112
Social Security contributions refundable	1,680	1,653
Total (Note 15)	**36,490**	**43,011**

Balances payable to Public Administrations are as follows:

	Thousand euro	
	2021	**2020**
Taxes payable:		
Value added tax	78,251	57,364
PIT withholdings	33,592	32,649
Other taxes	3,597	6,097
Subtotal	**115,440**	**96,110**
Reimbursable government grants	55	2
Social Security contributions payable	42,052	38,576
Total (Note 25)	**157,547**	**134,688**

36) Financial risk management and hedging policies

Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and capital management risk. The Risk Management model attempts to minimise the potential adverse effects on the Group's financial performance.

Financial Risk Management is controlled by the Group's Finance and Control Departments. Internal regulations provide written policies for overall risk management and for specific areas such as foreign exchange risk, interest rate risk and liquidity risk.

To better manage the risks mentioned above, the Group maintains, in all significant respects, an effective internal control system over financial reporting.

a) Market Risk

(i) Foreign exchange risk

The Group operates internationally and is therefore exposed to foreign exchange risk arising from currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities not denominated in each company's functional currency.

In order to mitigate the impact of exchange rate differences in foreign currencies on projects carried out by the Group in currencies other than those of the country of origin, hedging operations (mainly forward currency purchase or sale contracts) are arranged with financial institutions. Indra analyses foreign exchange risk when signing off on each project and arranges the appropriate hedges (mainly exchange rate insurance) so that future profits cannot be significantly affected by fluctuations in the exchange rate with respect to the respective functional currencies of each subsidiary.

In other words, the Group's foreign exchange risk management policy, in general terms, is to cover 100% of the net exposure from transactions in a currency other than each company's functional currency. Hedging instruments are not used in transactions involving immaterial amounts, when there is no active hedge market, as is the case in some non-convertible currencies, and when there are other compensation mechanisms for currency fluctuations available to the customer or supplier.

In addition, the profits generated in subsidiaries whose income and expenses are denominated in a functional currency other than the euro may undergo upward or downward changes when they are consolidated into the Group's accounts, denominated in euros. The Group's significant geographical diversification partly mitigates this risk. However, currency fluctuations, mainly in Latin American countries, given that this is the geographical area with the greatest relative importance in the Group's non-euro business, could have a significant impact on the Group's results. The balances (assets and liabilities) of foreign subsidiaries (not euros) in their own currency are not covered by any hedging instrument.

Appendix III details the Group's exposure to foreign currency risk at 31 December 2021 and 2020. 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 2021

+10%	Thousand euro
Saudi Riyal	1,088
Mexican Peso	2,685
Chilean Peso	2,418
Brazilian Real	3,663
Colombian Peso	1,515

Change in Equity 2020

+10%	Thousand euro
Saudi Riyal	2,600
Mexican Peso	2,685
Chilean Peso	2,264
Brazilian Real	3,431
Colombian Peso	1,201

Change in Results 2021

+10%	Thousand euro
Saudi Riyal	801
Mexican Peso	1,075
Chilean Peso	737
Brazilian Real	1,161
Colombian Peso	848

Change in Results 2020

+10%	Thousand euro
Saudi Riyal	(1,701)
Mexican Peso	520
Chilean Peso	564
Brazilian Real	906
Colombian Peso	931

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).

(i) Interest rate risk

Interest rate risk arises from exposure to movements in the yield curves of short-, medium- and long-term bank financing. The Group envisages the possibility of arranging financial instruments to manage these risks when conditions so advise. In addition, the Parent Company has outstanding fixed-interest bond issues (convertible bonds for 2016 and non-convertible bonds for 2016, 2018 and 2020) which eliminate this risk with respect to a significant part of its long-term debt (Note 21).

The sensitivity of the Group's consolidated profits to changes in interest rates is as follows (thousand euro):

	2021		**2020**	
	Change in interest rates		Change in interest rates	
	+0.5%	(0.5)%	+0.5%	(0.5)%
Effect on Profit/(Loss) before tax	(2,696)	(322)	(3,837)	168

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 2021 calculation total €29 million.

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 2021 and 2020, but which are not impaired.

	2021 (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	226,187	31,260	21,847	32,155	311,449
Total assets	**226,187**	**31,260**	**21,847**	**32,155**	**311,449**

	2020 (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	177,318	39,520	44,232	34,061	295,131
Total assets	**177,318**	**39,520**	**44,232**	**34,061**	**295,131**

Impairment losses on these assets have been disclosed and explained in the relevant notes on financial assets (Notes 14 and 16).

c) Liquidity risk

Liquidity risk relates to the risk of difficulties arising in meeting obligations associated with financial liabilities that are settled in cash or another financial asset. The objectives of liquidity risk management are to guarantee an adequate level of liquidity while minimising the opportunity cost and to maintain a borrowing structure based on maturities and funding sources. In the short term, liquidity risk is mitigated by maintaining an adequate level of unconditionally available resources, including cash and short-term deposits, available credit lines and a portfolio of highly liquid assets.

The Indra Group's liquidity policy consists of arranging committed long-term credit facilities with banking institutions and current asset investments for an amount sufficient to cover forecast needs for a period based on the situation and expectations of debt and capital markets. These forecast requirements include maturities of borrowings. For further details of the characteristics and conditions of borrowings and financial derivatives (Notes 21 and 22). The Group prepares cash flow forecasts to ensure that sufficient cash is available to meet operating requirements, while maintaining sufficient levels of availability in its undrawn loans.

At 31 December 2021 and 2020, the maturities of the Indra Group's debt are as follows:

	2021 (Thousand euro)					
	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Bank borrowings	6,533	1,983	23,605	761,976	41,914	836,011
Financial liabilities for bonds and debentures	-	798	6,512	632,129	-	639,439
Trade and other payables	143,293	241,025	244,145	-	-	628,463
Other financial liabilities	4,549	9,097	40,937	226,350	10,179	291,112
Total	**154,375**	**252,903**	**315,199**	**1,620,455**	**52,093**	**2,395,025**
Derivative financial instruments	-	174	11,036	2,169	-	13,379
Total	**154,375**	**253,150**	**326,162**	**1,719,023**	**103,423**	**2,556,133**

	2020 (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	-	5,128	34,055	985,646	-	1,024,829
Financial liabilities for bonds and debentures	-	870	253,359	387,181	-	641,410
Trade and other payables	116,726	560,364	35,988	-	-	713,078
Other financial liabilities	6,248	12,494	56,225	210,881	13,637	299,485
Total	**122,974**	**578,856**	**379,627**	**1,583,708**	**13,637**	**2,678,802**
Derivative financial instruments	-	274	6,378	1,450	-	8,102
Total	**122,974**	**579,130**	**386,005**	**1,585,158**	**13,637**	**2,686,904**

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 2021 and 2020:

	Thousand euro	
	2021	**2020**
Cash and cash equivalents	1,235,025	1,184,853
Non-current bank borrowings and debentures	(1,436,019)	(1,372,827)
Current bank borrowings and debentures	(39,431)	(293,412)
Net financial debt	**(240,425)**	**(481,386)**
Equity	**(841,142)**	**(683,880)**
Leverage ratio	**29%**	**70%**

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 2021 (Note 4.w).

At 31 December 2021, the notional amount contracted in the relevant currencies and in euros is as follows:

Currency	Currency amount			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates Dirham	3,792,437	34,834,781	-	13,530,124
Australian Dollar	3,360,479	1,883,876	3,812,918	-
Brazilian Real	2,314,448	-	-	-
Canadian Dollar	101,025	2,960,272	605,022	1,772,370
Swiss Franc	-	56,059	-	-
Chilean Peso	-	2,766,618,566	-	63,901,117
Chinese Yuan	2,440,873	-	-	-
Colombian Peso	1,030,065,816	39,467,080,962	-	3,936,847,169
Euro	7,068,229	31,231,767	4,798,983	16,397,961
Pound Sterling	1,639,381	11,457,413	-	4,148,279
Kuwaiti Dinar	-	9,100,869	-	2,117,745
Mexican Peso	-	62,136,913	-	10,278,567
Malaysian Ringgit	-	1,120,965	-	-
Norwegian Krone	6,819,006	31,296,600	-	-
Peruvian Sol	458,316	8,777,982	-	409,355
Philippine Peso	14,325,329	13,721,388	-	-
Rial Qatari	-	148,694	-	-
Saudi Riyal	-	108,257,895	-	-
Singapore Dollar	793,064	2,204,206	396,532	1,412,952
US Dollar	24,585,072	97,605,024	1,529,296	23,778,502
Japanese Yen	168,571,499	-	83,741,000	-

Currency	Euro amount			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates Dirham	908,096	8,341,164	-	3,239,779
Australian Dollar	2,148,438	1,204,409	2,437,693	-
Brazilian Real	366,785	-	-	-
Canadian Dollar	70,327	2,060,753	421,178	1,233,811
Swiss Franc	-	54,263	-	-
Chilean Peso	-	2,855,427	-	65,952
Chinese Yuan	337,226	-	-	-
Colombian Peso	223,421	8,560,410	-	853,902
Euro	7,273,912	30,788,680	4,798,983	16,397,961
Pound Sterling	1,950,994	13,635,232	-	4,936,782
Indian Rupee			-	
Kuwaiti Dinar	-	26,475,255	-	6,160,713
Mexican Peso	-	2,684,818	-	444,117
Malaysian Ringgit	-	237,573	-	-
Norwegian Krone	679,987	3,120,875	-	-
Peruvian Sol	101,399	1,942,065	-	90,567
Philippine Peso	248,002	237,546	-	-
Rial Qatari	-	35,912	-	-
Romanian Leu	-		-	-
Saudi Riyal	-	25,356,110	-	-
Singapore Dollar	516,890	1,436,620	258,445	920,910
US Dollar	21,706,755	86,177,838	1,350,252	20,994,615
Japanese Yen	1,288,576	-	640,124	-

At 31 December 2020, the notional amount contracted in the relevant currencies and in euros is as follows:

Currency	Amount in foreign currency			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates Dirham	-	6,851,913	9,451,728	-
Australian Dollar	1,367,841	12,308,485	832,472	7,636,871
Brazilian Real	-	25,280,411	-	-
Canadian Dollar	167,742	1,348,999	-	173,363
Swiss Franc	-	66,153	-	-
Chilean Peso	148,551,856	3,654,272,524	-	1,035,321,905
Chinese Yuan	2,806,102	-	-	-
Colombian Peso	65,909,885	15,071,962,980	-	2,638,318,384
Euro	4,106,553	19,905,111	42,241,915	9,202,653
Pound Sterling	7,207,169	11,049,897	-	2,193,263
Indian Rupee	-	48,102,533	-	-
Kuwaiti Dinar	-	1,213,168	-	35,804
Mexican Peso	-	93,872,923	-	23,575,419
Malaysian Ringgit	-	32,273,757	-	-
Norwegian Krone	217,459,170	5,000,000	227,269,013	-
Peruvian Sol	1,178,186	7,827,588	-	2,360,412
Philippine Peso	20,480,831	4,200,000	-	-
Rial Qatari	-	345,800	-	-
Romanian Leu	204,498	-	-	-
Saudi Riyal	-	240,004,832	-	1,286,596
Singapore Dollar	-	2,091,169	6,917,615	1,342,304
Turkish Lira	-	9,336,112	-	-
US Dollars	31,124,899	115,803,519	674,171	26,632,119

Currency	Euro amount			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates Dirham	-	1,527,144	2,106,587	-
Australian Dollar	862,664	7,762,667	525,020	4,816,392
Brazilian Real	-	3,966,489	-	-
Canadian Dollar	107,609	865,408	-	111,216
Swiss Franc	-	61,241	-	-
Chilean Peso	170,879	4,203,510	-	1,190,931
Chinese Yuan	350,864	-	-	-
Colombian Peso	15,700	3,590,142	-	628,447
Euro	4,106,553	19,905,111	42,241,915	9,202,653
Pound Sterling	8,016,605	12,290,909	-	2,439,588
Indian Rupee	-	538,051	-	-
Kuwaiti Dinar	-	3,259,452	-	96,196
Mexican Peso	-	3,844,725	-	965,571
Malaysian Ringgit	-	6,541,093	-	-
Norwegian Krone	20,757,848	477,282	21,694,259	-
Peruvian Sol	265,430	1,763,451	-	531,769
Philippine Peso	346,398	71,036	-	-
Rial Qatari	-	77,622	-	-
Romanian Leu	42,013	-	-	-
Saudi Riyal	-	52,285,221	-	280,286
Singapore Dollar	-	1,285,607	4,252,807	825,221
Turkish Lira	-	1,026,618	-	-
US Dollar	25,364,598	94,371,704	549,402	21,703,299

Set out below is a breakdown of average exchange rates under the derivatives contracted at 31 December 2021 and 2020 in each geography:

Australia

	AUD/CURRENCY	
	2021	**2020**
EUR	0.612	0.589
USD	1.354	1.388

Norway

	NOK/CURRENCY	
	2021	**2020**
AED	0.412	0.410
CAD	0.142	0.145
EUR	0.096	0.093
GBP	0.085	0.085
JPY	10.598	10.449
SGD	0.166	0.173
USD	0.113	0.110
INR	-	8.216

Spain

	EUR/CURRENCY	
	2021	**2020**
AED	4.532	-
AUD	1.622	1.664
BRL	6.469	6.282
CAD	1.499	1.532
CHF	1.050	1.049
CLP	930.654	903.936
CNH	8.080	8.057
COP	4,613.885	4,386.250
GBP	0.890	0.899
KWD	0.377	0.361
MXN	25.868	26.290
MYR	5.090	4.905
NOK	10.255	10.287
PEN	4.253	4.038
PHP	59.013	57.603
QAR	4.413	4.363
SAR	4.559	4.565
USD	1.189	1.185
RON	-	4.986
TRY	-	6.718

Mexico

	MXN/CURRENCY	
	2021	**2020**
EUR	0.041	0.039
USD	0.048	0.048

At 31 December 2021 and 2020, foreign exchange hedges show the value changes:

	Thousand euro							
	2021				2020			
	Short term		Long term		Short term		Long term	
Foreign exchange hedges	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases
Cash flow hedges	4,268	133	2,369	840	(22,184)	3,184	(2,194)	86
Total	**4,268**	**133**	**2,369**	**840**	**(22,184)**	**3,184**	**(2,194)**	**86**

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 €822 thousand (gain of €899 thousand in 2020).
- Extension expenses (recognised ineffectiveness) amount to €1,283 thousand in 2021 (€2,344 thousand in the previous year) and are recognised under "Financial expenses" in the Consolidated Income Statement.

The fair value of the above-mentioned contracts in force at 31 December 2021 and 2020 breaks down as follows:

Foreign exchange risk hedges	Thousand euro	
for financial assets	Exports	Imports
Short term	528,243	108,341
Long term	221,669	56,303
Total 31.12.2021	**749,912**	**164,644**

Foreign exchange risk hedges	Thousand euro	
for financial assets	Exports	Imports
Short term	223,252	50,255
Long term	41,790	54,882
Total 31.12.2020	**265,042**	**105,137**

38) <u>Board of Directors and Senior Management remuneration</u>

1. Directors' remuneration

1.1 Remuneration due to membership of administrative bodies

The remuneration of the members of the Board of Directors in their capacity as such consists of a fixed allowance which accrues based on their membership of administrative bodies and is fully paid in cash.

This remuneration has been determined on the basis of the required responsibility and dedication, and following the best practices and recommendations in this area set out in the Remuneration Policy for the period 2021-2023.

The annual amounts applicable for 2021, 2022 and 2023 are as follows: €80 thousand for membership of the Board; €40 thousand for membership of the Auditing and Compliance Committee; €24 thousand for membership of the Appointments, Remuneration and Corporate Governance Committee; €24 thousand for membership of the Sustainability Committee; and €24 thousand for membership of the Strategy Committee set up in 2021. The chairs of each committee receive 1.5 times the above amounts. Depending on the composition of each body, the average annual remuneration is approximately €144 thousand per director.

As regards the chair of the Board of Directors, in May 2021 the former Executive Chairman, Mr. Abril-Martorell, was replaced, his remuneration from January 2021 until that date having been governed by the remuneration policy in force during that period, which established an annual remuneration of 1.5 times the remuneration for membership of the Board of Directors.

As part of this process, the Board of Directors agreed on a new governance structure in the Company in which the roles of Chair and CEO are separate and the Board Chair does not carry out executive functions.

Consequently, the 2021-2023 Remuneration Policy approved by the General Shareholders Meeting of 30 June establishes a separate remuneration scheme for the new role of Board Chair without executive duties (Mr. Murtra). This remuneration consists exclusively of fixed items and amounts to €550,000 per annum, which may be increased by remuneration for possible membership of a Board committee.

In September 2021, Mr. Murtra was appointed Chairman of the Strategy Committee and in 2021 received remuneration in proportion to the number of days in office, as described above.

The total remuneration accrued to each Parent Company director in 2021 and 2020 for membership of the administrative bodies breaks down as follows:

DIRECTORS' REMUNERATION (€) 2021						
	FIXED ALLOWANCE					
DIRECTOR	BOARD	AUDITING AND COMPLIANCE COMMITTEE	APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE	SUSTAINABILITY COMMITTEE	STRATEGY COMMITTEE	TOTAL
FERNANDO ABRIL (1)	50,000					50,000
CARMEN AQUERRETA	80,000	40,000		18,000	6,000	144,000
ANTONIO CUEVAS (2)	80,000		24,000	18,000	6,000	128,000
ENRIQUE DE LEYVA (3)	80,000	60,000			6,000	146,000
ANA DE PRO (4)	80,000	40,000		6,000		126,000
SILVIA IRANZO	80,000			36,000		116,000
IGNACIO MARTÍN (5)	80,000		24,000	24,000	6,000	134,000
SANTOS MARTINEZ-CONDE (6)	80,000	40,000	24,000		6,000	150,000
IGNACIO MATAIX	80,000					80,000
MARC MURTRA (7)	326,775				9,000	335,775
CRISTINA RUIZ	80,000					80,000
MIGUEL SEBASTIÁN (8)	80,000	40,000		6,000		126,000
ALBERTO TEROL	80,000		36,000			116,000
ISABEL TORREMOCHA	80,000	40,000	24,000			144,000
TOTAL	**1,336,775**	**260,000**	**132,000**	**108,000**	**39,000**	**1,875,775**
Average remuneration per director (13 directors)						**144,290**

(1) Chair of the Board of Directors to May 2021 (2) Member of the Strategy Committee as from October 2021 (3) Member of the Strategy Committee as from October 2021 (4) Member of the Sustainability Committee as from October 2021 (5) Member of the Strategy Committee as from October 2021 (6) Member of the Strategy Committee as from October 2021 (7) Chair of the Board of Directors as from May 2021 and of the Strategy Committee as from October 2021 (8) Member of the Sustainability Committee as from October 2021.

DIRECTORS' REMUNERATION (€) 2020					
	FIXED ALLOWANCE				
DIRECTOR	BOARD	AUDITING AND COMPLIANCE COMMITTEE	APPOINTMENTS, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE	SUSTAINABILITY COMMITTEE	TOTAL
F. ABRIL-MARTORELL	112,500				112,500
A. TEROL (1)	75,000		33,750	10,500	119,250
C. AQUERRETA (2)	40,000	20,000		12,000	72,000
A. CUEVAS	75,000		22,500	22,500	120,000
E. DE LEYVA (3)	75,000	56,250		10,500	141,750
S. IRANZO (4)	75,000		10,500	33,750	119,250
S. MARTÍNEZ-CONDE	75,000	37,500	22,500		135,000
I. MARTÍN	75,000		22,500	22,500	120,000
I. MATAIX	75,000				75,000
M. ROTONDO (5)	35,000	17,500			52,500
C. RUIZ	75,000				75,000
I. SANTILLANA (6)	35,000	17,500			52,500
M. SEBASTIÁN	75,000	37,500			112,500
I. TORREMOCHA (7)	75,000	37,500	12,000		124,500
TOTAL	**972,500**	**223,750**	**123,750**	**111,750**	**1,431,750**
Average remuneration per director (12.5 directors)					**114,540**

(1) Member of the Sustainability Committee from January to June (2) Director and member of the Auditing and Compliance Committee and of the Sustainability Committee as from July (3) Member of the Sustainability Committee from January to June (4) Member of the Appointments, Remuneration and Corporate Governance Committee from January to June (5) Director and Member of the Auditing and Compliance Committee to June (6) Director and Member of the Auditing and Compliance Committee to June (7) Member of the Appointments, Remuneration and Corporate Governance Committee as from July.

The differences between the amounts reflected in these two years is explained by the remuneration of the Non-Executive Chair appointed in May 2021.

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 – Chairman of the Board of Directors	
	2021	2020
Life insurance	1	-
Health insurance	5	-
TOTAL	**6**	**-**

In 2021 and 2020 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. At the end of 2021 and 2020 the members of the Board of Directors did not hold any options to the Parent Company's shares.

The Directors did not receive any benefit or remuneration in 2021 or 2020 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 the Board of Directors, the General Shareholders Meeting of June 2021 approved a new Remuneration Policy which is in line with the policy in force to June 2021, although it brought in certain adjustments to enhance the alignment of the remuneration scheme with the Company's strategic priorities, with corporate governance recommendations and with the practices of comparable industries and companies.

The remuneration scheme for 2021, 2022 and 2023 includes the following components:

(i) Fixed remuneration (FR). It is received entirely in cash and remains unchanged for the three-year period, other than in exceptional cases where justified.

(ii) Annual Variable Remuneration (AVR). It is determined by assessing target fulfilment. Seventy percent is received in cash and payment of the remaining 30% is deferred in equal parts over three years and is received in full in Company shares, the number of which is determined, based on the average quoted price over the previous thirty calendar days, on the date of accrual of the AVR.

To determine the degree of achievement of each Senior Manager's targets, both the Company's global targets and individual quantitative and qualitative targets are weighted, referring to their respective areas of responsibility, by the corresponding metrics and achievement rates for each of them.

(iii) Medium-Term Remuneration (MTR). It is arranged as a performance share plan or Medium-Term Incentive (MTI), with an initial grant of shares of which a percentage ranging from 0% to 150% may be delivered at maturity in 2023, calculated according to the level of fulfilment of the established objectives.

The current MTI was established for the three-year period 2021-2023 and will accrue at the end of this period.

The weighting of the annualised amounts of each of the above remuneration items (for 100% fulfilment of AVR and MTR targets) is as follows:

	Chair and Executive Directors	Senior Management
FR	25%	29%-58%
AVR	35%	29%-44%
MTR	40%	12%-35%

(iv) Benefits in kind. They include three items: life insurance, health insurance and the use of a car, except for the Executive Chair to May 2021, who only received the first two.

In addition, in 2021 and 2020 the Executive Directors and a Senior Manager were beneficiaries of the Long-Term Savings and Pre-Retirement Plan (PPALP), which is outsourced to an insurance company in the form of a survival life insurance policy.

The PPALP is not a pension plan and receipt by the beneficiaries is contingent. The Company makes an annual defined contribution to the PPALP and each beneficiary is only entitled to receive the accumulated balance on reaching 62 years of age. If, before reaching that age, the beneficiary's contract with the Company is terminated on grounds not attributable to the beneficiary, the latter will receive the balance accumulated in the PPALP up to that date and an additional sum to complete one year's total target remuneration, which is the indemnity for contract termination. In the event of dismissal due to breach of contractual obligations, voluntary resignation or death before the age of 62, the Senior Manager will not receive benefits under the PPALP. Annual contributions are determined as a percentage of the Senior Manager's total annualised target remuneration and are in the range of 6.72% to 17% thereof.

The current Remuneration Policy modified the policy approved by the General Shareholders Meeting in June 2020 by decoupling the former Long-Term Savings and Pre-Retirement Plan (PPALP) for chief executive officers, which is now called the Long-Term Savings Plan (PALP), from termination benefits and compensation, in line with normal market practice, while maintaining the maximum contribution percentages provided for in the previous policy. Accordingly, CEOs are entitled to receive the balance accumulated in the PALP only on reaching the age of 62 and the maximum amount receivable is limited to one year's total annualised target remuneration.

Section B of the Annual Remuneration Report explains each of these remuneration items in detail, including, for variable remuneration, information on the objectives set for Executive Directors, as well as the procedure and methodology for measuring compliance.

2.2. Amounts of remuneration

In 2021, the composition of Senior Management was as follows:

Executive Chair (to May 2021)

Fernando Abril-Martorell	
Cristina Ruiz	*CEO*
Ignacio Mataix	*CEO*

Area and market heads

Luis Abril	*Energy, Industry, Consumption & Business Management Solutions*
Berta Barrero	*Transport*
Manuel Escalante	*Defence & Security*
Jorge Estévez	*Defence & Security Operations*
Fabiola Gallego	*Legal Affairs*
Rafael Gallego (i)	*Air Traffic. European Programmes.*
Gonzalo Gavín (ii)	*International Air Traffic*
Javier Lázaro	*Corporate General Manager and CFO*
Antonio Mora	*Management, Operational & Process Control*
Borja Ochoa	*Financial Services*
Luis Permuy	*ASOMAF*
Raúl Ripio	*Service Delivery & Production*

(i) To May 2021

(ii) To December 2021

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

(€ thousand)	*Fernando Abril-Martorell*		*Cristina Ruiz*		*Ignacio Mataix*	
	Chair (to May 2021)		*CEO*		*CEO*	
	2021	***2020***	***2021***	***2020***	***2021***	***2020***
FR	315	733	583	521	583	521
AVR	524	697	1,008	495	1,008	495
MTR	--	1,713	--	1,215	--	1,215
Benefits in kind	11	25	22	17	56	56
Sum	**850**	**3,168**	**1,613**	**2,248**	**1,647**	**2,287**
Other [1]	5,064	--	--	--	--	--
PPALP/PALP	194 [2]	465	161	148	397	364
TOTAL	**6,108**	**3,633**	**1,774**	**2,396**	**2,044**	**2,651**

(1) The amount indicated includes the indemnity received by Mr. Abril-Martorell due to the termination of his contractual relationship in May 2021, as stipulated in the contract (€3,100 thousand). The indemnity was funded by the accumulated PALP balance (contributions made during the period 2015-2021) and no additional disbursement by the Company was required. This also includes the amount paid by the Company due to the breach of the contractual notice period (€775 thousand) and the compensation accrued during the period (€1,163 thousand) to Mr. Abril-Martorell under the non-compete agreement entered into with the Company, as well as the accrued holidays not taken included in his settlement (€26 thousand).

(2) The contribution made was proportional to Mr. Abril-Martorell's time in office and was applied, together with the rest of the accumulated funds, to the payment of his indemnity.

The amounts of AVR included in this note follow the approach laid down by the accounting legislation applicable to the Company and therefore take account of the amounts accrued in this respect, regardless of whether the delivery of 30% is deferred over three years by third parties and is received entirely in the form of Company shares. The amounts included in the Annual Directors' Remuneration Report and the Annual Corporate Governance Report follow the approach set out in CNMV Circular 3/2021 of 28 September and therefore do not take into account such deferred amounts as they are subject to further conditions (malus clauses).

The amounts of contributions to the PPALP and PALP are disclosed in this note following the criteria established by the accounting legislation applicable to the Company, although their receipt by the Executive Director is contingent. The total remuneration in the Annual Directors' Remuneration Report and the Annual Corporate Governance Report follows the approach set out in CNMV Circular 3/2021 of 28 September and therefore does not include the above-mentioned contributions, as they did not vest during the year.

The MTI for the period 2021-2023 accrues at the end of the period, so no amount is included in 2021 in this respect.

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

(€ thousand)	***2021 (1)***	***2020 (1)***
FR	*3,555*	*3,819*
AVR	*3,670*	*2,415*
MTR	*--*	*1,689*
Benefits in kind	*271*	*170*
Sum	***7,496***	***8,093***
Other (2)	*2,440*	*1,977*
Plan	*416*	*150*
TOTAL	***10,352***	***10,220***

(1) Data concerning the Senior Managers listed at the beginning of this section 2.2 (excluding Executive Directors)

(2) In 2021, this includes the amount received by Mr. Gallego on termination of his employment relationship, the amount received by Mr. Figueroa under the non-compete agreement and the amount received by Mr. Gavín in respect of accrued holidays not taken, in accordance with the respective contracts.

As indicated, the MTI for the period 2021-2023 accrues at the end of the period, so no amount is included in 2021 in this respect.

The current remuneration system does not provide for the delivery of shares as an independent remuneration item. Neither the Executive Directors nor the Senior Managers received any remuneration in this respect in 2021 or 2020.

In 2021 and 2020, no stock options were granted to Senior Management personnel, nor did they exercise any options on the Parent Company's shares.

Senior Management personnel did not receive any benefits, compensation or remuneration in 2021 or 2020 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 Executive Directors have a commercial relationship with the Company through service contracts, which regulate the conditions applicable to their professional relationship with the Company, including a temporary right (for the Executive Chair to May 2021) to an indemnity equal to the difference between the amount equivalent to one year's total target remuneration and the accumulated balance in their favour in the PPALP at the date of termination of the relationship.

In 2021, the contracts of the CEOs were amended by decoupling the PALP from termination benefits and compensation, in line with normal market practice. These contracts provide, in the event of termination of the contractual relationship on grounds not attributable to them (unilateral termination by the Company or a relevant change to duties or to conditions of service), the right to receive a severance indemnity equivalent to one year's total target remuneration.

In addition, as mentioned in point 2.1 above, the CEOs are entitled to receive the balance accumulated in the PALP only on reaching the age of 62 and the maximum amount receivable is limited to one year’s total annualised target remuneration.

The contracts of three other Senior Managers include a temporary indemnity for an amount equivalent to between one and two years of their total remuneration, which is extinguished either after a transitional period following their joining the Company or when the compensation legally due to them exceeds the guaranteed minimum amount.

The contracts of four Senior Managers (including the CEOs and the former Executive Chair) provide for a three-month notice period in the event of the termination of their professional relationship by the Company, which, if not observed, must be compensated for by means of an amount equivalent to their total annualised remuneration for the unfulfilled notice period.

The Executive Directors’ contracts in 2021 include a post-contractual non-compete agreement with a duration of one year as from the termination of their relationship with the Company, under which they are entitled to an amount equivalent to 0.75 times their total annualised remuneration.

The contracts of five Senior Managers include a non-compete agreement enforceable for a period of one year that stipulates compensation of 0.75 times their fixed remuneration. In addition, and due to the termination of a Senior Manager's contract in 2021, the Company entered into a non-compete agreement enforceable for a period of two years that stipulates compensation equal to one year’s 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 2021 and 2020 amounted to €279 thousand and €220 thousand, respectively.

39) <u>Information disclosed by the members of the Board of Directors in relation to Article 229 of the Spanish Companies Act</u>

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) <u>R&D&i activities</u>

Due to their nature, a significant part of the Group's activities involve R&D&i expenses, which are recorded in the Consolidated Income Statement on an accrual basis (Note 4.d.ii).

The total expenditure on projects of this type carried out during 2021, including capitalised projects (Note 9), amounted to €292,753 thousand, equivalent to 9% 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 58% of the total R&D&i expenses incurred by the Group.

In 2020, expenditure on R&D&i projects amounted to €265,270 thousand, equivalent to 9% of the Group's total sales.

41) <u>Environment</u>

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 2021.

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 2021.

The Company carries out the activities necessary to meet its corporate responsibility commitments, which include taking care of all matters associated with environmental protection in the performance of its activities. This has led to the adoption of an environmental management system based on the ISO 14001 standard, applicable to all the activities carried out by the Company at its certified work centres in Arroyo de la Vega (Avda. de Bruselas - Alcobendas), San Fernando de Henares (C/ Mar Egeo), Torrejón de Ardoz, Aranjuez, Nave Lean (C/ Guarnicioneros), Sierra de Guadarrama, SIA-Alcorcón, Miguel Yuste, C/ Alcalá 506, Edificio Kenia (San Fernando de Henares), Badajoz (Avda. de Elvas), C/ Roc Boronat (Barcelona), C/ Samontà (Barcelona), Barberá del Vallés (Barcelona), Cr Prado de las Torres (Bollullos de la Mitación – Seville), Ciudad Real (Ronda de Toledo), Bembibre (León), Erandio (C/ Ribera de Axpe), Fuente Álamo (Cartagena – Murcia), Puerto de Santa María, Ferrol, La Coruña (Pol. Ind. Pocomaco), Málaga (C/ Severo Ochoa) and C/ Cardenal Benlloch (Valencia).

The Company is also accredited for compliance with European Parliament and Council Regulation 1221/2009 EMAS (Eco Management and Audit Scheme) at the Arroyo de la Vega work centre.

The Arroyo de la Vega work centre is also ISO 50001 certified, the primary aim being to continuously enhance energy efficiency, energy security, energy use and energy consumption through a certified system.

Climate-related matters

As described in the Sustainability Report and Non-Financial Information Statement, which form part of Indra's Management Report, in 2021 the Company updated its analysis of climate change risks and opportunities to include various scenarios, in line with the TCFD recommendations.

In view of the Company's activity and business model, Indra has not identified any significant risks associated with climate change that could have affected its financial statements in 2021.

To carry out this analysis, Indra applied the assumptions and suppositions included in the Sustainable Development Scenario (SDS) developed by the International Energy Agency (IEA) and the RCP 2.6 and RCP 8.5 pathways of the Intergovernmental Panel on Climate Change (IPCC). The breadth of these scenarios in terms of global warming allows Indra to reduce the degree of uncertainty concerning the possible consequences of climate change for the Company.

Overall, no significant impacts on the Company's operations, future cash flows or assets associated with the physical risks of climate change are envisaged. Possible countermeasures are part of other policies and procedures already in place and therefore do not represent a cost overrun requiring a provision for expenses. This is the case, for example, of the development of contingency plans, the resilience of infrastructures, the redundancy of operations or the arrangement of insurance. These measures are carried out by Indra with the aim of making the Company more resilient to any type of incident, regardless of its origin, be it climate change or any other cause.

The main transition risks identified are related to Indra's market positioning or access to financing, and are also below the materiality threshold. The main response measures are linked to the Company's ordinary environmental management and to the integration of ESG considerations into R&D processes, so there is no cost overrun for Indra.

For further information, see the 2021 Sustainability Report available on Indra'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 2021 and 2020 are as follows:

	Thousand euro	
	2021	
	Fees of the principal auditor or its network firms (1)	**Fees of other auditors or their network firms (2)**
Audit services	2,075	203
Non-audit services		
Services required by accounting legislation	-	1
Other assurance services	88	-
Tax services	33	21
Other Services	23	44
Total professional services	**2,219**	**269**

	Thousand euro 2020	
	Fees of the principal auditor or its network firms (1)	**Fees of other auditors or their network firms (2)**
Audit services	2,014	179
Non-audit services		
Services required by accounting legislation	102	1
Other assurance services	108	-
Tax services	59	21
Other Services	-	28
Total professional services	**2,283**	**229**

(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 with significant Shareholders and Directors do not represent, individually or as a whole, a significant amount in relation to the Parent Company's revenue or balance sheet at 31 December 2021 and 2020, and all these transactions were carried out in the ordinary course of the Parent Company's business, on an arm's length basis and authorised by the Board of Directors in accordance with its regulations.

During 2021 and 2020, commercial, financial and service provision/receipt transactions were carried out with significant shareholders at that time or with companies related to them.

Transactions and balances with related parties in 2021 and 2020 break down as follows, by nature:

	2021 (Thousand euro)		
Nature of the transaction	**With shareholders**	**With Directors**	**Total 31.12.2021**
Sales of goods and services	53,804	-	53,804
Purchase of goods and services	626	-	626
Financial service expenses	195	-	195
	54,625	**-**	**54,625**

	2020 (Thousand euro)		
Nature of the transaction	**With shareholders**	**With Directors**	**Total 31.12.2020**
Sales of goods and services	56,128	-	56,128
Purchase of goods and services	1,169	-	1,169
Financial service expenses	147	-	147
	57,444	**-**	**57,444**

	2021 (Thousand euro)		
Year-end balances	**With shareholders**	**With Directors**	**Total 31.12.2021**
Trade and other receivables	28,081	-	28,081
Trade and other payables	22	-	22
	28,103	**-**	**28,103**

	2020 (Thousand euro)		
Year-end balances	**With shareholders**	**With Directors**	**Total 31.12.2020**
Trade and other receivables	7,268	-	7,268
Trade and other payables	54	-	54
	7,322	**-**	**7,322**

a) Transactions with shareholders

All the transactions were completed with the shareholders SEPI and Corporación Financiera Alba or companies related to them in 2021 and 2020.

The breakdown by shareholder is as follows:

	2021 (Thousand euro)		
	With shareholders		
Nature of the transaction	**SEPI**	**C.F.A**	**Total 31.12.2021**
Sales of goods and services	45,605	8,199	53,804
Purchase of goods and services	530	96	626
Financial service expenses	-	195	195
	46,135	**8,490**	**54,625**

	2020 (Thousand euro)		
Nature of the transaction	With shareholders		
	SEPI	**C.F.A**	**Total 31.12.2020**
Sales of goods and services	48,137	7,991	56,128
Purchase of goods and services	1,080	89	1,169
Financial service expenses	-	147	147
	49,217	**8,227**	**57,444**

	2021 (Thousand euro)		
	With shareholders		
Year-end balances	**SEPI**	**C.F.A**	**Total 31.12.2021**
Trade and other receivables	27,280	801	28,081
Trade and other payables	22	-	22
	27,302	**801**	**28,103**

	2020 (Thousand euro)		
	With shareholders		
Year-end balances	**SEPI**	**C.F.A**	**Total 31.12.2020**
Trade and other receivables	5,768	1,500	7,268
Trade and other payables	54	-	54
	5,822	**1,500**	**7,322**

"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 4 v.

"Purchases of goods and services" pertain to services provided to the Indra Group by the said shareholders that are required for its business activity.

"Financial service expenses" include the costs of managing bank guarantees and interest on the loan referred to below.

In 2020, Indra obtained a loan of €15,000 thousand from Banca March maturing in November 2021, which was repaid during the year.

In 2021 the Indra Group had a guarantee facility with Banca March for an amount of €2,358 thousand (€2,244 in 2020) maturing annually.

No dividends were paid to shareholders represented on the Board of Directors in 2021.

b) Transactions with Directors

No transactions were carried out with Directors or parties related to them in 2021 or 2020.

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. These balance are analysed in view of SEPI's relationship with the Central Government:

	Thousand euro	
	31.12.2021	**31.12.2020**
Total revenue	203,862	161,539
Total costs	1,637	1,485
Total receivables	57,920	37,793
Total payables	8,707	8,538

(*) 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 2021 or 2020.

Senior Management remuneration is analysed in Note 38.2.

e) Transactions with associates

	2021 (Thousand euro)			
	Receivables	**Payables**	**Income**	**Expenses**
Associates	42,417	28,895	27,456	1,351
	42,417	**28,895**	**27,456**	**1,351**

	2020 (Thousand euro)			
	Receivables	**Payables**	**Income**	**Expenses**
Associates	31,100	8,202	45,399	1,238
	31,100	**8,202**	**45,399**	**1,238**

Note: “Trade and other receivables" and "Trade and other payables” include the balances relating to these items at 31 December each year.

f) Transactions with joint operations

Most of the Group's “joint arrangements” are temporary consortia (UTEs). They are classified as “joint operations” due to the joint and several liability involved and consolidated using the proportionate method.

The assets, liabilities, income and expenses of transactions carried out through joint operations in the form of temporary consortia for 2021 and 2020 are as follows:

	Thousand euro	
	2021	**2020**
Non-current assets	84,206	79,981
Current assets	62,325	63,214
Non-current liabilities	(82,413)	(78,285)
Current liabilities	(63,340)	(64,619)
Revenue	(78,852)	(84,591)
Subcontracting and other expenses	78,075	84,300

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

44) Events after the reporting period

Uncertainty due to the crisis in Ukraine

There is currently a high level of uncertainty concerning how the crisis in Ukraine will develop and the global economic, political and social repercussions of the conflict on other neighbouring countries, particularly the European Union.

The main worldwide effects are addressed below.

1. In general terms:

    - Slowdown in forecast economic growth, particularly in the European economies.
    - Deglobalisation of the world economy, with the segmentation of the economy into two blocs (one bloc being the European Union and the USA and the other Russia and China).
    - Prices increases in the supply chain, particularly in energy, due to economic dependence on raw materials (gas and oil) and the resulting inflation.
    - Falling GDP, adversely affecting private consumption, and rising interest rates on the back of inflation.

2. Specific to Europe:

    - Humanitarian crises, given the proximity to the conflict: European Union Member States are taking in a large number of refugees.
    - Possible energy shortages in the European Union.
    - Potential impact on the semiconductor supply chain.
    - Market volatility.
    - Uncertainty over the duration and evolution of the conflict.

In the wake of the crisis, sanctions have been imposed on Russia, particularly in the financial sphere, but also in relation to exports and technology.

The Group has no relevant operations in Russia or Ukraine. Indra does not currently have suppliers with a significant volume of purchases in the region (less than €1 million in 2021), therefore it is not exposed to supply-sufficiency issues. It also has no significant volume planned in Russia or Ukraine in 2022 with a portfolio in the region of less than €4 million at end-2021.

However, this crisis could have worldwide repercussions, causing inflation, supply chain crises, etc., which could have medium to long-term effects for the Group.

With respect to the countries bordering this conflict in the former USSR, the operating portfolio relates to the ATM, Defence and Transport market, with a volume of €19.5 million.

Group Management has implemented a number of internal controls in the financial, foreign trade and information security areas, among others, to align itself with the sanctions imposed, and is continuously monitoring the situation through the creation of a Monitoring Committee within the Strategy Unit with the aim of:

- Assessing the impact of the conflict on Indra.
- Bolstering the Company's policies.
- Supporting the measures imposed by the UN, NATO and EU.
- Plans to protect the Company’s professionals and customers from all possible threats.
- Ongoing assessment of dependence on critical suppliers and contingency plans in the event of supply disruption.

Tax inspection update 2011-2014

On 7 March 2022, notification was received of the Court's ruling to partially uphold the economic-administrative appeal relating to corporate income tax, resolving the case on a cumulative basis and annulling both the assessment and the penalty. However, the Company disagrees with the content of the Ruling and therefore intends to file a contentious-administrative appeal before the National High Court within the stipulated two-month period.

All the assessments are suspended and secured by bank guarantee (the penalties are automatically suspended without the need for a guarantee). The Company has not made provision for any amount because it believes, together with its tax advisors, that the risk of failure is low.

Other relevant events

- On 22 February, the Council of Ministers authorised SEPI to buy an additional 10% of Indra's capital, which would raise its shareholding to 28%. In this notification submitted to the CNMV, SEPI stated that this decision is a sign of support for all the Company's lines of business and its corporate governance. At the time of writing, SEPI has not announced any increase in its shareholding.

- With respect to the proceedings referred to in Note 24 to the Consolidated Annual Accounts concerning Preliminary Proceedings 85/2014 brought before the National High Court's Central First-Instance Court No. 6, the pre-trial investigation phase ended on 29 January 2022, although the order bringing that stage to a close has yet to be issued.

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 practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Details of Group companies at 31 December 2021

Name	Address	Activity
1.- Parent Company		
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
2.- Subsidiaries		
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 (Barcelona)	Design, development, integration and maintenance of systems and solutions used in surveillance and security controls at facilities.
Indra Sistemas de Comunicaciones Seguras, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Research, engineering, design, manufacture, development, marketing, installation, maintenance and repair of equipment, devices and systems for security in data communications, encryption, beacons and command and control centres.
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof.
Teknatrans Consultores, S.L.	Portuetxe, 23 (San Sebastián)	Provision of technical architectural and engineering services.
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Azertia Tecnologías de la Información Argentina S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, consulting and technical assistance in systems analysis, development and implementation of software for computer equipment.
Minsait Brasil Ltda	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Brasil Soluçoes e Serviços Tecnologicos, Ltda	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Tecnología Brasil LTDA	Brasilia (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications for the air traffic sector, defence, transport and land, sea and rail traffic, and electoral processes.
Indra Colombia LTDA	Bogotá (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.

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 2021

Name	Address	Activity
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas México S.A. de C.V.	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra BPO México, S.A de C.V	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Software Labs México, S.A de C.V	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Panamá, S.A.	Panama (Panama)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Minsait 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.	Philadelphia (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 Eslovakia, a.s.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Slovensko, s.r.o.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.

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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	Sidney (Australia)	Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems.
Indra BPO, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Business process outsourcing (BPO) and management, provision of document management and mortgage management services
Indra BPO Hipotecario, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	The performance all the requisite formalities for the payment and registration, as appropriate, in public registries, of all kinds of public and private documents, and the performance of all complementary and auxiliary activities considered necessary for the performance of the company's main activities.
Indra BPO Servicios, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Digitalization and data capture management.
Indra II Business Process Outsourcing Portugal, unipersonal LTD	Lisbon (Portugal)	Business Process Outsourcing (BPO).
OUAKHA Services, Saarl AU (Morocco)	Tangier (Morocco)	Back-office process management (BPO) for financial institutions.
Indra Business Consulting, S.L.	Calle Tánger, 98 Barcelona	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
Europraxis ALG Consulting Maroc, S.A.	Casablanca (Morocco)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
ALG Global Infraestructure Advisor Brasil Ltda	Sao Paulo (Brazil)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
Indra Business Consulting ALG Mexico 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, 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.

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Details of Group companies at 31 December 2021

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.
Advanced Control Systems, 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.

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Details of Group companies at 31 December 2021

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 Payments Systems, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Marketing and distribution of systems, software, infrastructure and technological platforms that assist third party issuers of payment instruments in processing transactions made using such payment instruments
Indra T&D SAC	Lima (Peru)	Provision of services and development of projects in the administrative, operational and technological areas on a supervision, administration or implementation level. Computer software development.
Indra Sistemas Transporte y Defensa, S.A De C.V	Cancun (Mexico)	Design, development, manufacture, supply, assembly, repair, maintenance and installation of products, solutions, applications and systems based on the intensive use of information technology.
Sistemas informaticos Abiertos, S.A.	Alcorcón (Madrid)	Provision of cybersecurity services, as well as information management and protection services.
Indra Servicios Perú SAC	Lima (Peru)	Provision of services and development of projects in the administrative, operational and technological areas on a supervision level. Computer software development.
Morpheus Aiolos, S.L. (Afterbanks)	Calle San Andrés, 8. (Madrid)	Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines.
ALG Global Infraestructure Advisors, S.L.	Madrid (Spain)	Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products based on the use of information technologies. Provision of business consultancy and management services. Preparation and execution of all kinds of studies and projects. Management, technical assistance, technology transfer, marketing and administration of such studies, projects and activities. Provision of activity and process outsourcing services in any field or industry.
Smart Paper, 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.

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 2021

Name	Address	Activity
Managed Security Services GmbH	Germany	Services related to the management of security services, such as security audits, installation and management of firewall systems and other related services. Cybersecurity
Arcopay, S, de R.L de c.V	Mexico	Design, development and implementation of all types of private computer communication networks and websites, in which marketing, advertising and consulting for goods or services is carried out through the Internet.
Afterbanks Ltd	UK	Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines.
Flat 101, S.L.	Spain	Business development and optimisation through digital consultancy services. The main services relate to the web optimisation programme (CRO), web traffic, digital analytics and user experience.
The Overview Effect, SL	Madrid	Provision of all kinds of advisory services and work within the field of business and/or company management consultancy and, in particular, work related to sustainability and social impact consultancy.
Consultoría Organizacional, S.A.S.	Colombia	Design and implementation, consultancy and administration of applications for work and publication on the Internet or any other computer network; creation, administration and marketing of websites, intranets, extranets and/or any type of software entailing electronic data transmission; development of information and computer systems and information networks; sale and marketing of all kinds of Internet-related services.
Net Studio, S.P.A.	Italy	Operating in the field of cybersecurity, its core business is to provide integrated risk management, cybersecurity services and solutions, as well as focusing on digital identification.
Credimatic, S.A.	Ecuador	Activities auxiliary to NCP financial services, such as financial transaction processing and settlement, including credit card transactions.

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Details of Group companies at 31 December 2021

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	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.
Indra Mexico		
Indra Isolux México SA de CV	México DF	Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems.
Visión Inteligente Aplicada S.A de C.V	México DF	Services provided
EFI Túneles Necaxa SA de CV	Munich (Germany)	Study, consultancy, project development and construction of public works, and any type of civil, hydraulic, electrical, infrastructure and similar works in the public and private sectors, acquisition of construction materials and inputs and the transport thereof and, in general, all matters related to construction.

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Details of Group companies at 31 December 2020

Name	Address	Activity
1.- Parent Company		
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
2.- Subsidiaries		
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 (Barcelona)	Design, development, integration and maintenance of systems and solutions used in surveillance and security controls at facilities.
Indra Sistemas de Comunicaciones Seguras, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Research, engineering, design, manufacture, development, marketing, installation, maintenance and repair of equipment, devices and systems for security in data communications, encryption, beacons and command and control centres.
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and implementation of systems engineering activities for defence, as well as the marketing and sale thereof.
Teknatrans Consultores, S.L.	Portuetxe, 23 (San Sebastián)	Provision of technical architectural and engineering services.
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Azertia Tecnologías de la Información Argentina S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, consulting and technical assistance in systems analysis, development and implementation of software for computer equipment.
Indra Company Brasil Tecnologia, Ltda.	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Brasil Soluçoes e Serviços Tecnologicos, Ltda	Sao Paulo (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Tecnología Brasil LTDA	Brasilia (Brazil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications for the air traffic sector, defence, transport and land, sea and rail traffic, and electoral processes.
Indra Colombia LTDA	Bogotá (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.

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Details of Group companies at 31 December 2020

Name	Address	Activity
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas México S.A. de C.V.	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra BPO México, S.A de C.V	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Software Labs México, S.A de C.V	Mexico City (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Panamá, S.A.	Panama (Panama)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Minsait 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.	Philadelphia (USA)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Italia Spa	Rome (Italy)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Czech Republic s.r.o.	Prague (Czech Republic)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.

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Details of Group companies at 31 December 2020

Name	Address	Activity
Indra Eslovakia, a.s.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Slovensko, s.r.o.	Bratislava (Slovakia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sisteme S.R.L.	Chisinau (Moldova)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas Polska S.p.z.o.o	Warsaw (Poland)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Elektrica Soluziona S.A. (Romania)	Bucharest (Romania)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Turkey Teknolojileri Çözümleri Anonim Sirketi	Istanbul (Turkey)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Philippines, Inc.	Quezon (Philippines)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Technology Solutions Malaysia Sdn Bhd	Kuala Lumpur (Malaysia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
PT Indra Indonesia	Jakarta (Indonesia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas India Private Limited	New Delhi (India)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Bahrain Consultancy SPC	Manama (Bahrain)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.

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Details of Group companies at 31 December 2020

Name	Address	Activity
Indra Arabia Company Ltd.	Jeddah (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Technology Solutions Co, Ltd.	Riyadh (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra L.L.C.	Muscat (Oman)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Maroc S.A.R.L D´Associé Unique	Rabat (Morocco)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Limited (Kenya)	Nairobi (Kenya)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Soluziona Professional Services (Private) Ltd	Harare (Zimbabwe)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Australia Pty Ltd	Sidney (Australia)	Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems.
Indra BPO, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Business process outsourcing (BPO) and management, provision of document management and mortgage management services
Indra BPO Hipotecario, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	The performance all the requisite formalities for the payment and registration, as appropriate, in public registries, of all kinds of public and private documents, and the performance of all complementary and auxiliary activities considered necessary for the performance of the company's main activities.
Indra BPO Servicios, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Digitalization and data capture management.
Indra II Business Process Outsourcing Portugal, unipersonal LTD	Lisbon (Portugal)	Business Process Outsourcing (BPO).
OUAKHA Services, Saarl AU (Morocco)	Tangier (Morocco)	Back-office process management (BPO) for financial institutions.
Indra Business Consulting, S.L.	Calle Tánger, 98 Barcelona	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
Europraxis ALG Consulting Maroc, S.A.	Casablanca (Morocco)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
Indra Consultoría de Negocios Brasil LTDA	Sao Paulo (Brazil)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
Indra Business Consulting ALG Mexico S.A. de C.V.	Mexico City (Mexico)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.

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Details of Group companies at 31 December 2020

Name	Address	Activity
Europraxis ALG Consulting Andina, S.A.C.	Lima (Peru)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.
Prointec, S.A.	Avda. de Burgos 12, Madrid	Provision of engineering and consultancy services mainly in the environment, transport, construction, water and industry areas.
Prointec Engenharia, Ltda.	Sao Paulo (Brazil)	Provision of civil engineering and consulting services.
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Mérida (Mexico)	Provision of technical architectural and engineering services.
Prointec Panamá, S.A.	Ancon (Panama)	Provision of civil engineering and consulting services.
Prointec Usa LLc	Sacramento, California (USA)	R&D Autonomous Air Systems and Advanced Solutions in Unmanned Systems.
Consis Proiect SRL	Bucharest (Romania)	Provision of civil engineering and consulting services.
Indra Advanced Technology, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products.
AC-B air Traffic Control & Business Systems GmbH (Germany)	Markdorf (Germany)	Design, development, production and maintenance of systems, solutions and services based on the use of information technologies, as well as navigation and landing assistance systems and air traffic control systems.
Avitech AG	Friedrichshafen (Germany)	Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems.
Indra Navia AS (Park Air, Norway)	Oslo (Norway)	Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems.
Normeka, AS	Rømskog (Norway)	Design, development, production and maintenance of navigation and landing assistance systems and air traffic control systems.
Indra Corporate Services, S.L.U.	Madrid (Spain)	Provision of all kinds of administration, management and support services to companies, such as financial services, human resource services, commercial support and control services or general corporate security services, and management of property and other assets.
Indra Corporate Services México, S.A de C.V	Mexico City (Mexico)	Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas.

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Details of Group companies at 31 December 2020

Name	Address	Activity
Indra III Soluçoes de Tecnología da Informação Portugal Unipessoal, LDA	Lisbon (Portugal)	IT and outsourcing services
Tecnocom Perú S.A.C.	Lima (Peru)	Installation and marketing of telecommunications equipment.
Minsait Payments Systems México	Mexico City (Mexico)	Installation and marketing of telecommunications equipment.
Tecnocom ColombIa, S.A.S.	Bogotá (Colombia)	Installation and marketing of telecommunications equipment.
Tecnocom Chile, S.A.	Santiago de Chile (Chile)	Installation and marketing of telecommunications equipment.
Tecnocom Procesadora de Medios de Pago, S.A.	Santo Domingo (Dominican Republic)	Credit card processing services
Minsait Payments Systems Chile, S.A.	Santiago de Chile (Chile)	Credit card processing services
Paradigma Digital, S.L.	Spain	Leading consultant in the Spanish digital transformation market, focusing on the design of customer experience solutions in digital channels, as well as their development and implementation (DCX, Front-end, Digital Strategy).
North American Transmission & Distribution Group Inc	Atlanta (USA)	To acquire and grow companies whose main mission is to support the Electricity Distribution Network.
ACS América Latina, S.A de C.V.	El Salvador	Manufacture of control systems and operation of energy transmission and distribution networks. As well as the manufacture of control systems and operation of energy transport and distribution networks.
Advanced Control Systems, INC	Atlanta (USA)	Manufacture of control systems and operation of energy transmission and distribution networks.
Softfobia, S.R.L	Rome (Italy)	Recognised digital agency in Italy with user experience capabilities. Its services cover the value chain from design to development and e-commerce optimisation
Unclick,S.R.L	Rome (Italy)	Italian company whose core business is the development, design and marketing of software and digital solutions.
Riganera, S.R.L	Rome (Italy)	Italian company whose core business is web communication and marketing tools

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Details of Group companies at 31 December 2020

Name	Address	Activity
Indra Holding Tecnologías de la Información, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Acquisition, holding, enjoyment, direction, administration, management and disposal of equity securities; incorporation and promotion of companies. Financial operations to grant funding and take on debt from companies in the same group.
Indra Soluciones Tecnologías de la información, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	IT programming activities. IT consultancy activities. Management of IT resources. Other services related to information technology and computing.
Indra Producción Software S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, equipment, solutions and products based on the use of information technologies. Provision of business, technology and solutions consulting services. Studies, projects, management, technical assistance, technology transfer; marketing of such studies, projects and activities.
Indra Corporate Services Philippines, INC	Quezon (Philippines)	Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas.
Indra Factoría Tecnológica, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	The planning, design, development, integration, operation, maintenance and marketing of information and communication technology systems and solutions
Minsait Payments Systems, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Marketing and distribution of systems, software, infrastructure and technological platforms that assist third party issuers of payment instruments in processing transactions made using such payment instruments
Indra T&D SAC	Lima (Peru)	Provision of services and development of projects in the administrative, operational and technological areas on a supervision, administration or implementation level. Computer software development.
Indra Sistemas Transporte y Defensa, S.A De C.V	Cancun (Mexico)	Design, development, manufacture, supply, assembly, repair, maintenance and installation of products, solutions, applications and systems based on the intensive use of information technology.
Sistemas informaticos Abiertos, S.A.	Alcorcón (Madrid)	Provision of cybersecurity services, as well as information management and protection services.
Indra Servicios Perú SAC	Lima (Peru)	Provision of services and development of projects in the administrative, operational and technological areas on a supervision level. Computer software development.
Morpheus Aiolos, S.L. (Afterbanks)	Calle San Andrés, 8. (Madrid)	Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines.

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Details of Group companies at 31 December 2020

Name	Address	Activity
ALG Global Infraestructure Advisors, S.L.	Madrid (Spain)	Design, development, production, integration, operation, maintenance, repair and marketing of systems, solutions and products based on the use of information technologies. Provision of business consultancy and management services. Preparation and execution of all kinds of studies and projects. Management, technical assistance, technology transfer, marketing and administration of such studies, projects and activities. Provision of activity and process outsourcing services in any field or industry.
Smart Paper, S.P.A.	Potenza, Basilicata (Italy)	Design, application and management of solutions for the storage and digital processing
SmartTest, S.R.L.	Treviso, Italy	BPO (Document management, recovery and commercial back office outsourcing) for
Baltik IT, S.I.A.	Riga, Latvia	BPO (Document management, recovery and commercial back office outsourcing) for

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Details of Group companies at 31 December 2020

Name	Address	Activity
3.- Associates		
IRB Riesgo Operacional S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Saes Capital, S.A.	Paseo de la Castellana 55, Madrid	Through associated companies, design, development, production, integration, maintenance and operation of electronic, computer and communication systems, mainly related to naval systems and underwater acoustics.
Eurofighter Simulation System GmbH	Munich (Germany)	Development and production of EF-2000 aircraft simulators.
Euromids SAS	Paris (France)	Development, manufacture and marketing of tactical communications systems.
Green Border OOD	Sofia (Bulgaria)	Design, development, integration and maintenance of systems and solutions
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.
Spa Mobeal	Algeria	Integrated traffic management and monitoring system the Algiers Wilaya
Global Training Aviation	Madrid (Spain)	Consulting, learning and training services for airlines and initiation and recycling
Indra Mexico		
Indra Isolux México SA de CV	México DF	Supply, installation and commissioning of equipment for toll management systems and/or traffic control systems.
Visión Inteligente Aplicada S.A de C.V	México DF	Services provided
EFI Túneles Necaxa SA de CV	Munich (Germany)	Study, consultancy, project development and construction of public works, and any type of civil, hydraulic, electrical, infrastructure and similar works in the public and private sectors, acquisition of construction materials and inputs and the transport thereof and, in general, all matters related to construction.

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Financial data of Group companies at 31 December 2021

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
INDRA GROUP				**841,142**	**3,390,425**	**146,033**
1.- Parent Company						
Indra Sistemas, S.A.				**811,815**	**1,029,524**	**26,880**
2.- Subsidiaries						
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	4,369	3,611	568
Indra Sistemas de Comunicaciones Seguras, S.L.U.	-	100%	100%	8,366	3,574	545
Inmize Capital, S.L.	80%	-	80%	1,514	-	(3)
Inmize Sistemas, S.L.	-	40%	40%	8,444	5	99
Teknatrans Consultores, S.L.U.	100%	-	100%	496	264	17
Indra Holding TI Group	**100%**	**-**	**100%**	**1,182,627**	**1,972,957**	**100,287**
Prointec Group	**100%**	**-**	**100%**	**(13,516)**	**28,870**	**(2,870)**
Indra Advanced Technology, S.L. Group	**100%**	**-**	**100%**	**53,551**	**19,695**	**1,663**
Indra Tecnología Brasil LTDA	100%	-	100%	273	69	(48)
Indra Sistemas Chile, S.A.	100%	-	100%	17,737	38,056	3,345
Azertia Tecnologías de la Información Argentina, S.A.	99.33%	0.67%	100%	(199)	655	(125)
Indra SI, S.A.	87.16%	12.84%	100%	5,199	30,070	3,268
Computación Ceicom, S.A.	100%	-	100%	3	-	(250)
Indra USA, Inc	100%	-	100%	50,872	28,076	3,816
Advance Control Systems, INC	-	100%	100%	6,695	15,964	(906)
Indra Panamá, S.A.	100%	-	100%	416	10,682	387
Indra Sistemas Portugal, S.A.	100%	-	100%	9,892	24,884	366
Indra Navia A.S. (Norway)	100%	-	100%	15,712	58,495	4,676
Normeka, A.S.	-	66%	66%	3,429	6,540	492
Indra Turkey	100%	-	100%	29	82	(72)
Indra Maroc S.A.R.L.U.	100%	-	100%	(525)	728	(559)
PT Indra Indonesia	99.99%	0.01%	100%	284	78	(241)
Indra Arabia Company LTD. (Arabia)	95%	5%	100%	18,570	19,278	8,148
Indra Technology Solutions Co Ltd (Arabia)	95%	5%	100%	322	2,223	(139)
Indra Beijing Information Technology Systems Ltd. (China)	100%	-	100%	1,360	1,554	(437)
Indra Australia PTY Limited	100%	-	100%	8,049	35,293	806
Indra Sistemas India Private Limited	100%	-	100%	551	393,489	(222)
Indra Technology Solutions Malasya Sdn. Bhd	100%	-	100%	(824)	1,561	4
Indra L.L.C (Oman)	99%	1%	100%	2,708	7,220	736
Indra Corporate Services, S.L.U.	100%	-	100%	1,541	13,364	(427)
Indra Corporate Services México S.A de C.V.	0.01%	99.99%	100%	(99)	1,854	1
Indra Corporate Services Philippines, INC	-	100%	100%	103	520	8
Indra Sistemas Transporte y Defensa, S.A De C.V	100%	-	100%	1,130	9,889	563
Indra T&D SAC	100%	-	100%	(8)	1,080	(565)
Indra Factoria Tecnología	100.0%	-	100%	1,168	14,592	540
Indra Servicios Perú SAC	99.96%	0.04%	100%	119	395	(214)
ALG Global Infraestructure Advisors, S.L.	100.00%	-	100%	8,268	14,422	1,993
Sistemas Informáticos Abiertos, S.A.	100.0%	-	100%	19,316	96,045	2,219
Cesce Soluções Informáticas, S.A.		99.99%	100%	1,934	10,492	566
Mss Managed Security Services Gmbh	100.0%		100%	212	471	36

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

Financial data of Group companies at 31 December 2021

Name	Shareholdings Direct	Indirect	Total	Equity	Total operating income	Individual result after taxes
3.- Associates						
Saes Capital, S.A.	49%	-	49%	-	-	-
Eurofighter Simulation System, GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
A4 Essor SAS	21%	-	21%	-	-	-
Tower Air Traffic Services, S.L.	50%	-	50%	-	-	-
Societat Catalana per a la Mobilitat, S.A.	23.50%	-	24%	-	-	-
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%	-	11%			-
Indra Mexico						
Indra Isolux México SA de CV	50%	-	50%	-	-	-
Visión Inteligente Aplicada S.A de C.V	50%	-	50%	-	-	-
EFI Túneles Necaxa SA de CV	10%	-	10%	-	-	-
TI Holding Group composition				**1,182,627**	**1,972,957**	**100,287**
1.- Parent Company						
Indra Holding Tecnologia de la Información, S.L.U.				1,139,621	434	(7,742)
2.- Subsidiaries						
Indra Soluciones TI Group	**100%**	**-**	**100%**	**961,992**	**1,516,657**	**88,117**
BPO Group	**100%**	**-**	**100%**	**79,790**	**139,624**	**13,692**
Business Consulting Group	**100%**	**-**	**100%**	**35,606**	**67,297**	**988**
Minsait Group	**100%**	**-**	**100%**	**47,127**	**77,576**	**4,358**
Paradigma Digital, S.L.	100%	-	100%	12,541	57,545	981
Flat 101, S.L.	100%	-	100%	4,454	5,253	1,134
The Overview Effect, S.L.	-	75%	75%	1,255	126	(196)
3.- Associates						
Tagsonomy (DIVE)	29.74%	-	30%	-	-	-

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Financial data of Group companies at 31 December 2021

Name	Shareholdings Direct	Shareholdings Indirect	Shareholdings Total	Equity	Total operating income	Individual result after taxes
Indra Soluciones TI Group composition				**961,992**	**1,516,657**	**88,117**
1.- Parent Company						
Indra Soluciones Tecnologia de la Información, S.L.U.				854,484	1,090,450	2,144
2.- Subsidiaries						
Indra III Soluções de Tecnologia da Informação Portugal	100%	-	100%	6,038	18,171	479
Indra Producción de Software, S.L.U.	100%	-	100%	24,407	104,931	7,749
Indra Italia S.P.A. (Italy)	100%	-	100%	60,110	164,609	15,623
Softfobia	-	100.00%	100%	2,545	2,972	647
Unclick Srl	-	100.00%	100%	79	465	68
Riganera Srl	-	100.00%	100%	116	308	58
Smart Paper, S.P.A.		70.00%	70%	13,180	22,780	327
Smart Test, S.R.L.		100.00%	100%	2,061	9,062	212
Baltik IT, S.I.A.		100.00%	100%	3,088	3,968	1,354
Indra Czech Republic S.R.O.	100%	-	100%	1,982	2,421	98
Indra Sistemas Polska Sp.z.o.o.	100%	-	100%	(547)	180	2
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	375	758	128
Indra Slovakia, A.S.	100%	-	100%	187	1,411	(490)
Indra LTDA (Kenya)	100%	-	100%	5,488	5,719	121
Tecnocom Peru, S.A.C.	100%	-	100%	7,980	5,162	753
Tecnocom Colombia, S.A.	100%	-	100%	478	393	191
Tecnocom Chile, S.A.	100%	-	100%	4,571	7,282	489
Indra Colombia LTDA	100%	-	100%	21,170	83,153	2,602
Soluciones y Servicios Indracompany Uruguay, S.A.	100%	-	100%	587	3,589	1
Indra Software Labs México, S.A. de C.V.	99%	0.99%	100%	(1,523)	26,967	1,151
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	100%	-	100%	33,116	54,679	3,294
Minsait Brasil Ltda	100%	-	100%	14,062	104,064	5,101
Indra Perú, S.A.	100%	-	100%	5,442	56,602	516
Indra Sistemas México, S.A. de C.V.	100%	-	100%	16,155	71,075	818
Electrica Soluziona S.A. (Romania)	51%	-	51%	2,251	1,758	387
Indra Bahrain Consultancy SPC	100%	-	100%	13,415	208	(78)
Indra Philippines INC	50%	-	50%	27,923	42,279	4,602
Morpheus Aiolos, S.L. (Afterbanks)	100%	-	100%	750	1,267	87
Arcopay, S. de R.L de C.V.	100%	-	100%	7	-	(1)
Afterbanks Ltd			0%	(34)	1	(52)
Consultoría Organizacional, S.A.S.	100%	-	100%	1,988	1,773	154
Net Studio, S.P.A.	100%	-	100%	2,360	2,063	127
BPO Group composition				**79,790**	**139,624**	**13,692**
1.- Parent Company						
Indra BPO, S.L.U.				65,140	30,952	3,894
2.- Subsidiaries						
Indra BPO Servicios, S.L.U.	100%	-	100%	48,079	110,641	8,166
Indra II Business Outsourcing Portugal, Unipessoal, Limitada	-	100%	100%	1,473	1,885	366
OUAKHA Services, Sarl AU (Morocco)	100%	-	100%	(373)	-	(23)
Indra BPO Hipotecario, S.L.U.	100%	-	100%	3	-	44
Indra BPO México, S.S. de C.V.	100%	-	100%	10,394	3,971	936
Business Consulting Group composition				**35,606**	**67,297**	**988**
1.- Parent Company						
Indra Business Consulting, S.L.U.				32,264	52,087	928
2.- Subsidiaries						
Alg Global Infraestructure Advisor Brasil Ltda	98.90%	1.10%	100%	601	1,687	321
Indra Business Consulting ALG Mexico S.A. de C.V.	100%	-	100%	3,284	15,208	1,830
Europraxis-ALG Consulting Andina, S.A.C. (Peru)	100%	-	100%	241	-	2
Europraxis ALG Consulting Maroc, S.A. (Morocco)	79.40%	20.60%	100%	(61)	-	(20)

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Financial data of Group companies at 31 December 2021

Name	Shareholdings Direct	Indirect	Total	Equity	Total operating income	Individual result after taxes
Minsait Group composition				**47,127**	**77,576**	**4,358**
1.- Parent Company						
Minsait Payments Systems, SL				37,282	53,889	(4,942)
2.- Subsidiaries						
Minsait Payments Systems Chile, S.A.	99.98%	0.02%	100%	9,243	9,461	2,183
Minsait Payment Systems México	100%	-	100%	5,823	8,904	2,174
Tecnocom Procesadora de Medios de Pago, S.A.	80%	-	80%	1,675	5,323	1,326
Minsait Payments Systems Perú	100%	-	100%	1,293	3,920	844
Credimatic	100%	-	100%	4,421	-	`-
Prointec Group composition				**(13,516)**	**28,870**	**(2,870)**
1.- Parent Company						
Prointec, S.A.U.				(8,714)	23,926	(3,418)
2.- Subsidiaries						
Consis Proiect SRL (Romania)	100%	-	100%	1,251	1,902	233
Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de C.V.	100%	-	100%	3,561	1,326	38
Prointec Engenharia, Ltda. (Brazil)	100%	-	100%	196	1,361	5
Prointec Panama, S.A.	75%	-	75%	(119)	-	-
Prointec USA LLC	100%	-	100%	1,706	582	95
3.- Associates						
Iniciativas Bioenergéticas, S.L.	20%	-	20%	-	-	-
Logistica Portuaria de Tuxpan , S.A.P.I de C.V.	25%	-	25%	-	-	-
Indra Advanced Technology SL Group composition				**53,551**	**19,695**	**1,663**
1.- Parent Company						
Indra Advanced Technology, S.L.U.				48,871	-	556
2.- Subsidiaries						
Avitech GmbH (Germany)	100%	-	100%	10,391	19,695	1,107

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Appendix I

Financial data of Group companies at 31 December 2020

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
INDRA GROUP				**683,880**	**3,057,990**	**(57,467)**
1.- Parent Company						
Indra Sistemas, S.A.				**792,656**	**972,670**	**(28,835)**
2.- Subsidiaries						
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	3,800	4,215	802
Indra Sistemas de Comunicaciones Seguras, S.L.U.	-	100%	100%	8,809	3,949	988
Inmize Capital, S.L.	80%	-	80%	1,517	-	(1)
Inmize Sistemas, S.L.	-	40%	40%	8,345	640	228
Teknatrans Consultores, S.L.U.	100%	-	100%	513	343	35
Indra Holding TI Group	**100%**	**-**	**100%**	**1,095,323**	**1,788,948**	**(25,258)**
Prointec Group	**100%**	**-**	**100%**	**(10,945)**	**30,164**	**(8,807)**
Indra Advanced Technology, S.L. Group	**100%**	**-**	**100%**	**50,650**	**20,994**	**1,364**
Indra Tecnología Brasil LTDA	100%	-	100%	305	262	(134)
Indra Sistemas Chile, S.A.	100%	-	100%	15,941	41,402	2,636
Azertia Tecnologías de la Información Argentina, S.A.	99.33%	0.67%	100%	(78)	-	(37)
Indra SI, S.A.	87.16%	12.84%	100%	2,406	19,736	1,275
Computación Ceicom, S.A.	100%	-	100%	201	-	(23)
Indra USA, Inc	100%	-	100%	47,869	30,341	5,235
Advance Control Systems, INC	-	100%	100%	6,868	18,619	(2,143)
Soluziona Guatemala, S.A.	99.92%	0.08%	100%	185	-	-
Indra Panamá, S.A.	100%	-	100%	(110)	6,805	(1,982)
Indra Sistemas Portugal, S.A.	100%	-	100%	9,526	22,989	(82)
Indra Navia A.S. (Norway)	100%	-	100%	10,033	*46,413*	1,316
Normeka, A.S.	-	66%	66%	3,568	*1,776*	345
Indra Turkey	100%	-	100%	193	*558*	197
Indra Maroc S.A.R.L.U.	100%	-	100%	(51)	1,245	(287)
PT Indra Indonesia	99.99%	0.01%	100%	492	356	(112)
Indra Arabia Company LTD. (Arabia)	95%	5%	100%	8,572	7,053	(16,867)
Indra Technology Solutions Co Ltd (Arabia)	95%	5%	100%	419	-	(145)
Indra Beijing Information Technology Systems Ltd.	100%	-	100%	1,603	1,614	(447)
Indra Australia PTY Limited	100%	-	100%	7,463	35,806	454
Indra Sistemas India Private Limited	100%	-	100%	761	1,589	538
Indra Technology Solutions Malasya Sdn. Bhd	100%	-	100%	(795)	774	(130)
Indra L.L.C (Oman)	99%	1%	100%	1,864	4,381	447
Indra Corporate Services, S.L.U.	100%	-	100%	2,393	15,051	472
Indra Corporate Services México S.A de C.V.	0.01%	99.99%	100%	(96)	2,016	(45)
Indra Corporate Services Philippines, INC	-	100%	100%	92	498	(28)
Indra Sistemas Transporte y Defensa, S.A De C.V	100%	-	100%	543	10,560	573
Indra T&D SAC	100%	-	100%	519	651	(484)
Indra Factoria Tecnología	100.0%	-	100%	628	13,011	447
Indra Servicios Perú SAC	99.96%	0.04%	100%	308	235	(315)
ALG Global Infraestructure Advisors, S.L.	100.00%	-	100%	6,025	9,109	466
Sistemas Informáticos Abiertos, S.A.	100.0%	-	100%	19,308	81,139	2,641
Cesce Soluções Informáticas, S.A.		100%	100%	1,368	11,679	939

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Financial data of Group companies at 31 December 2020

Name	Shareholdings Direct	Indirect	Total	Equity	Total operating income	Individual result after taxes
3.- Associates						
Saes Capital, S.A.	49%	-	49%	-	-	-
Eurofighter Simulation System, GmbH	26%	-	26%	-	-	-
Euromids SAS	25%	-	25%	-	-	-
A4 Essor SAS	21%	-	21%	-	-	-
Tower Air Traffic Services, S.L.	50%	-	50%	-	-	-
Societat Catalana per a la Mobilitat, S.A.	23.50%	-	24%	-	-	-
Green Border OOD	50%	-	50%	-	-	-
IRB Riesgo Operacional S.L.	33.33%	-	33%	-	-	-
Global Training Aviation, S.L.	35.06%	-	35%	-	-	-
SPA MOBEAL	24.50%	-	25%	-	-	-
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				**1,095,323**	**1,788,948**	**(25,258)**
1.- Parent Company						
Indra Holding Tecnologia de la Información, S.L.U.				1,155,488	355	20,069
2.- Subsidiaries						
Indra Soluciones TI Group	**100%**	**-**	**100%**	**689,017**	**1,496,851**	**(49,294)**
BPO Group	**100%**	**-**	**100%**	**78,372**	**127,103**	**9,133**
Business Consulting Group	**100%**	**-**	**100%**	**41,803**	**64,584**	**14,955**
Minsait Group	**100%**	**-**	**100%**	**41,287**	**75,291**	**(797)**
Paradigma Digital, Sl	100%	-	100%	11,560	47,952	719
Indra Soluciones TI Group composition				**689,017**	**1,496,851**	**(49,294)**
1.- Parent Company						
Indra Soluciones Tecnologia de la Información, S.L.U.				860,665	1,014,652	(94,862)
2.- Subsidiaries						
Indra III Soluções de Tecnologia da Informação Portugal	100%	-	100%	5,558	15,579	512
Indra Producción de Software, S.L.U.	100%	-	100%	16,659	101,222	8,299
Indra Italia S.P.A. (Italy)	100%	-	100%	41,237	134,041	10,827
Softfobia	-	100%	100%	1,898	2,327	562
Unclick Srl	-	100%	100%	11	450	1
Riganera Srl	-	100%	100%	57	296	2
Smart Paper		70%	70%	12,979	-	-
Smart Test		100%	100%	1,901	-	-
Baltik IT		100%	100%	1,737	-	-
Indra Czech Republic S.R.O.	100%	-	100%	2,364	2,801	236
Indra Sistemas Polska Sp.z.o.o.	100%	-	100%	(553)	281	9
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	467	714	243
Indra Slovakia, A.S.	100%	-	100%	677	2,115	(1,123)
Indra LTDA (Kenya)	100%	-	100%	5,203	3,455	740
Tecnocom Peru, S.A.C.	100%	-	100%	7,377	10,484	185
Tecnocom Colombia, S.A.	100%	-	100%	315	566	(488)
Tecnocom Chile, S.A.	100%	-	100%	4,511	9,758	1,028
Indra Colombia LTDA	100%	-	100%	21,006	77,930	4,942
Soluciones y Servicios Indracompany Uruguay, S.A.	100%	-	100%	572	3,729	(22)
Indra Software Labs México, S.A. de C.V.	99.01%	0.99%	100%	(2,545)	18,208	(1,171)
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	100%	-	100%	33,471	97,558	3,167
Indra Company Brasil Tecnología LTDA (Brazil)	100%	-	100%	9,096	72,076	2,481
Indra Perú, S.A.	100%	-	100%	4,987	42,199	(304)
Indra Sistemas México, S.A. de C.V.	100%	-	100%	14,601	70,156	1,786
Electrica Soluziona S.A. (Romania)	50.70%	-	51%	2,058	1,741	298
Indra Bahrain Consultancy SPC	100%	-	100%	12,414	-	(556)
Indra Philippines INC	50.10%	-	50%	24,557	40,419	3,245
Morpheus Aiolos, S.L. (Afterbanks)	100%	-	100%	662	974	180

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Financial data of Group companies at 31 December 2020

Name	Shareholdings Direct	Indirect	Total	Equity	Total operating income	Individual result after taxes
BPO Group composition				**78,372**	**127,103**	**9,133**
1.- Parent Company						
Indra BPO, S.L.U.				64,057	20,816	21,174
2.- Subsidiaries						
Indra BPO Servicios, S.L.U.	100%	-	100%	39,913	100,418	7,435
Indra II Business Outsourcing Portugal, Unipessoal, Limitada	-	100%	100%	1,106	1,932	262
OUAKHA Services, Sarl AU (Morocco)	100%	-	100%	(339)	-	(11)
Indra BPO Hipotecario, S.L.U.	100%	-	100%	3	-	-
Indra BPO México, S.S. de C.V.	100%	-	100%	9,706	3,937	77
Business Consulting Group composition				**41,803**	**64,584**	**14,955**
1.- Parent Company						
Indra Business Consulting, S.L.U.				31,148	51,361	12,007
2.- Subsidiaries						
Indra Consultoría de Negociós Brasil LTDA	98.90%	1.10%	100%	315	1,571	424
Indra Business Consulting ALG Mexico S.A. de C.V.	100%	-	100%	3,025	11,773	987
Europraxis-ALG Consulting Andina, S.A.C. (Peru)	100%	-	100%	241	-	(20)
Europraxis ALG Consulting Maroc, S.A. (Morocco)	79.40%	20.60%	100%	(40)	-	(16)
Minsait Group composition				**41,287**	**75,291**	**(797)**
1.- Parent Company						
Minsait Payments Systems, SL				42,438	52,972	(2,737)
2.- Subsidiaries						
Minsait Payments Systems Chile, S.A.	99.98%	0.02%	100%	7,823	8,571	1,204
Minsait Payment Systems México	100%	-	100%	3,467	6,041	1,042
Tecnocom Procesadora de Medios de Pago, S.A.	80%	-	80%	1,498	5,686	601
Minsait Payments Systems Perú	100%	-	100%	505	2,021	475
Prointec Group composition				**(12,072)**	**30,312**	**(10,005)**
1.- Parent Company						
Prointec, S.A.U.				(3,155)	25,621	(10,267)
2.- Subsidiaries						
Consis Proiect SRL (Romania)	100%	-	100%	1,037	2,307	298
Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de C.V.	100%	-	100%	3,340	1,321	6
Prointec Engenharia, Ltda. (Brazil)	100%	-	100%	183	929	(74)
Prointec Panama, S.A.	75%	-	75%	(110)	-	-
Prointec USA LLC	100%	-	100%	1,490	665	42
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				**50,650**	**20,994**	**1,364**
1.- Parent Company						
Indra Advanced Technology, S.L.U.				48,315	-	527
2.- Subsidiaries						
AC-B air Traffic Control & Business Systems GmbH (Germany)	100%	-	100%	2,900	2,983	343
Avitech GmbH (Germany)	100%	-	100%	6,443	18,011	494
3. Associates						
Natming	25%	-	25%	-	-	-

This Appendix should be read together with Notes 1, 5 and 19 to the Consolidated Annual Accounts, of which it forms an integral part.

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Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
Spanish Group companies	
Indra Sistemas, SA	
UTE INDRA-ETRA	55.00%
UTE INDRA - SAINCO	64.00%
ETRALUX SA SICE INDRA (UTE PUCELA)	20.00%
UTE 2 INDRA - UNITRONICS	50.00%
UTE 3 INDRA - UNITRONICS	85.00%
UTE INDRA - ETRA	51.00%
UTE INDRA SISTEMAS, S.A. - EUROCOPTER ESPAÑA, SA	62.50%
UTE INDRA SISTEMAS, S.A. - TELVENT TRAF.Y TRANS.	50.00%
UTE GISS 11	35.00%
UTE INDRA - NOVASOFT - SADIEL	33.33%
UTE AVIONICA	50.00%
UTE CEIDECOM	60.00%
UTE INDRA - CESSER	80.00%
UTE LINEA 9 TRAMO I Y II	64.00%
UTE LINEA 9 MANTENIMIENTO TRAMO IV	64.00%
UTE ACCESOS CGT MADRID	50.00%
UTE CONTROL ACCESOS DONOSTIA	50.00%
UTE INDRA - SALLEN	70.00%
UTE ACCESOS NOROESTE	30.00%
UTE AVIONICA DE HELICOPTEROS	50.00%
UTE MANTENIMIENTO RONDES 2012	30.00%
UTE INDRA - ALBATROS	60.00%
UTE CONTROL MOGAN	33.34%
UTE INDRA-TECDOA	50.00%
UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011	50.00%
UTE INDRA-EADS CASA	50.00%
UTE JAÉN	52.12%
UTE SIVE II INDRA-AMPER	50.00%
UTE SEGURIDAD PEAJES	50.00%
UTE INDRA-PUENTES Y CALZADAS INFRAESTRUCTURAS	80.00%
UTE INSTALACIONES MADRID ESTE	7.50%
INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E.	50.00%
UTE ABI CORREDOR NORTE	10.42%
UTE TUNELES DE PAJARES	35.15%
UTE INDRA-IECISA M-14-059	75.00%
UTE CETRADA	33.00%
UTE TUNELES ANTEQUERA	33.66%
UTE ITS MADRID 15	60.00%
UTE VCR 8X8	37.94%
UTE PROTEC 110	66.02%
UTE IRST F-110	50.00%
UTE INDRA-ACISA	50.00%
UTE TSOL-INDRA IV SITEL	35.00%
UTE ABI EXTREMADURA - CORREDOR OESTE	15.00%
UTE ZONA NORTE GC	20.00%
UTE tdE-INDRA	50.00%
UTE INDRA-DEITEL	55.00%
UTE GESTIO DE TRANSIT RONDES	80.00%
UTE GESTIO VIARIA GVA SICE-INDRA	50.00%
UTE INDRA - ITP	50.00%
UTE DGT ITS SURESTE 2017	60.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
UTE SOCIEDAD IBERICA DE CONST EL E INDRA SISTEMAS	88.00%
UTE DGT ITS NOROESTE 2017	60.00%
UTE INDRA-THALES BMS	50.00%
UTE INTERCOPTERS-INDRA	50.00%
UTE SISCAP	66.00%
20175305 UTE INDRA - ITP	50.00%
UTE MTTO. TELEBILLETICA RODALIES BCN 2	60.00%
UTE MTTO. TELEBILLETICA RODALIES BCN 3	60.00%
UTE LINEA 9 REPOSICION EQUIPAMIENTO	64.00%
UTE SITRAPLUS	50.00%
UTE MTTO.TELEBILLETICA BCN IV	60.00%
UTE CGT LEVANTE	50.00%
UTE MTTO.TELEBILLETICA BCN V	60.00%
UTE MAR-2	60.00%
UTE INDRA - ITP 201862A4	50.00%
UTE INDRA - ITP 2018/1612	50.00%
UTE MTTO.TELEBILLETICA PAIS VASCO 5	50.00%
UTE TUNELES VILARIÑO-TABOADELA	52.00%
UTE MAESAL AIRBUS DS INDRA	34.35%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE MTTO.TELEBILLETICA BCN VI	60.26%
UTE MTTO.TELEBILLETICA BCN VII	61.35%
UTE INDRA-COMSA	63.00%
UTE TUNELES DE GUADARRAMA III	50.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE INDRA AEROPUERTOS SEGUROS	50.00%
UTE INDRA-ITP (20195324)	50.00%
UTE INDRA - ITE - 201853A1	50.00%
UTE CENTRO ESTRADA	33.00%
UTE MTO TICKETING MADRID 5	78.43%
UTE MTTO.TELEBILLETICA BCN VIII	61.35%
UTE INDRA-AIRBUS DE MAESE 201952A2	90.84%
UTE INDRA-INTEL ASFA DIGITAL	74.92%
UTE MTTO.TELEBILLETICA BCN IX	61.35%
UTE TUNEL DE PAJARES II	35.00%
UTE MINDTRADE PLATFORM	86.44%
CONSORCIO INDRA COMPONENTE PORTUARIO	48.00%
UTE IRST F-110 PRODUCCION	48.41%
UTE INDRA SIST-SIA BIOMETRICO 2020-2021	50.00%
UTE MTO. MADRID, BCN, PV	67.71%
UTE ABI EXTREMADURA CORREDOR OESTE II	21.98%
UTE RONDES INDRA-ISC	77.03%
UTE SISCAP FASE 1B	64.99%
UTE PRS DE GALILEO	33.00%
UTE PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX)	50.58%
UTE INDRA EWS/ STN ATLAS	60.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
Indra Soluciones Tecnológicas de Ia Información	
UTE INDRA - ALVENTO	50.00%
UTE AEAT 03/07	26.54%
UTE INDRA-COMPAÑÍA VASCA DE INGENIERIA	60.00%
UTE INDRA AM 26/2011	50.00%
UTE INDRA SISTEMAS, S.A. - SIA, S.p.A.	50.00%
UTE AEAT 10/2011	26.54%
UTE IECISA-INDRA-ZENSANIA-EMTE	37.50%
UTE INDRA-TELEFONICA S.I.C.(SLAE)	50.00%
UTE INDRA-OESIA	87.00%
UTE INDRA - TECNOCOM	50.00%
UTE IMD INDRA.TELEF	69.76%
UTE AV 20/2014	35.18%
UTE INDRA-ALTIA-R. CABLE	33.34%
UTE INDRA-XERIDIA	76.30%
UTE INDRA SISTEM	64.26%
UTE INDRA-BABEL Me y SS lote 3	90.00%
UTE INSS 7201/16G LOTE 1	22.00%
UTE INDRA-TELEFONICA	50.00%
UTE INDRA-ALTIA	48.67%
UTE MNEMO-INDRA	48.19%
UTE INDRA-SUMAINFO	71.00%
UTE INDRA BPO-INDRA-TELEFONICA	8.49%
UTE AMTEGA 2017/PA/0027	38.12%
UTE AMTEGA 2017/PA/0039	41.50%
UTE AYESA TECNOCOM	50.00%
UTE SOLTEL GETRONICS	50.00%
UTE GLOBAL ROSETTA T	50.00%
UTE GISS 7201/17G LOTE 2	43.00%
UTE INDRA - AYESA 17-00234	65.00%
UTE INDRA-SOLTEL	80.00%
UTE IB AV 22/2017 LOTE 4	95.00%
UTE IC AV 22/2017 LOTE 2	52.00%
UTE SCI AV 22/2017 LOTE 3	32.00%
UTE INDRA-ALTIA 362/2017	55.00%
UTE INDRA-PLEXUS 362/2017	40.00%
UTE INDRA-COINTEC LABSES	86.00%
UTE CIS AV 22/2017 LOTE 1	32.00%
UTE ALFATEC-INDRA	46.00%
UTE INDRA-SATOCAN	70.00%
UTE TECNOCOM -SOPRA	53.00%
UTE E1L4 INDRA - ALFATEC	70.00%
UTE E4L4 INDRA - ALFATEC	50.00%
UTE COREMAIN-INDRA	45.57%
UTE SOPRA - TECNOCOM	40.00%
UTE IBERMATICA-TECNOCOM	45.00%
UTE E1L1 ALFATEC-INDRA	50.00%
UTE LUGO SMART	52.27%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
UTE MINSAIT-IECISA MINECO	52.61%
UTE MINSAIT- EVERIS DAH	62.00%
UTE IBERMATICA-INDRA-BILBOMATICA	21.83%
UTE T-SYSTEMS - MINSAIT, ARXIUS	43.00%
UTE MINSAIT-SDG	52.00%
UTE MINSAIT-ISOTROL	75.00%
UTE MINSAIT-ECNA (LK4201)	76.00%
UTE ALTIA-MINSAIT (AMT-2020-0007)	36.40%
UTE MINSAIT-SOLTEL	80.00%
UTE MINSAIT-LEQUALI	23.00%
UTE INDRA-SEMANTIC	50.00%
UTE MINDTRADE PLATFORM	13.56%
UTE MINSAIT-TELEFONICA (SMS)	50.00%
UTE MINSAIT-AYESA AT CEIS	65.00%
UTE MNEMO-INDRA 2021	49.70%
UTE BPO-ISTI	2.50%
UTE CPDI AMTEGA 3	47.02%
UTE MINSAIT-EMALCSA	42.00%
UTE INETUM-INDRA-ZEMSANIA-COMSA CTTI-2021-50	50.07%
UTE MINSAITL-BABEL 2021/7201	53.50%
UTE MINSAIT-SISTEM	64.00%
ECOSISTEMA CONSULAR UTE	78.27%
UTE MINSAIT-AYESA AT CEMS	50.00%
UTE MINSAIT-SISTEM	66.23%
UTE MINSAIT-CIBERNOS-BABEL LOTE 2	40.00%
UTE MINSAIT-CIBERNOS-BABEL LOTE 6	42.00%
UTE MINSAIT-CIBERNOS Lote 1	53.00%
UTE MINSAIT-BABEL Lote 5	60.00%
Prointec	
UTE PROINTEC-TYPSA-CEMOSA ALICANTE	34.00%
PROINTEC-CIVILPORT-ENRIQUE AMIGO (UTE TRAMO 2 TREN DEL SUR)	80.00%
MECSA-ESTUDIO TORRE ELORDUY	70.00%
PROINTEC-ALAUDA	70.00%
UTE PROINTEC-UG 21 (COIN-ALHAURIN)	60.00%
UTE PROINTEC-BLOM	50.00%
GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA	50.00%
UTE PROINTEC-TALHER-GEOCISA-DRAGADOS	10.00%
UTE PROINTEC-EUSKONTROL	50.00%
UTE CEMOSA-TYPSA-PROINTEC	34.00%
UTE INOCSA-PROSER-PROINTEC	33.34%
UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO)	50.00%
UTE PAYMA COTAS S.A.U-PRO	50.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
PROINTEC-ESTUDIO 7 VARIANTE BAÑADEROS	50.00%
UTE PROINTEC-ESTUDIO 7 CALDERETA	50.00%
PyG ESTRUCTURAS AMBIENTALES, S.L. – PROINTEC, S.A. (U.T.E. LODOS)	50.00%
PROINTEC, S.A.-INTEMAC, S.A.-PAYMA COTAS, S.A.U., UTE (UTE AEROPUERTO VALENCIA)	33.30%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
AGUA Y ESTRUCTURAS, S.A. - PROINTEC (UTE AYEPRO)	50.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
UTE PROINTEC-GIUR LP-2	50.00%
CONSORCIO P & B COLOMBIA	85.00%
UTE INOCSA-PROINTEC (TUNEL O CAÑIZO)	50.00%
UTE PROINTEC-ACCIONA-ASMATU	50.00%
UTE PROINTEC-BPG UTE PTL2016	50.00%
UTE PROINTEC-VIGUECONS ESTEVEZ	50.00%
CONSORCIO GMQ	40.00%
UTE CIESA-PROINTEC	50.00%
UTES REDES VIARIAS	51.00%
UTE PROINTEC SAU E2F SL	70.00%
UTE AT METRO	60.00%
UTE ESTACION SANTIAGO	29.00%
UTE PROINTEC ATECSUR	60.00%
UTE INCOSA-PROINTEC LOTE 2	50.00%
UTE SANEAMIENTO ALBACETE	50.00%
UTE PM CANARIAS	50.00%
UTE PROINTEC-AR2V	50.00%
UTE CORREDOR MEDITERRANEO	50.00%
CONSORCIO PROINTEC-CONSENSO-PBLM	7.40%
CONSORCIO PPA	5.00%
UTE AL KHOBAR 2	25.00%
UTE ATECSUR-PROINTEC	50.00%
CONSORCIO PROINTEC-PBLM AL JAMARIS	2.00%
UTE PROINTEC-AC2 BIM	50.00%
CONSORCIO AVANÇEA SAÚDE	4.00%
UTE MANTENIMIENTO LOTE 2	37.00%
UTE PROINTEC-ICYFSA	80.00%
UTE PROINTEC-AR2V II	50.00%
UTE PORRIÑO PROINTEC-GOC	50.00%
UTE COM 20-22	51.00%
CONSORCIO PROINTEC-LBR-GERIBELLO	2.00%
UTE LOTE B VSFB	35.00%
UTE BUÑOL-UTIEL	75.00%
UTE LP1-TIJARAFE	50.00%
UTE MANTENIMIENTO MADRID - SEVILLA	25.00%
Indra Business Consulting	
CONSORCIO ALG ANDINA	90.00%
Indra BPO Servicios	
UTE INDRA BPO-INDRA-TELEFONICA	78.04%
UTE CAYMASA-MAILING	50.00%
INDRA + LKS KZ2019 UTE	64.00%
INDRA+LKS -EJIE 018 - 2021 UTE	64.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

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Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
Indra BPO	
UTE INDRA BMB - T.SOLUCIONES	69.42%
AIE FORMALIZACIÓN ALCALA 265	20.00%
Indra Sistemas de Seguridad	
UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011	50.00%
UTE SEGURIDAD PEAJES	50.00%
INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E.	50.00%
UTE TUNELES DE PAJARES	17.10%
UTE TUNELES ANTEQUERA	16.34%
UTE INDRA SISTEMAS DE SEGURIDAD - MONTAJES ELÉCTRICOS ELECTRISUR	80.00%
UTE INDRA AEROPUERTOS SEGUROS	50.00%
Sistemas Informáticos Abiertos	
UTE ALTIA-CONNECTIS-GESEIN-SIA P4/16	26.96%
UTE SIA-ITCONIC	61.80%
UTE SAYOS&CARRERA-SIA EXP. 17/182	22.65%
UTE VIEWNEXT-GESEIN-SOFTWARE AG-SIA	6.93%
UTE VIEWNEXT-AXIANS-SIA	15.47%
UTE SISTEMAS INFORMATICOS ABIERTOS SA- GESEIN SL- CESCE SOLUÇOES INFORMATICAS SA	60.00%
UTE INDRA - XERIDIA	60.10%
UTE MINSAIT-VODAFONE	75.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

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Details of activities jointly-controlled with third parties at 31.12.21

Name	Direct interest
Prointec Engenharia	
CONSORCIO PPA	45.00%
CONSORCIO Prointec - PBLM	58.00%
CONSORCIO Prointec - Consenso - PBLM	47.10%
Indra SI	
Indra SI SA-Retesar SA UTE	80.00%
Indra SI SA-DCM Solution SA UTE	90.00%
Deloitte & Co.SRL-Indra SI SA UTE	45.00%
Deloitte & Co.SRL-Indra Mant. Anses UTE	39.15%
Indra Peru	
CONSORCIO INGORMATICA EL CORTE INGLES	50.00%
CONSORCIO GMD	50.00%
CONSORCIO LYNX LOTE 2	56.00%
CONSORCIO LYNX LOTE 3	78.00%
CONSORCIO MINCETUR	98.00%
CONSORCIO FABRICA DE SOFTWARE	50.00%
CONSORCIO REAPRO	85.00%
CONSORCIO SOLUCIONES DIGITALES	25.00%
CONSORCIO INDRA PETROLEO	95.00%
CONSORCIO PROCOM AGUA	49.00%
CONSORCIO MINEDU	95.00%
CONSORCIO GESTION INDRA SMART	100.00%
CONSORCIO MANTENIMIENTO INDRA	100.00%
CONSORCIO 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%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.20

Name	Direct interest
Spanish Group companies	
UTE INDRA-ETRA	55.00%
UTE INDRA - SAINCO	64.00%
ETRALUX SA SICE INDRA (UTE PUCELA)	20.00%
UTE 2 INDRA - UNITRONICS	50.00%
UTE 3 INDRA - UNITRONICS	85.00%
UTE INDRA - ETRA	51.00%
UTE INDRA SISTEMAS, S.A. - EUROCOPTER ESPAÑA, SA	62.50%
UTE INDRA SISTEMAS, S.A. - TELVENT TRAF.Y TRANS.	50.00%
UTE GISS 11	35.00%
UTE INDRA - NOVASOFT - SADIEL	33.33%
UTE CIC-TF	50.00%
UTE AVIONICA	50.00%
UTE CEIDECOM	60.00%
UTE INDRA - CESSER	80.00%
UTE LINEA 9 TRAMO I Y II	64.00%
UTE LINEA 9 MANTENIMIENTO TRAMO IV	64.00%
UTE INDRA - ITP (1)	50.00%
UTE INDRA - ITP (2)	50.00%
UTE ACCESOS CGT MADRID	50.00%
UTE CONTROL ACCESOS DONOSTIA	50.00%
UTE INDRA - SALLEN	70.00%
UTE INDRA-INICIATIVAS AMBIENTALES	50.00%
UTE ACCESOS NOROESTE	30.00%
UTE AVIONICA DE HELICOPTEROS	50.00%
UTE MANTENIMIENTO RONDES 2012	30.00%
UTE INDRA - ALBATROS	60.00%
UTE CONTROL MOGAN	33.34%
UTE INDRA-TECDOA	50.00%
UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011	50.00%
UTE SIVE INDRA - AMPER	50.00%
UTE INDRA-EADS CASA	50.00%
UTE JAÉN	52.12%
UTE SIVE II INDRA-AMPER	50.00%
UTE SEGURIDAD PEAJES	50.00%
UTE INDRA-PUENTES Y CALZADAS INFRAESTRUCTURAS	80.00%
UTE INSTALACIONES MADRID ESTE	7.50%
INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E.	50.00%
UTE ABI CORREDOR NORTE	10.42%
SISTEMAS Y MONTAJES INDUSTRIALES, S.A.-INDRA SISTEMAS, S.A., U.T.E.	40.00%
UTE DI CUENCA	50.00%
UTE TUNELES DE PAJARES	35.15%
UTE INDRA-IECISA M-14-059	75.00%
UTE MANTENIMIENTO LEVANTE	50.00%
UTE INDRA - TELEFÓNICA SOLUCIONES II	50.00%
UTE CETRADA	33.00%
UTE AC-14 ACCESOS A CORUÑA	90.00%
UTE TUNELES ANTEQUERA	33.66%
UTE ITS MADRID 15	60.00%
UTE VCR 8X8	37.94%
UTE PROTEC 110	66.02%
UTE MTO. RENFE BCN	65.00%
UTE IRST F-110	50.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

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Details of activities jointly-controlled with third parties at 31.12.20

Name	Direct interest
UTE INDRA-ACISA	50.00%
UTE TSOL-INDRA IV SITEL	35.00%
UTE ABI EXTREMADURA - CORREDOR OESTE	15.00%
UTE TUNELES DE GUADARRAMA	33.66%
UTE ZONA NORTE GC	20.00%
UTE tdE-INDRA	50.00%
UTE INDRA-DEITEL	55.00%
UTE GESTIO DE TRANSIT RONDES	80.00%
UTE ETRA-INDRA MANTENIMIENTO SAE, EBUS Y VEA	33.00%
UTE GESTIO VIARIA GVA SICE-INDRA	50.00%
UTE DGT ITS NORTE 2017	40.00%
UTE INDRA - ITP	50.00%
UTE DGT ITS SURESTE 2017	60.00%
UTE SOCIEDAD IBERICA DE CONST EL E INDRA SISTEMAS	88.00%
UTE DGT ITS NOROESTE 2017	60.00%
UTE RENFE Y TU	38.00%
UTE INDRA-THALES BMS	50.00%
MANTENIMIENTO DE EQUIPOS DE VENTA Y CONTROL DE ACCESOS RENFE MADRID	75.00%
UTE INTERCOPTERS-INDRA	50.00%
UTE MANTENIMIENTO TELEBILLETICA PAIS VASCO	50.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE MANTENIMIENTO SISTEMAS METRO MALAGA	30.00%
UTE SISCAP	66.00%
20175305 UTE INDRA - ITP	50.00%
UTE MTTO. TELEBILLETICA RODALIES BCN 2	60.00%
UTE MTTO. TELEBILLETICA RODALIES BCN 3	60.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE INDRA-AERUM 2018	50.00%
UTE MANTENIMIENTO TELEBILLETICA PAIS VASCO 2	50.00%
UTE LINEA 9 REPOSICION EQUIPAMIENTO	64.00%
UTE SITRAPLUS	50.00%
UTE MTTO.TELEBILLETICA BCN IV	60.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE CGT LEVANTE	50.00%
UTE MTTO.TELEBILLETICA BCN V	60.00%
UTE MTTO.TELEBILLETICA PAIS VASCO 3	50.00%
UTE MTTO.TELEBILLETICA PAIS VASCO 4	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%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE MTTO.TICKETING MADRID 2	75.00%
UTE MTTO.TELEBILLETICA BCN VI	60.26%
UTE MTTO.TELEBILLETICA BCN VII	61.35%
UTE INDRA-COMSA	63.00%
UTE TUNELES DE GUADARRAMA III	50.00%
UTE SOCIEDAD IBERICA DE CONSTRUCCUIONES ELECTRICAS, S.A. E INDRA SISTEMAS, S.A.	88.00%
UTE INDRA AEROPUERTOS SEGUROS	50.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.20

Name	**Direct interest**
UTE INDRA-ITP (20195324)	50.00%
UTE MTTO.TELEBILLETICA PAIS VASCO 07/18	50.00%
UTE INDRA - ITE - 201853A1	50.00%
UTE CENTRO ESTRADA	33.00%
UTE MTO TELEBILLETICA MADRID 3	77.08%
UTE MTO TICKTEING MADRID-4	78.43%
UTE MTO TICKETING MADRID 5	78.43%
UTE MTTO.TELEBILLETICA BCN VIII	61.35%
UTE INDRA-AIRBUS DE MAESE 201952A2	90.84%
UTE INDRA-INTEL ASFA DIGITAL	74.92%
UTE MTTO.TELEBILLETICA BCN IX	61.35%
UTE TUNEL DE PAJARES II	35.00%
UTE MINDTRADE PLATFORM	86.44%
CONSORCIO INDRA COMPONENTE PORTUARIO	48.00%
UTE IRST F-110 PRODUCCION	48.41%
UTE PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX)	50.58%
UTE INDRA EWS/ STN ATLAS	60.00%
Indra Soluciones Tecnológicas de Ia Información	
UTE INDRA - ALVENTO	50.00%
UTE AEAT 03/07	26.54%
UTE INDRA-COMPAÑÍA VASCA DE INGENIERIA	60.00%
UTE INDRA - NETINEX	50.00%
UTE GISS 7201/10 LOTE 8	35.50%
UTE AEAT 42/10	35.18%
UTE GISS 7201/10 LOTE 6	34.00%
UTE INDRA AM 26/2011	50.00%
UTE INDRA-MNEMO	35.00%
UTE INDRA SISTEMAS, S.A. - SIA, S.p.A.	50.00%
UTE AEAT 10/2011	26.54%
UTE IECISA-INDRA-ZENSANIA-EMTE	37.50%
UTE ACCENTURE, SL-CORITEL-ACCENTURE O.S., SAU-INDRA	25.00%
UTE INDRA-TELEFONICA S.I.C.(SLAE)	50.00%
UTE INDRA - ALTIA (IMSERSO)	59.00%
UTE TGSS 7201/13G	49.00%
UTE INDRA SISTEMAS, SA-AVANTIC ESTUDIO DE INGENIEROS, SL, UTE	89.50%
UTE INDRA-OESIA	87.00%
UTE INDRA - TECNOCOM	50.00%
UTE IMD INDRA.TELEF	69.76%
UTE GISS 7201/14G LOTE 1	57.00%
UTE GISS 7201/14G L.2	39.00%
UTE AV 20/2014	35.18%
UTE INDRA-ALTIA-R. CABLE	33.34%
UTE IBERMATICA-INDRA-BILBOMATICA	21.83%
UTE INDRA-XERIDIA	76.30%
UTE INDRA-COINTEC OSAKIDETZA	83.67%
UTE INDRA SISTEM	64.26%
UTE INDRA-AYESA CIS2	65.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

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Details of activities jointly-controlled with third parties at 31.12.20

Name	Direct interest
UTE INDRA-BABEL Me y SS lote 3	90.00%
UTE INSS 7201/16G LOTE 1	22.00%
UTE INDRA-UNISYS	70.00%
UTE INDRA-TELEFONICA	50.00%
UTE INDRA-ALTIA	48.67%
UTE MNEMO-INDRA	48.19%
UTE INDRA-SUMAINFO	71.00%
UTE INDRA BPO-INDRA-TELEFONICA	8.49%
UTE AMTEGA 2017/PA/0027	38.12%
UTE AMTEGA 2017/PA/0039	41.50%
UTE AYESA TECNOCOM	50.00%
UTE SOLTEL GETRONICS	50.00%
UTE TECNOCOM SOPRA	50.00%
UTE GLOBAL ROSETTA T	50.00%
UTE SOPRA TES ADDING	40.00%
UTE GESEIN ALTRAN	34.00%
UTE GISS 7201/17G LOTE 2	43.00%
UTE INDRA - AYESA 17-00234	65.00%
UTE INDRA-SOLTEL	80.00%
UTE IB AV 22/2017 LOTE 4	95.00%
UTE IC AV 22/2017 LOTE 2	52.00%
UTE SCI AV 22/2017 LOTE 3	32.00%
UTE INDRA-ALTIA 362/2017	55.00%
UTE INDRA-PLEXUS 362/2017	40.00%
UTE INDRA - GETRONICS	73.90%
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 INDRA-LANIT	93.00%
UTE SOPRA - TECNOCOM	40.00%
UTE IBERMATICA-TECNOCOM	45.00%
UTE E1L1 ALFATEC-INDRA	50.00%
UTE LUGO SMART	52.27%
UTE INDRA - XERIDIA	60.10%
UTE MINSAIT-IECISA MINECO	52.61%
UTE MINSAIT- EVERIS DAH	62.00%
UTE MINSAIT- GETRONICS	73.90%
UTE IBERMATICA-INDRA-BILBOMATICA	21.83%
UTE T-SYSTEMS - MINSAIT, ARXIUS	43.00%
UTE MINSAIT-SDG	52.00%
UTE MINSAIT-VODAFONE	75.00%
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%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.20

Name	Direct interest
Prointec	
UTE PROINTEC-TYPSA-CEMOSA ALICANTE	34.00%
UTE PROINTEC-PRORAIL	50.00%
PROINTEC-CIVILPORT-ENRIQUE AMIGO (UTE TRAMO 2 TREN DEL SUR)	80.00%
MECSA-ESTUDIO TORRE ELORDUY	70.00%
PROINTEC-ALAUDA	70.00%
UTE PROINTEC-UG 21 (COIN-ALHAURIN)	60.00%
UTE PROINTEC-BLOM	50.00%
GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA	50.00%
UTE PROINTEC-TALHER-GEOCISA-DRAGADOS	10.00%
UTE PROINTEC-EUSKONTROL	50.00%
UTE CEMOSA-TYPSA-PROINTEC	34.00%
UTE INOCSA-PROSER-PROINTEC	33.34%
UTE EIPSA-PROINTEC-EUSKONTROL (UTE VIADUCTO)	50.00%
UTE PAYMA COTAS S.A.U-PRO	50.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
PROINTEC-ESTUDIO 7 VARIANTE BAÑADEROS	50.00%
UTE PROINTEC-ESTUDIO 7 CALDERETA	50.00%
PROINTEC-UG 21 (TOCON-ILLORA)	60.00%
PyG ESTRUCTURAS AMBIENTALES, S.L. – PROINTEC, S.A. (U.T.E. LODOS)	50.00%
PROINTEC, S.A.-INTEMAC, S.A.-PAYMA COTAS, S.A.U., UTE (UTE AEROPUERTO VALENCIA)	33.30%
AGUA Y ESTRUCTURAS, S.A. - PROINTEC (UTE AYEPRO)	50.00%
UTE CEMOSA-TYPSA-PROINTEC	33.00%
UTE PROINTEC-GIUR LP-2	50.00%
CONSORCIO P & B COLOMBIA	85.00%
UTE INOCSA-PROINTEC (TUNEL O CAÑIZO)	50.00%
UTE PROINTEC-ACCIONA-ASMATU	50.00%
UTE PROINTEC-BPG UTE PTL2016	50.00%
UTE PROINTEC-AIRIA AEROPUERTO DE BARCELONA 2012	50.00%
UTE AUDING-CENSA-INTECSA INARSA-PROINTEC (UTE PORT BARCELONA)	33.00%
UTE PROINTEC-VIGUECONS ESTEVEZ	50.00%
CONSORCIO GMQ	40.00%
UTE COLECTOR MURCIA	40.00%
UTE CIESA-PROINTEC	50.00%
UTES REDES VIARIAS	51.00%
UTE PROINTEC SAU E2F SL	70.00%
UTE AT METRO	60.00%
UTE ESTACION SANTIAGO	29.00%
APV UTE	50.00%
UTE PROINTEC ATECSUR	60.00%
UTE INCOSA-PROINTEC LOTE 2	50.00%
UTE SANEAMIENTO ALBACETE	50.00%
UTE PM CANARIAS	50.00%
UTE PROINTEC-AR2V	50.00%
UTE CORREDOR MEDITERRANEO	50.00%
CONSORCIO PROINTEC-CONSENSO-PBLM	7.40%
CONSORCIO PPA	5.00%
UTE AL KHOBAR 2	25.00%
UTE ATECSUR-PROINTEC	50.00%
CONSORCIO PROINTEC-PBLM AL JAMARIS	2.00%
UTE PROINTEC-AC2 BIM	50.00%
CONSORCIO AVANÇEA SAÚDE	4.00%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.20

Name	Direct interest
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%
Indra Business Consulting	
CONSORCIO ALG ANDINA	90.00%
ALG Global Infraestructure Advisor	
UTE PASAIA	16.00%
Indra BPO Servicios	
UTE INDRA BPO-INDRA-TELEFONICA	78.04%
UTE CAYMASA-MAILING	50.00%
INDRA + LKS KZ2019 UTE	64.00%
Indra BPO	
UTE INDRA BMB - T.SOLUCIONES	69.42%
AIE FORMALIZACIÓN ALCALA 265	20.00%
Indra Sistemas de Seguridad	
UTE INDRA-INDRA SIST.SEGURIDAD AM 08/2011	50.00%
UTE SEGURIDAD PEAJES	50.00%
INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E.	50.00%
UTE DI CUENCA	50.00%
UTE TUNELES DE PAJARES	17.10%
UTE TUNELES ANTEQUERA	16.34%
UTE INDRA SISTEMAS DE SEGURIDAD - MONTAJES ELÉCTRICOS ELECTRISUR	80.00%
UTE TUNELES DE GUADARRAMA	16.34%
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%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31.12.20

Name	Direct interest
Prointec Engenharia	
CONSORCIO PPA	45.00%
CONSORCIO Prointec - PBLM	58.00%
CONSORCIO Prointec - Consenso - PBLM	47.10%
Indra SI	
Indra SI SA-Retesar SA UTE	80.00%
Indra SI SA-DCM Solution SA UTE	90.00%
Deloitte & Co.SRL-Indra SI SA UTE	46.38%
Deloitte & Co.SRL-Indra Mant. Anses UTE	46.38%
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%

This Appendix should be read together with Notes 1, 5 and 43 to the Consolidated Annual Accounts, of which it forms an integral part.

Group's foreign exchange exposure

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2021	US dollar	Pound sterling	Mexican peso	Argentine peso	Chilean peso	Brazilian real	Peruvian sol	Canadian dollar	Norwegian krone
Other financial assets	68	-	262	96	95	5,887	123	-	6
Total non-current assets	68	-	262	96	95	5,887	123	-	6
Non-Group trade and other receivables	35,498	3,176	35,819	8,077	17,819	43,283	18,180	114	17,242
Non-Group other financial assets	413	-	55	15	184	-	221	-	-
Total current assets	35,911	3,176	35,874	8,092	18,003	43,283	18,401	114	17,242
Total assets	35,979	3,176	36,136	8,188	18,098	49,170	18,524	114	17,248
Other financial liabilities	246	-	3,926	-	1,330	1,201	1,100	-	-
Total non-current financial liabilities	246	-	3,926	-	1,330	1,201	1,100	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Non-Group trade and other payables	22,615	28,340	20,675	6,603	6,244	25,061	10,282	99	9,461
Total current liabilities	22,615	28,340	20,675	6,603	6,244	25,061	10,282	99	9,461
Total liabilities	22,861	28,340	24,601	6,603	7,574	26,262	11,382	99	9,461
Gross balance sheet exposures	**13,118**	**(25,164)**	**11,535**	**1,585**	**10,524**	**22,908**	**7,142**	**15**	**7,787**
Sales coverage	105,099	18,572	3,129	-	2,921	367	2,033	3,295	3,121
Purchase coverage	21,374	1,455	-	-	-	-	101	492	17,348
Net derivative financial instruments - hedging	83,725	17,117	3,129	-	2,921	367	1,932	2,803	(14,227)

This Appendix should be read together with Note 36) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

Group's foreign exchange exposure

2021	Colombian peso	Moroccan dirham	Polish zloty	Bahraini dinar	Malaysian ringgit	Australian dollar	Other currencies	TOTAL
Other financial assets	-	12	-	-	-	-	274	6,823
Total non-current assets	-	12	-	-	-	-	274	6,823
Non-Group trade and other receivables	46,626	3,907	959	10,134	6,207	2,208	103,982	353,231
Non-Group other financial assets	6	-	-	-	31	6	337	1,268
Total current assets	46,632	3,907	959	10,134	6,238	2,214	104,319	354,499
Total assets	46,632	3,919	959	10,134	6,238	2,214	104,593	361,322
Other financial liabilities	149	-	-			-	4,066	12,018
Total non-current financial liabilities	149	-	-			-	4,066	12,018
Other financial liabilities	-	-	-	-	-	-		-
Non-Group trade and other payables	21,126	2,044	21	1,368	813	1,018	86,640	242,410
Total current liabilities	21,126	2,044	21	1,368	813	1,018	86,640	242,410
Total liabilities	21,275	2,044	21	1,368	813	1,018	90,706	254,428
Gross balance sheet exposures	**25,357**	**1,875**	**938**	**8,766**	**5,425**	**1,196**	**13,887**	**106,894**
Sales coverage	9,414	-	-	-	238	4,772	115,415	-
Purchase coverage	223	-	-	-	-	4,586	585	-
Net derivative financial instruments - hedging	9,191	-	-	-	238	186	114,830	-

This Appendix should be read together with Note 36) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

Group's foreign exchange exposure

2020	**US dollar**	**Pound sterling**	**Mexican peso**	**Argentine peso**	**Chilean peso**	**Brazilian real**	**Peruvian sol**	**Swiss franc**	**Canadian dollar**
Other financial assets	212	-	315	219	98	9,523	4	-	-
Total non-current assets	212	-	315	219	98	9,523	4	-	-
Non-Group trade and other receivables	64,807	6,798	33,243	4,074	19,810	47,282	14,863	-	332
Non-Group other financial assets	147	-	59	(20)	210	-	10	-	-
Total current assets	64,954	6,798	33,302	4,054	20,020	47,282	14,873	-	332
Total assets	65,166	6,798	33,617	4,273	20,118	56,805	14,877	-	332
Other financial liabilities	1,797	-	2,942	-	1,894	3,945	382	-	-
Total non-current financial liabilities	1,797	-	2,942	-	1,894	3,945	382	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Non-Group trade and other payables	27,836	2,172	19,375	3,663	7,858	26,234	7,256	63	50
Total current liabilities	27,836	2,172	19,375	3,663	7,858	26,234	7,256	63	50
Total liabilities	29,633	2,172	22,317	3,663	9,752	30,179	7,638	63	50
Gross balance sheet exposures	**35,533**	**4,626**	**11,300**	**610**	**10,366**	**26,626**	**7,239**	**(63)**	**282**
Sales coverage	116,075	14,730	4,810	-	5,394	306	2,295	61	977
Purchase coverage	25,914	8,017	-	-	171	-	265	-	108
Net derivative financial instruments - hedging	90,161	6,713	4,810	-	5,223	306	2,030	61	869

This Appendix should be read together with Note 36) a) (I) to the Consolidated Annual Accounts, of which it forms an integral part.

Group's foreign exchange exposure

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2020	**Norwegian krone**	**Colombian peso**	**Moroccan dirham**	**Polish zloty**	**Bahraini dinar**	**Malaysian ringgit**	**Australian dollar**	**Other currencies**	**TOTAL**
Other financial assets	5	9	15	-	-	-	-	212	10,612
Total non-current assets	5	9	15	-	-	-	-	212	10,612
Non-Group trade and other receivables	13,875	33,980	2,497	813	19,059	21,500	3,419	75,570	361,922
Non-Group other financial assets	-	11	-	13	-	41	6	933	1,410
Total current assets	13,875	33,991	2,497	826	19,059	21,541	3,425	76,503	363,332
Total assets	13,880	34,000	2,512	826	19,059	21,541	3,425	76,715	373,944
Other financial liabilities	-	472	-	-			-	4,679	16,111
Total non-current financial liabilities	-	472	-	-			-	4,679	16,111
Other financial liabilities	-	-	-	-	-	-	-		-
Non-Group trade and other payables	10,034	20,835	1,790	-	865	1,221	7,794	34,186	171,232
Total current liabilities	10,034	20,835	1,790	-	865	1,221	7,794	34,186	171,232
Total liabilities	10,034	21,307	1,790	-	865	1,221	7,794	38,865	187,343
Gross balance sheet exposures	**3,846**	**12,693**	**722**	**826**	**18,194**	**20,320**	**(4,369)**	**37,850**	**186,601**
Sales coverage	477	1,117	-	-	-	6,541	12,579	337,066	-
Purchase coverage	42,452	16	-	-	-	-	1,388	86,209	-
Net derivative financial instruments - hedging	(41,975)	1,101	-	-	-	6,541	11,191	250,857	-

This Appendix should be read together with Note 36) 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 2021 and 2020

2021

Thousand euro	Indra Philippines	Inmize Sistemas	Electrica Soluziona	Normeka	Other immaterial interests	**Total**
% non-controlling interest	49.9%	50%	49.3%	34.0%		
Statement of financial position information						
Non-current assets	6,198	-	23	229	-	6,450
Non-current liabilities	(4,327)	-	-	-	-	(4,327)
Total net non-current assets	1,871	-	23	229	-	2,123
Current assets	40,504	8,708	2,666	6,728	-	58,606
Current liabilities	(14,409)	(265)	(438)	(3,528)	-	(18,640)
Total net current assets	26,095	8,443	2,228	3,200	-	39,966
Net assets	27,966	8,443	2,251	3,429	-	42,089
Carrying amount of non-controlling interests (*)	**13,955**	**4,222**	**1,110**	**1,166**	**520**	**20,973**
Income statement information						
Total comprehensive income	4,602	99	387	492	-	5,580
Consolidated profit/(loss) allocated to non-controlling interests	**2,296**	**50**	**191**	**167**	**-**	**2,704**

(*) Excluding currency translation differences

2020

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	7,110	-	33	240	-	7,383
Non-current liabilities	(4,381)	-	-	-	-	(4,381)
Total net non-current assets	2,729	-	33	240	-	3,002
Current assets	34,185	8,480	2,378	5,275	-	50,318
Current liabilities	(12,495)	(136)	(354)	(1,941)	-	(14,926)
Total net current assets	21,690	8,344	2,024	3,334	-	35,392
Net assets	24,419	8,344	2,057	3,574	-	38,394
Carrying amount of non-controlling interests (*)	**12,185**	**4,172**	**1,014**	**1,215**	**512**	**19,098**
Income statement information						
Total comprehensive income	3,245	228	298	345	-	4,116
Consolidated profit/(loss) allocated to non-controlling interests	**1,619**	**114**	**147**	**117**	**-**	**1,997**

(*) 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 2021 and 2020

2021	A4 Essor	Saes Capital	Euromids	Global Training Aviation	Eurofighter Simulation Systems	Iniciativas Bio-energéticas	Societat Catalana per la Mobilitat	Tagsonomy	Tess Defence	Startical	Satelio Iot Services, S.L	Other immaterial interests	Total
Thousand													
% non-controlling	23%	49%	25%	35%	26%	20%	24%	29%	25%	50%	10.5%		
Non-	-	4,020	62	31,583	96	27,185	120,169	4,463	215	4,504	4,312	1	196,610
Current	70,230	24	34,766	3,779	16,687	24,498	8,097	2,287	68,000	10,923	7,365	3,867	250,523
Equity	1,003	4,040	3,253	745	6,769	13,460	9,516	2,438	1,074	8,795	8,896	738	60,727
Non-	47	-	-	31,711	8,956	20,228	84,666	2,661	49,999	-	569	1,465	200,302
Current	69,180	4	31,575	2,906	1,058	17,995	34,084	1,651	17,142	6,632	2,212	1,665	186,104
Income	14,715	6	18,446	4,450	11,617	88,326	8,616	1,538	35,039	4,504	-	-	187,257
Profit/(loss)	178	(12)	(104)	(943)	841	3,587	622	(165)	272	(1,155)	-	9	3,130

2020	A4 Essor	Saes Capital	IRB Riesgo Operational	Euromids	Global Training Aviation	Eurofighter Simulation Systems	Iniciativas Bio-energéticas	Societat Catalana per la Mobilitat	Other immaterial interests	Total
Thousand euro										
% non-controlling interest	21%	49%	33%	25%	35%	26%	20%	24%		
Non-current assets	-	4,020	84	153	32,117	336	32,945	100,468	-	170,123
Current assets	35,266	1,141	500	33,997	5,736	32,012	14,592	10,716	247	134,207
Equity	812	5,156	560	3,357	928	12,031	9,278	7,953		40,075
Non-current liabilities	47	-	-	443	33,387	14,415	22,843	87,335	887	159,357
Current liabilities	34,407	5	24	31,221	3,538	5,902	15,416	15,896	656	107,065
Income	932	1,122	224	15,634	3,950	14,650	89,513	8,557	685	135,267
Profit/(loss) for the year	8	1,104	112	(871)	(4,445)	6,103	5,787	(238)	207	7,767

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

1. 2021 Highlights

Net order intake decreased by -2.7% in local currency (-3.7% in reported terms) in 2021, mainly due to the strong order intake in Transport & Defence in 2020.

Revenue in 2021 grew by +12.7% in local currency (+11.4% in reported terms), with double-digit growth vs. 2020 in both divisions.

EBITDA (operating income plus depreciation and amortisation) stood at €349M in 2021 vs. €77M in 2020, equivalent to a 10.3% margin in 2021 vs. 2.5% in 2020.

EBIT (operating income) reached €255.5M in 2021 compared to €-33M in 2020, equivalent to a margin of 7.5% in 2021 vs. -1.1% in 2020.

Net income attributable to the Parent Company stood at €143M in 2021 vs. €-65M in 2020.

Cash generation reached €289M in 2021 vs. €83M in 2020, significantly strengthened by the positive contribution of working capital.

Net Debt fell to €240M in December 2021 against €481M in 2020.

Main Figures	2021 (€M)	2020 (€M)	Variation (%) Reported/Local Currency
Net Order Intake	3,714	3,858	(3.7) / (2.7)
Revenues	3,390	3,043	11.4 / 12.7
Backlog	5,459	5,229	4.4 / 5.2
EBITDA	349	77	351.0 / 357.4
EBITDA Margin %	10.3%	2.5%	7.8 pp
Operating Margin	284	168	69.5
Operating Margin %	8.4%	5.5%	2.9 pp
EBIT	255.5	(33)	(877.1) / (890.4)
EBIT Margin (%)	7.5%	(1.1%)	8.6 pp
Net Results attributed to the Parent Company	143	(65)	NA
Net Debt Position	240	481	(50.1)
Free Cash Flow	289	83	NA
Basic EPS (€)	0.8140	(0.3697)	NA

2. Analysis of the consolidated financial statements

Income statement

CONSOLIDATED INCOME STATEMENT (€M)	2021	2020
Revenue	3,390	3,043
Other operating income	21	18
Changes in inventories	(75)	40
Own work capitalised	34	51
Raw materials and consumables	(762)	(735)
Staff costs	(1,872)	(1,878)
Other operating expenses	(406)	(394)
Changes in trade provision	6	(19)
Fixed asset depreciation/amortisation	(93.5)	(110)
Other gains/(losses) on fixed assets	13	(50)
Operating profit/(loss)	**255.5**	**(33)**
Financial income	5	6
Financial expenses	(46)	(47)
Change in fair value of financial instruments	(4)	-
Results from financial assets carried at amortised cost	0	(0)
Net financial income/(expense)	**(45)**	**(41)**
Results of companies carried under the equity method	1	2
Profit/(loss) before tax	**211**	**(72)**
Corporate income tax	(65)	15
Profit/(loss) for the year	**146**	**(57)**
Profit/(loss) attributed to the Parent Company	**143**	**(65)**
Profit/(loss) attributed to non-controlling interests	3	8
Basic earnings per share (euro)	0.8140	(0.3697)
Diluted earnings per share (euro)	0.7543	(0.3249)

Statement of Financial Position and Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT (€M)	2021	2020
Operating profit before changes in working capital	335	191
Cash from operating activities	55	43
Corporate income tax paid	(46)	(38)
Payments for acquisition of fixed assets (including financial assets)	(9)	(66)
Interest received	3	5
Grant collections	21	27
Interest paid	(37)	(41)
Other flows from investing activities	(34)	(37)
Free cash flow (FCF)	***289***	***83***

3. Human Resources

Final Workforce	2021	%	2020	%	Variation (%) vs. 2020
Spain	28,413	54	27,476	56	3.4
America	18,140	35	16,094	33	12.7
Europe	3,522	7	3,380	7	4.2
Asia, Middle East & Africa	2,008	4	2,077	4	(3.3)
Total	**52,083**	**100**	**49,027**	**100**	**6.2**

Average Workforce	2021	%	2020	%	Variation (%) vs. 2020
Spain	27,835	55	28,281	58	(1.6)
America	17,232	34	15,921	33	8.2
Europe	3,431	7	2,336	5	46.8
Asia, Middle East & Africa	2,041	4	2,121	4	(3.8)
Total	**50,539**	**100**	**48,659**	**100**	**3.9**

4. Analysis by vertical market

TRANSPORT AND DEFENCE

Transport and Defence	2021 (€M)	2020 (€M)	Variation (%) Reported	Variation (%) Local Currency
Net Order Intake	1,529	1,800	(15.1)	(15.0)
Sales	1,257	1,120	12.2	12.4
- Defence & Security	636	521	22.1	22.0
- Transport & Traffic	621	599	3.7	4.0
- Transport	*332*	*323*	*2.8*	*4.1*
- Air Traffic	*289*	*276*	*4.7*	*3.8*
Book-to-bill	1.22	1.61	(24.2)	
Backlog/Rev. 12m	3.07	3.25	(5.5)	

Transport & Defence division revenues increased by +12% in local currency in 2021 with growth in both Defence & Security (+22% in local currency) and Transport & Traffic (+4% in local currency).

Order intake in the Transport & Defence division in 2021 declined by -15% in local currency due to decreases in Defence & Security (-23% in local currency). Order intake in the Transport & Traffic vertical remained at the same levels as in 2020.

The backlog/revenue ratio for the last 12 months was 3.07x vs. 3.25x in the same period of the previous year. The book-to-bill ratio stood at 1.22x vs. 1.61x in the same period of the previous year.

Defence & Security

- 2021 Defence & Security sales grew by +22% in local currency, being the best performing vertical in the T&D division.
- The growth achieved in 2021 in the areas of Platforms (Eurofighter/FCAS, F110 Frigates, 8x8 Vehicle and Naval Systems in Saudi Arabia), Integrated Systems (Lanza 3D Radars in Spain and Air Defence in Azerbaijan) and Simulation (NH90 and Chinook Helicopters) should be highlighted.
- By geography, outstanding sales growth was achieved in 2021 in AMEA (Azerbaijan and Saudi Arabia), Spain (Lanza 3D Radars, F110 Frigates, 8x8 Vehicle and NH90 and Chinook Helicopters) and Europe (Eurofighter/FCAS), all in double digits.
- Order intake in 2021 fell by -23% in local currency as a result of the strong performance in 2020 in Spain (F110 Frigates, 8x8 Vehicles and NH90 Helicopter).

Transport & Traffic

- Transport & Traffic sales in 2021 rose by +4% in local currency, with growth in both the Transport and Air Traffic segments.
- Sales in the Transport segment in 2021 grew by +4% in local currency, mainly explained by double-digit growth in AMEA (completion of the project phase of the Mecca-Medica high-speed rail system and Intercity System in Riyadh).
- Revenues in the Air Traffic segment in 2021 also grew by +4% in local currency. Double-digit growth in Spain (increased activity with Enaire), together with growth in AMEA (Azerbaijan and South Korea), offset declines in Europe and America.
- Order intake in 2021 remained stable. Growth in the Air Traffic segment in Spain and Kuwait offset the decreases in the Transport segment resulting from the previous-year contracts in Spain (T-Mobilitat) and Europe (rail transport Control Centres in Ireland).

INFORMATION TECHNOLOGY

Minsait	2021 (€M)	2020 (€M)	Variation (%)	
			Reported	Local Currency
Net Order Intake	2,185	2,058	6.2	8.0
Revenues	2,133	1,924	10.9	13.0
- Energy & Industry	648	587	10.4	12.6
- Financial Services	719	680	5.7	7.2
- Telecom & Media	253	249	1.6	5.1
- PPAA & Healthcare	513	409	25.4	27.8
Book-to-bill	1.02	1.07	(4.7)	
Backlog/Rev. 12m	0.75	0.83	(9.6)	

Minsait division sales in 2021 grew by +13% in local currency, with growth in all verticals including major increases in Public Administrations & Healthcare (+28% in local currency) and Energy & Industry (+13% in local currency).

Minsait's order intake in 2021 increased by +8% in local currency, driven by growth in all verticals (Energy & Industry: +22%; Public Administration & Healthcare: +7%; Financial Services: +6%) except in Telecom & Media (-13%).

The backlog/revenue ratio for the last 12 months was 0.075x vs. 0.83x in the same period of the previous year. The book-to-bill ratio stood at 1.02x vs. 1.07x in the same period of the previous year.

Energy & Industry

- Energy & Industry sales in 2021 increased by +13% in local currency, with double-digit growth in both the Industry and Energy segments.
- Revenues in 2021 increased in all geographies, particularly in Europe (inorganic contribution from SmartPaper, increased activity in the Italy subsidiary and in the Utilities sector), the Americas (in Brazil, in both the Energy and Industry segments) and Spain (Industry segment, mainly in the retail and manufacturing sectors).
- Order intake in 2021 grew by +22% in local currency, driven mainly by growth in Europe and Spain (mainly in the Industry segment).

Financial Services

- Financial Services sales in 2021 increased by +7% in local currency, with growth in both the banking and insurance sectors.
- Revenues grew in all geographies in 2021, with double-digit growth in America (Mexico and Peru) and mid-single-digit growth in Spain (due to increased business with major customers and the consolidation process of two of the main banks).
- Order intake in 2021 rose by +6% in local currency with growth in all regions, particularly in Spain thanks to the signing of a major contract with one of the country's leading banks.

Telecom & Media

- Telecom & Media sales in 2021 increased +5% in local currency, driven by the Telecom segment.
- Sales in 2021 were supported by good performances in Spain (greater activity with the main operator) and America (Colombia, Peru and Brazil).
- Order intake in 2021 decreased by -13% due to the renewal of major contracts in America in 2020 with the main operators in Brazil, Peru and Argentina.

Public Administrations & Healthcare

- Public Administrations & Healthcare sales in 2021 rose +28% in local currency, being the company's best performing vertical in the period.
- Sales in 2021 recorded double-digit growth in all segments of the vertical (Public Administration, Healthcare and Elections). All geographies achieved double-digit growth, with Spain performing particularly well (strong growth in all segments: Public Administrations, Healthcare and Elections), Europe (Italy subsidiary) and America (Elections in Argentina).
- Order intake in 2021 grew by +7% in local currency, thanks to the positive performance in Spain with the Central Government and various regional administrations.

5. Analysis by geographical area

Revenues by Region	2021 (€M)	2020 (€M)	Variation (%) Reported	Variation (%) Local Currency
Spain	1,719	1,581	8.7	8.7
America	603	593	1.6	8.8
Europe	645	565	14.2	14.5
Asia, Middle East & Africa	423	303	38.6	38.1
Total	**3,390**	**3,043**	**11.4**	**12.7**

(*) Revenue reported in the "Europe" area in the notes to the accounts and in this Management Report differs from the sales figure in the annual report to the CNMV in the "European Union" area, since the latter only includes the Member States of the European Union.

Sales rose in all geographies in 2021, with double-digit growth in AMEA (+38% in local currency; 12% of total sales) and Europe (+15% in local currency; 19% of total sales). Spain (+9%; 51% of total sales) and the Americas (+9% in local currency; 18% of sales) also posted solid growth.

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 €292,753 thousand which is equivalent to 9% of the Group's total sales in that year (€265,270 thousand, equivalent to 9% of the Group's total sales in the previous year).

7. Average supplier payment period

Final Provision Two of Law 31/2014 amended the Spanish Companies Act in order to improve corporate governance, amending Additional Provision Three of Law 15/2010 which laid down measures to combat late payment in commercial transactions, to require that all companies must expressly disclose their average supplier payment period in the notes to the annual accounts. The Institute of Accountants and Auditors (ICAC) was also authorised to lay down the rules and calculation method.

This ruling is mandatory for all Spanish companies that draw up consolidated annual accounts, although only for companies based in Spain that are consolidated using the full or proportionate consolidation method.

On this basis, under a ruling dated 29 January 2016, the ICAC established the method for calculating the average supplier payment period for 2015 and subsequent periods.

The average supplier payment period is calculated using the following formula, in line with the ICAC ruling of 29 January 2016:

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

The data for the Spanish companies for 2021 and 2020 are as follows:

	2021 Days	2020 Days
Average supplier payment period	55	56
Transactions paid ratio	57	56
Transactions pending payment ratio	43	54

	Amount in € th	Amount in € th
Total payments made	1,060,763	1,019,339
Total payments outstanding	128,823	178,842

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 140 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 2021, approximately 49% of the Group's total sales derived from international markets (48% in the previous year).
The main transactions carried out by the Group in currencies other than the euro during 2021 and 2020 are detailed below:

	Thousand euro	
	2021	**2020**
Sales	1,014,527	918,533
Purchases	462,337	503,987

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 2021, 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 2021 and 2020 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 2021

+10%	Thousand euro
Saudi Riyal	1,088
Mexican Peso	2,685
Chilean Peso	2,418
Brazilian Real	3,663
Colombian Peso	1,515

Variation in equity 2020

+10%	Thousand euro
Saudi Riyal	2,600
Mexican Peso	2,685
Chilean Peso	2,264
Brazilian Real	3,431
Colombian Peso	1,201

Variation in results 2021

+10%	Thousand euro
Saudi Riyal	801
Mexican Peso	1,075
Chilean Peso	737
Brazilian Real	1,161
Colombian Peso	848

Variation in results 2020

+10%	Thousand euro
Saudi Riyal	(1,701)
Mexican Peso	520
Chilean Peso	564
Brazilian Real	906
Colombian Peso	931

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

Exposure to the U.S. dollar is not significant as it is hedged using financial instruments.

At 31 December 2021 and 2020, the Group's equity and consolidated results were most sensitive to changes in the euro exchange rates of the Saudi Arabian riyal, the Mexican peso, the Chilean peso, the Brazilian real and the Columbian peso. However, it could be that in the future the Group's profits or equity will be more sensitive to changes in the euro exchange rates of the functional currencies of the Group's foreign subsidiaries other than those included in the above tables, depending on the relative importance of the business of the Group's foreign subsidiaries.

- *Revenue and expense risk in currencies other than the functional currencies*

The Group is also exposed to foreign exchange risk in projects where revenues and expenses are in currencies other than the functional currency of each Group country.

To mitigate this risk, at 31 December 2021 the Group applies a policy of entering into foreign currency hedge agreements with financial institutions that replicate the expected collection and payment patterns for each project, although in some cases these hedges may not be effective or available.

However, delays or variations in project cash flow can lead to hedge renewals which can have a significant impact on project profitability, and losses on projects might even arise in highly volatile currency scenarios.

- *Risk of delay or changes in the scope of projects*

There is an additional risk related to the fulfilment of collection and payment forecasts in the projects when they are delayed or when changes in their scope take place. In such cases, the Group would be obliged to renegotiate the term or amount of the exchange rate insurance associated with the insured flows, which could give rise to additional financial costs or the generation of losses or profits in the event of a reduction in the project scope, depending on the performance of the currency concerned.

- Risk of a lack of competitiveness due to specific currency fluctuations

A significant part of the costs associated with the Group's export activity are denominated in euros. An appreciation of the euro (against certain currencies) could make the commercial proposals submitted by the Group less competitive compared with the Group's international competitors whose cost base is denominated in weaker currencies, which may undermine the Group's competitiveness in international markets.

- Risk of exposure to non-convertible or non-repatriable currencies

The Group's international presence in more than 140 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 (Organisation for Economic Co-operation and Development), IMF (International Monetary Fund) or World Bank, mainly in public projects such as Defence, Air Traffic or 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 *<u>Interest rate risk</u>*

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 2021, 49% of the Group's gross debt bears interest at fixed rates, including €639 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.

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 2021 and 2020:

	2021		**2020**	
	Variation in interest rates		Variation in interest rates	
Effect on profit/(loss) before tax	+0.5%	(0.5)%	+0.5%	(0.5)%
	(2,696)	(322)	(3,837)	168

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.

In order to minimise the possible impact of these factors, the Group regularly assesses the use of operational measures (letters of credit, collection insurance), accounting measures (doubtful debt provisions) and financial measures (use of non-recourse factoring lines to advance payment from certain customers).

Despite this, the Group remains exposed to credit risk due to default or delays in collection from its customers, which may result in impairment of balance sheet items (trade receivables) and a reduction in the income already reported (if the impact occurs in the same year), with the consequent impact on the Group's income statement and/or equity.

At 31 December 2021, trade and other receivables in the consolidated balance sheet totalled €988 million (€874 million in 2020), of which €32 million (€34 million in 2020) is outstanding for over 12 months. The above amount recorded under trade and other receivables includes trade provisions amounting to €82 million (€96 million in 2020) 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 2021, the Group's gross borrowing position was €1,475 million (€1,666 million in 2020), 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 the non-fulfilment of the ESG strategy or related regulation in or the worsening of the economic (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 2021, these loans represented 4% (10% in 2020) 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 2021 and 2020, the Group's long-term gross borrowings amounted to €1,436 million and €1,373 million, respectively (97% and 82% of the Group's gross borrowings, respectively), while short-term gross borrowings at the same date stood at €39 million and €293 million, respectively (3% and 18% of the Group's gross borrowings, respectively). The Group's cash and cash equivalents at 31 December 2021 amounted to €1,235 million (€1,185 million in 2020). As a result, at 31 December 2021 the Group's net borrowings amounted to €240 million (€481 million in 2020). In the short term, the Group depends on the generation of cash from its own operations and/or on obtaining additional financial resources from financial institutions to meet its obligations with respect to:

a. its commercial and operational payments, and

b. the repayment of amounts lent by financial institutions and the interest accrued on their respective due dates.

The Group makes cash flow forecasts to ensure that it has access to the necessary resources to meet its operational and financial needs. The Group also has undrawn financing lines amounting to €86 million in 2021 (€187 million in 2020).
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 2021, positive free cash flow of €289 million was generated (€83 million in 2020). 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 2021, 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 €1,040 million (€1,006 million in 2020).

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 authorities 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.

At 31 December 2021 the Group's financing is not subject to compliance with financial ratios, with the exception of an R&D project financing facility arranged in December 2016 (representing less than 6% of the Group's gross borrowings), which includes the obligation that equity must represent a minimum against the sum of equity plus net borrowings.

- *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. 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.

Accounting and reporting risks

- *Risks derived from changes in accounting standards*

The accounting and financial reporting standards governing the preparation of the Group's consolidated financial statements are subject to review and amendment by international accounting standards bodies and other regulatory authorities. Such regulatory changes may have a significant impact on the way the Group accounts for and presents its financial information.

- *Risks derived from the presentation of non-financial information*

The absence or lack of application of internal control criteria, as well as the absence of stable and defined processes, 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.

(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*

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 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 each year 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 book and therefore on the Group's future revenues.

- *International expansion risk*

Due to its significant international presence, the Group is exposed to risks related to its adaptation to environments or markets in the regions in which it operates, as well as to risks derived from a lack of knowledge and experience in the geographical markets it intends to develop. This means that the Group may be exposed to reductions in demand or diminished productivity as a result of unfavourable conditions, as well as to changes in national policies and regulations applicable to the sectors in which it operates, all of which could affect the Group's financial and economic situation.

Exposure to this type of risk may increase in those countries and emerging markets where political and good practice standards are less stable or less developed.

- *Risk derived from involvement in joint ventures, temporary consortia and associations*

The Group operates with more than 270 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 business ventures involving 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 authorities*

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 authorities.

- *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 compliance with human rights commitments, transparency and equal conditions for the different bidders.

The creation of long-term relationships with suppliers is a key factor in the successful development of the Group's business. However, greater dependence on any of these suppliers in the Group's operations could result in a reduction in its flexibility when dealing with unexpected adverse circumstances that could arise in relation to such suppliers, as well as a reduction in its negotiating power. Likewise, in the event of inappropriate practices by any of the members of its supply chain, the Group could be affected by legal, financial and operational contingencies or damage to its image, among others.

The Group also works in all the sectors in which it operates with a number of niche suppliers specialised in specific products and services that the Group requires to develop and implement its projects. Therefore, in the event that these niche suppliers are unable to supply their products or services within the agreed time frame, it may not be easy to replace them in a short period of time, which could lead to a deviation in the project's implementation time, adversely affecting the Group's results. In addition, any changes in such suppliers' pricing policies could significantly affect the profitability of the associated projects.

- *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 Indra Group.
In employment terms, failing to guarantee freedom of trade union membership and association, the right to strike and the right to collective bargaining.

- *Health and safety risk*

The deficient application of the Occupational Risk Prevention management system or a lack of plans to improve the health and well-being of employees (prevention of sedentary behaviour, mental health) or health risks in the workplace, or other harm suffered by company personnel (kidnapping, extortion, etc.), could result in significant economic and/or legal contingencies between the Group and its employees, as well as a decrease in motivation, productivity and the ability to attract and retain talent.

Productivity related risks

- *Risk related to productive efficiency*

The lack of efficiency/effectiveness in manufacturing or software development processes (e.g. interruptions due to the absence of information, lack of flexibility in the management of resources/pyramids or possible breakdowns due to a low work-rate) or in the Group's support processes (e.g. due to a failure to leverage synergies or a lack of process standardisation) could have negative repercussions, mainly cost overruns, for the Group. In the T&D division this is closely related to the procurement strategy risk, both being key for its competitiveness.

- *Strategy and resource planning risk*

An inadequate resource management strategy, higher than expected labour costs (e.g. higher contracting costs), labour rigidity, loss of business due to the unavailability of human resources required to initiate projects, lack of a subcontracting strategy or inefficient planning that fails to match resource needs with availability could generate negative impacts due to cost overruns.

In turn, the profitability of some of the Group's businesses requires the active management of the Group's existing professional pyramids, which is often limited either by the Group's financial capacity or by specific labour regulations in certain countries.

- *Risk derived from the supply strategy*

The absence of planning and foresight in procurement from a global perspective, rather than project by project, could cause a loss of opportunities for savings or cost reductions, failure to take part in tenders due to the terms involved or an inadequate diversification of the supply base, or conversely, its excessive concentration.

- *Risk of warehouse management for the Group's own and third party materials*

In relation to warehouse management, the inappropriate management of both the Group's own and third party materials could lead to a failure to optimise costs (financial, obsolescence, etc.).

Key personnel risks

- *Risk related to undesired turnover*

Inadequate management of key personnel could result in loss of talent due to inadequate personnel management, compensation and benefit policies that are not in line with the market, professional development management, effective evaluation models focused on growth and development, strong competition in the sector or other reasons that undermine the capacity to retain employees. This could adversely impact the generation of value opportunities or specific offerings, or could significantly increase the costs of attracting personnel, innovation capacity and offering better service to customers.

During 2021, undesired turnover stood at 15.63%.

- *Risk derived from a lack of talent*

A lack of profiles or talent required for a specific job due to shortages in the market or the Company's lack of attractiveness due to inadequate personnel management (compensation, career plans), lack of an internal and external strategy for managing diversity, bias, inclusion or equality

The sectors in which the Group operates are characterised by a high degree of specialisation, due to a high rate of innovation and constant technological change which requires the Group to have highly qualified employees with the specific know-how for the development of its projects, mostly with a substantial technological component.

- *Risk of a lack of training in key areas*

The lack of availability of employees with the required education and training in key areas could make it difficult to culminate the projects and initiatives proposed by the Group.

Reputational risk

Reputational risk is defined as the probability of negative events, public opinions and perceptions, which adversely affect the Group's income, brand, support and public image.
This is a transversal risk and is considered to be related to and interdependent with other risks.

The Group's reputation is linked to operational risks such as product quality and safety, customer satisfaction, information security, 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, opportunities or both 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. As the main measures to manage these risks, we should note the creation of the Sustainability Committee. 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

o *Legislative, regulatory and tax compliance risks*

As part of its ordinary activity the Group is exposed to litigation and claims, whether from employees, subcontractors, third parties, suppliers, tax authorities, competition agencies, or customers, among others. Uncertainty about the outcome of litigation and claims carries the risk that a negative outcome will adversely affect the Group's business and reputation, as well as its results or its financial, economic or equity position.

The Group carries out a process for quantifying and rating these risks on a recurring basis, based on the best information available at a given time. There is a risk that this impact may be underestimated or that events may occur that cause the classification and quantification of a dispute or claim to change significantly, with a greater impact than initially anticipated.

The Group provides for 100% of the amount involved in proceedings in which it is a defendant and whose risk of occurrence has been classified as "probable" (i.e. the risk of the Group being found liable, or its claim being dismissed, is greater than 50%). At 31 December 2021, the Group is a defendant in litigation totalling €37 million (€39 million in 2020). In addition, provisions recorded at that date amounted to €37 million (€39 million in 2020). For further details on the ongoing proceedings and litigation affecting the Group, see Note 24.

As the Group operates in various countries it is exposed to compliance with varying applicable laws and regulations: (i) of each of the markets in which it operates; (ii) of the European Union; and (iii) of the obligations derived from international treaties, as well as their possible future amendment.

The main regulatory compliance risks that may significantly affect the Group's business are those arising from its ordinary activities, as well as those deriving from national and international measures to prevent crime and fraud. In addition, it is important to note the regulations in force in each country which, in the event of non-compliance, could lead to the imposition of penalties on the Group.

The legal consequences of a crime (or like offence) being committed on behalf of the legal entity and for its direct or indirect benefit could include the prohibition to conclude contracts with the public administrations, with a detrimental economic and reputational impact on the Group.

In addition, the Group's activities are subject to the tax legislation of each country and to the double taxation treaties between the countries in which it operates, and it must therefore comply with successive amendments to such legislation. With regard to tax benefits in favour of the Group, potential tax reforms in the countries in which it operates may lead to the cancellation of such benefits, resulting in additional costs for the Group and therefore adversely affecting its business and financial position.

Also worth noting are the effects of any changes in Spanish tax legislation, which could have an impact on the Group's consolidated results as a result of possible adjustments to deferred taxes at the relevant tax rates, or limitations on deductions, as well as on cash flows, as a result of the need to bring forward payments and defer recoveries of tax credits.

o *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 the 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.

From a corporate viewpoint, a lack of adequate communication and reporting could impact stakeholder engagement and trust.

o *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 cost overruns and/or loss of income due to the need to bring operations into line with such regulations and legal non-compliance (regulations and jurisprudence), resulting in 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 the public authorities.

In this respect, the Group operates in markets with specific regulations for certain groups of professionals (for example, the Brazilian labour legislation relating to professionals from subcontracted companies) that may involve significant labour risks and contingencies. Even though the Group has a consistent human resources policy, it is inevitable that it will have to adapt to the local situations of each country, which may lead to risk situations related to such legislation.

- *Intellectual and industrial property risks*

Failure by the Group to comply with current legislation in relation to intellectual property or industrial property rights could lead to penalties or indemnities.

- *Integrity risk*

Non-compliance with the Group's internal policies (including the Code of Ethics) by employees or third parties, in addition to the non-ethical use of technologies, could have a negative impact on the Group's reputation and image vis-à-vis its stakeholders, in addition to economic and sustainability impacts, among others.

- *Environmental risk*

Inadequate management of environmental issues associated with production activities could lead to direct damage to the environment and/or people.

It could also entail non-compliance with environmental regulations, with the resulting risk of legal penalties and liability.

- *International business risk*

Non-compliance with current international trade legislation in any country where the Group operates could lead to international sanctions and an impact on human rights.

- *Competition risk*

Non-compliance with current competition legislation in any country in which the Group operates could lead to penalties with the associated negative impacts and a possible ban on contracting with the public authorities.

- *Non-compliance in relation to product quality and safety*

Non-compliance with laws and regulations on product and service safety could affect the level of quality offered to customers and may result in financial penalties and reputational damage for the Group.

- *Data protection risk*

Non-compliance with current regulations on data protection, both at Group level and in the context of its operations, could lead to financial penalties and reputational damage.

(D) STRATEGIC RISKS

Industry risks

- *Risk of exposure to the Spanish market*

The national economy could be affected by a decrease in investment in Public Administrations as well as in private customers due to the decline in the country's economic and socio-political situation, which could lead to a loss of earnings.

Despite the effort to internationalise the Group in recent years, it is highly dependent on the Spanish market. In 2021, 49% of total sales derived from Spain (52% in 2020).

- *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, the uncontrolled spread of infectious diseases, sector deterioration, supply chain interruption, national bankruptcy, decline in the economic situation, and mobility restrictions, among other matters, undermine investor confidence and could considerably affect the economic situation in those countries in which the Group operates, either through budgetary restrictions on sensitive areas for the Group's operations (such as defence, transport, etc.), changes in regulations in sensitive sectors (e.g. the banking sector), increased dependence on local suppliers to the detriment of multinationals such as the Group, interruptions in supply chains, possibility of default or decreased productivity, which might even jeopardise business continuity. Any of these circumstances, as well as any other that could affect the world economy, could have a significant impact on the Group's business.

- *Technological risks*

The Group is exposed to a number of technological risks that could have a significant impact on the Company in economic terms and from a credibility and image viewpoint. Technological risks are those associated with constant change in technology, as well as those derived from IT Security and, particularly, those that could lead to a loss of information belonging to the Group or its customers.

- *Technological competition risks*

Some of the sectors in which the Group operates are in a constant process of evolution and innovation, which means that the technologies used or developed by the Group may become obsolete, making it necessary to make a considerable effort to maintain the Group's technological development. The lack of flexibility, effective investment and knowledge to take on technological changes from disruptive technologies could place the Group at a disadvantage with respect to its competitors and lead to lost opportunities; the key to differentiating the Group's solutions and services 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*

Increases in the prices of materials and services and/or qualified labour could involve risks related to an increase in the costs associated with the Group's operations.

- *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*

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 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 on economic and reputational level.

- *Risk derived 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 2021 and 2020 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 (or present any offer due to a lack of certificates) tailored to the needs of local customers with a suitable balance between solutions and services and reflecting social and environmental responsibility, it could lose market share and profitability, impacting its image and potential results.

Risks related to acquisitions, organisation and planning

- *Risk derived from returns on investment/disinvestment*

Failure to achieve the objectives set out in the investment/disinvestment projects could entail a risk of reduced profitability for the Group. In addition, non-compliance with business plans for intangible assets recorded in the balance sheet and goodwill, or the emergence of liabilities that were concealed or unknown at the time of acquisition, could oblige the Group to adjust their value with the resulting financial impact.

Taking advantage of inorganic growth opportunities is essential in sectors with a strong technology base and which require the incorporation of new technologies to complement internal development, as well as in sectors where scale is a crucial factor in competing companies' profitability and competitive positioning.

The success of the inorganic growth strategy will depend on the capacity to find suitable acquisition targets on favourable terms, and on the capacity to finance and complete these transactions successfully. The integration of new businesses also involves risks inherent to the acquisition process itself and subsequent integration.

In addition, the acquisition of certain businesses could be subject to the fulfilment of certain requirements (e.g. competition, defence, etc.) which could limit the attractiveness of the assets to be acquired or even preclude their acquisition.

There is a risk that the Group will encounter difficulties in integrating the acquired businesses, such as the failure to achieve cost reductions or the expected commercial synergies, which could result in the acquisitions not being as advantageous in financial terms as would have been expected. There is also a risk that the expected operational, tax and/or financial synergies will not be achieved as a result of possible legislative changes. There are also risks associated with the increase in the Group's debt or even the emergence of liabilities not identified in the prior due diligence processes, or the possible impact of impairment of the assets acquired.

Certain specific risks relating to acquisitions are set out below:

- *Emergence of liabilities that were concealed or unknown at the time of acquisition.*
- *Risks arising from the combination.*
- *The resulting group may not be able to retain key managers and professionals, or to manage the workforce efficiently.*

At 31 December 2021, the Group recorded net intangible assets (excluding goodwill) totalling €274 million (€279 million in 2020).

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 2021, the Group recorded goodwill totalling €921 million (€889 million in 2020).

- *Risk due to difficulty in change management*

High levels of competition, economic internationalisation and the emergence of new technologies have put pressure on change in organisations and on renewal processes, which are based on permanent innovation and adaptation of their corporate culture, with particular emphasis on attracting, developing and retaining talent.

Resistance to change and lack of transformation projects could hinder adaptation and progress.

- *Planning and forecasting risk*

Errors in planning or budgeting due to lack of integrated business vision, uncertainty or changes in the market, lack of business optimisation (e.g. lack of a joint vision in the establishment of common work plans for several businesses) or because of inadequate follow-up, could generate negative impacts (e.g. loss of business opportunities, higher costs, etc.)

9. Impacts and uncertainties derived from the Covid-19 Pandemic

The world economy has increasingly rallied during the course of 2021. The progress made in vaccination programmes, fewer travel restrictions and the effectiveness of the measures adopted in 2020 have steadily helped bolster Indra's operations, to the point that much of its business has regained pre-pandemic levels. In fact, Covid-19 may have boosted certain segments of Indra's business, such as contactless technologies and solutions for temperature and face mask control.

Thus, the varying speed of recovery of different geographical areas due to differing vaccination uptake rates from one country to the next and the periodic uncertainty caused by new variants of the virus (Delta, Omicron, etc.) barely had an impact on the Indra, and are expected to dissipate over the course of 2022.

Indra's 2021 results reflect the Group's recovery and even exceed the pre-pandemic results overall, mainly due to revenue growth and the efficiency measures and action plan implemented in the previous year. Despite this, the pandemic had a considerable impact on the following aspects:

- Change in the work model through remote working.
- Delays in project certification, primarily in the T&D segment, due mainly to travel restrictions and supply chain issues.

Nevertheless, while in terms of activity and business volume the company has returned to pre-pandemic levels, in terms of internal management Indra maintains the strictest prevention and control measures, complying at all times with the instructions issued by the health authorities across the various countries in which the Group operates.

As in 2020, Indra's priority has been to guarantee the supply of its solutions and services to its clients, while also ensuring the health and safety of its staff, clients and end users. To achieve this, Indra deployed a variety of initiatives, from maintaining remote working on a full or part-time basis in Spain, to the vaccination of 4,000 of its staff in Colombia.

Another of the areas to which the company has made a commitment is the mental health of its staff.

Throughout 2021, the Group maintained a general remote working model in response to the pandemic, while monitoring the health crisis, tracking incidents and correctly applying the preventive measures recommended by the health authorities. Over the course of 2022, and armed since March with a remote working model adapted to new regulations, the Group will continue this monitoring process with the aim of maintaining a working model that is able to adapt to the health situation at all times.

10. Capital structure

At 31 December 2021 the Parent Company's subscribed and paid-up capital amounted to €35,330,880.40, divided into 176,654,402 ordinary shares with a par value of €0.20 each, represented by accounting entries.

All the shares are listed on the Madrid, Barcelona, Valencia and Bilbao stock exchanges, are traded on the Continuous Market, and are included in the selective IBEX-35 index, with a year-end share price of €9.52 (€6.98 at year-end 2020). The average share price for the last quarter of 2021 and 2020 was €9.95 and €6.42, respectively.

The Parent Company's main shareholders at 31 December 2021, holding an interest of over 3%, are: SEPI (18.7%); Fidelity Management & Research LLC (9.8%); SAPA (5.0%); Fidelity International Limited (3.9%); Norges Bank (3.6%); Corporación Financiera Alba (3.2%); T.Rowe Price Associates (3.1%); Santander Asset Management (3.1%).

11. Shareholder remuneration

No dividends were paid by the Parent Company in 2021.

The Parent Company's Board of Directors agreed to resume the payment of dividends and to submit the distribution of a cash dividend of €0.15 per share, payable in July 2022, for the consideration of the shareholders at the next General Shareholders Meeting.

The proposed distributions of 2021 profits in Group companies have been drawn up by their respective boards and will be submitted for approval at the relevant General Shareholders Meetings.

12. Derivatives

The Group pursues an active policy of hedging risks arising from exchange rate fluctuations by arranging hedges and derivative instruments with financial institutions.

The Group is also considering the use of interest rate swaps to manage its exposure to interest rate fluctuations mainly in its long-term floating rate bank loans.

At present, no interest rate swaps have been entered into.

13. Treasury shares

Making use of the delegated authority conferred by the General Shareholders Meeting, the Company directly holds 499,888 shares at 31 December 2021 (0.28% of share capital) amounting to €4,862 thousand. Further details can be found in Note 18 to the annual accounts.

During 2021, the Company acquired 13,106,523 of its own shares on the stock exchange (7.42% of share capital) (6.90% of annual volume) and sold 13,153,190 of its own shares (7.45% of share capital) (6.93% of annual volume). Further details on share movements in 2020 can be found in Note 18 to the annual accounts.

14. Outlook

The Group expects revenue in excess of €3,550 million in constant currency, EBIT over €270 million and Free Cash Flow over €170 million in 2022.

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 3/2021of 28 September and is available on the CNMV website (www.cnmv.es), to which 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 3/2021 of 28 September and is available on the CNMV website (www.cnmv.es), to which it was sent by the Company, and on the corporate website (www.indracompany.com).

17. Non-financial information

The Sustainability Report/Non-Financial Information Statement forms part, as an appendix, of the Consolidated Management Report and is therefore subject to the same rules for approval, filing and publication as the Management Report, having been drawn up and approved by the Board of Directors together with the Management Report at its meeting on 28 March 2022. The Sustainability Report includes the necessary information to understand the Company's performance, results and situation and the impact of its business activities with respect to, at least, environmental and social issues, as well as those related to personnel, respect for human rights and the fight against corruption and bribery, among others. The Sustainability Report can also be consulted at 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.

Organic revenue

- Definition/Reconciliation: revenues adjusted for the impact of exchange rates and changes in the consolidation scope due to acquisitions and divestitures. The exchange rate impact is adjusted by calculating income at the average exchange rate for the previous period. The change in the consolidation scope is adjusted by treating acquisitions as if they had been consolidated in the previous period.
- Explanation of use: This is an indicator that reflects the increase in sales excluding the impact of changes in the consolidation scope (acquisitions and divestitures) and the impact of currency exchange rates.
- Consistency of the policy used: there is no change in policy with respect to the previous year.

CONSOLIDATED INCOME STATEMENT (€M)	2021	2020
Reported revenue	3,390	3,043
Inorganic prior-year contribution	-	36
Exchange rate impact	41	-
Organic revenue	***3,431***	***3,079***

The Inorganic prior-year contribution heading relates to the revenues of SmartPaper, S.P.A., Smartest, S.R.L. and Baltik IT S.I.A. acquired in 2020.

EBITDA

- Definition/Reconciliation: EBITDA stands for earnings before interest, tax, depreciation and amortisation.
- Explanation of use: EBIT (earnings before interest and tax) 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)	2021	2020
EBIT	255.5	(33)
Depreciation/amortisation	93.5	110
EBITDA	***349***	***77***

EBIT

- Definition/Reconciliation: It is defined in the annual income statement.
- Explanation of use: EBIT (earnings before interest and tax) 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)	2021	2020
EBITDA	349	77
Depreciation/amortisation	(93.5)	(110)
EBIT	***255.5***	***(33)***

Operating Margin

- Definition/Conciliation: 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: 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)	2021	2020
EBIT	255.5	(33)
Extraordinary Costs	28.5	200
Operating Margin	***284***	***168***

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 Debt/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)	2021	2020
Cash and cash equivalents	1,235	1,185
Non-current bank borrowings and debentures	(1,436)	(1,373)
Current bank borrowings and debentures	(39)	(293)
Net borrowings	***(240)***	***(481)***

Free Cash Flow

- Definition/Reconciliation: These are the funds generated by the Group before dividend payments, net financial investments and other similar amounts, and investment in treasury shares (Note 2. Statement of Financial Position and Cash Flow Statement). It is calculated on the basis of profit before taxes in the consolidated cash flow statement: deducting grants, provisions and gains/losses on fixed assets and other items, adding depreciation and amortisation, adding the results of subsidiaries and other investees, adding financial results, adding dividends received, adding cash from operating activities, deducting payments for the acquisition of property, plant and equipment and intangible assets, deducting financial results and corporate income tax paid, and adding or deducting other flows from investing activities.

- Explanation of use: This is the cash generated by the Group's own business operations that is available to the providers of funds (shareholders and financial creditors) once the Parent Company's investment needs have been met. It is an indicator that investors use for valuing companies.

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

- Reconciliation: see Note 2.

Order Intake

- Definition: This is the volume of contracts successfully obtained over a period. The order intake figure should not be confused with the Revenue figure since the amount of a contract secured in a particular year (and which is accounted for as order intake in that year) may be spread over a number of years.

- Explanation of use: As it reflects the amount of contracts obtained in a given year, the order intake figure is an indicator of the future performance of the Group's business.

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

ORDER INTAKE	2021	2020
Minsait order intake	2,185	2,058
Transport & Defence order intake	1,529	1,800
Order Intake	***3,714***	***3,858***

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	2021	2020
Order Intake	3,714	3,858
Sales	3,390	3,043
Book to Bill	***1.10***	***1.27***

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 termination 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.

BACKLOG	2021	2020
Minsait backlog	1,600	1,591
Transport & Defence backlog	3,859	3,639
Backlog	***5,459***	***5,229***

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: 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.

BACKLOG/SALES	2021	2020
Backlog	5,459	5,229
Sales	3,390	3,043
Backlog/Sales	***1.61***	***1.72***

Return on Capital Employed (ROCE)

- Definition: profits before interest and after taxes, divided by the capital employed by the company.
- Explanation of use: a financial indicator used by the Company to measure the efficiency with which it is using its capital to generate profits.
- Consistency of the policy used: there is no change in policy with respect to the previous year.

ROCE	2021
EBIT	255.5
Actual tax rate	30.9%
Taxes applicable to ROCE	(79)
NOPLAT	176
Capital employed	1,082
ROCE	***16%***

The actual tax rate is obtained by dividing the corporate income tax expense by pre-tax profits.

Taxes applicable to ROCE are obtained by multiplying EBIT by the actual tax rate.

The NOPLAT is the result of EBIT less taxes applicable to ROCE.

Capital Employed has been calculated as follows:

Capital employed	2021
Fixed assets	89
Intangible assets	274
Goodwill	921
Working capital	38
Other adjustments	(241)
Capital employed	***1,082***

Fixed assets are the sum of Property, plant and equipment, Assets held for sale and Liabilities held for sale.

Working Capital is the sum of Inventories, plus Trade Receivables, plus Accounts Receivable for Billable Production, plus the Provision for Bad Debts, less Trade Payables, less Customer Advances

Other Adjustments is calculated by adding the effect of IFRS 16, plus Defence UTEs, plus Grants, plus Receivables from Personnel , plus Other Receivables, Advance Taxes Receivable from Public Institutions, plus Corporate Income Tax Assets receivable from Public Institutions, plus Deposits and Guarantees, plus Prepayments and Accrued Income, less Grants, Donations and Bequests, less the Provision for Liabilities and Charges, less Long-term Payables (without cost), less Accrued Wages and Salaries, less Deferred Taxes Payable, less Corporate Income Tax Payable, less Other Payables to Public Institutions, less Other Payables, less Accruals and Deferred Income.

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: 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	2021	2020
Sales	3,390	3,043
Sales/day	9.3	8.3
Total Working Capital (€M)	(38)	23
Working Capital (DoS)	***(4)***	***3***

The calculation of Total Working Capital is as follows:

Total Working Capital	2021	2020
Trade receivables	87	88
Inventories	415	491
Trade payables	(540)	(556)
Total Working Capital	***(38)***	***23***

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, Advance payments to customers - long and short term.

Inventories is the sum of Short-term inventories plus Long-term inventories.

19. Events after the reporting date

Uncertainty due to the crisis in Ukraine

There is currently a high level of uncertainty concerning how the crisis in Ukraine will develop and the global economic, political and social repercussions of the conflict on other neighbouring countries, particularly the European Union.

The main worldwide effects are addressed below.

1. In general terms

    - Slowdown in forecast global growth, particularly in the European economies.
    - Deglobalisation of the world economy, with the segmentation of the economy into two blocs (one bloc being the European Union and the USA, and the other Russia and China).
    - Prices increases in the supply chain, particularly in energy, due to economic dependence on raw materials (gas and oil) and the resulting inflation.
    - Falling GDP, adversely affecting private consumption, and rising interest rates on the back of inflation.

2. Specific to Europe:

    - Humanitarian crises, given the proximity to the conflict: European Union Member States are taking in a large number of refugees.
    - Possible energy shortages in the European Union.
    - Potential impact on the semiconductor supply chain.
    - Market volatility.
    - Uncertainty over the duration and evolution of the conflict

In the wake of the crisis, sanctions have been imposed on Russia, particularly in the financial sphere, but also in relation to exports and technology.

The Group has no significant operations in Russia or Ukraine. Indra does not currently have suppliers with a significant volume of purchases in the region (less than €1 million in 2021) and therefore it is not exposed to self-sufficiency issues. It also has no significant volume planned in either Russia or Ukraine in 2022, with a portfolio in the region of less than €4 million at end-2021.

However, this crisis could have worldwide repercussions, causing inflation, supply chain crises, etc. which could have medium to long-term effects for the Group.

With respect to the countries bordering this conflict in the former USSR, the operating portfolio relates to the ATM, Defence and Transport market, with a volume of €19.5 million.

Group Management has implemented various internal controls in the financial, foreign trade and information security areas, among others, to align itself with the sanctions imposed and is continuously monitoring the situation through the creation of a Monitoring Committee within the Strategy Unit with the aim of:

- Assessing the impact of the conflict on Indra.
- Bolstering the Company's policies.
- Supporting the measures imposed by the UN, NATO and EU.
- Plans to protect the Company's professionals and customers from all possible threats.
- Ongoing assessment of dependence on critical suppliers and contingency plans in the event of supply interruption.

Tax inspection update 2011-2014

On 7 March 2022, notification was received of the Court's ruling to partially uphold the economic-administrative appeal relating to corporate income tax, resolving the case on a cumulative basis and annulling both the assessment and the penalty. However, the Company disagrees with the content of the Ruling and therefore intends to file a contentious-administrative appeal before the National High Court within the stipulated two-month period.

All the assessments are suspended and secured by bank guarantee (the penalties are automatically suspended without the need for any guarantee). The Company has not made provision for any amount because it believes, together with its tax advisors, that the risk of failure is low.

Other relevant events:

- On 22 February, the Council of Ministers authorised SEPI to buy an additional 10% of Indra's capital, which would raise its shareholding to 28%. In its notification to the CNMV, SEPI stated that this decision is a sign of support for all the Company's lines of business and its corporate governance. At the time of writing, SEPI has not announced any increase in its shareholding.
- With respect to the proceedings referred to in Note 24 to the Consolidated Annual Accounts concerning Preliminary Proceedings 85/2014 brought before the National Court's Central First-Instance Court No. 6, the pre-trial investigation phase ended on 29 January 2022, although the order bringing that stage to a close has yet to be issued.