Indra Sistemas, S.A. And Subsidiaries

Consolidated Financial Statements for the year ended 31 December 2020 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 46). In the event of a discrepancy, the Spanish-language version prevails.

indra

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and 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 46). 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.,

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 2020, 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 2020, 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.

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Recognition of revenue by reference to stage of completion

Description

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

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

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

The information relating to the revenue recognised by reference to the stage of completion is disclosed in Notes 4-v and 28 to the consolidated financial statements.

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

Procedures applied in the audit

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

In this connection, for a representative sample of contracts, we checked that the revenue recognised by the Group was consistent with the terms and conditions of those contracts, verifying the price agreed on under those contracts, the reasonableness of the cost budgets considered, and whether the future milestones will 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 2019 with the actual data for the contracts in 2020.

Lastly, we checked that the disclosures included in Notes 4-v and 28 to the accompanying consolidated financial statements in connection with this matter 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 889 million and intangible assets amounting to EUR 279 million, as presented in the consolidated statement of financial position as at 31 December 2020 and as indicated in Notes 8 and 9 to the 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 issue 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 2020, 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 and certain information included in the Annual Corporate Governance 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 2020 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 8 and 9, 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 2020, which comprise the XHTML file including the consolidated financial statements for 2020 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 2020 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

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 24 March 2021.

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 Annual General Meeting for a period of three years and have been auditing the financial statements uninterruptedly since the year ended 31 December 2015.

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

Javier Peris

F. Javier Peris Álvarez
Registered in ROAC under no. 13.355

24 March 2021

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 Statements of Financial Position as at 31 December 2020 and 2019

(Thousand euro)

Assets	Note	2020	2019
Property, plant and equipment	6	96,235	117,163
Investment property		1,207	1,302
Right-of-use assets	7	119,473	129,592
Goodwill	8	889,489	884,911
Intangible assets other than goodwill	9	278,877	372,585
Investments accounted for using the equity method	11	15,999	10,895
Non-current asset derivatives	10, 12, 38	2,429	389
Non-current trade and other receivables	10, 12	16,939	34,687
Other non-current financial assets	10, 12	144,645	106,822
Long-term contract assets	13	79,944	65,431
Deferred tax assets	36	199,115	151,095
Non-current assets		**1,844,352**	**1,874,872**
Assets held for sale	14	9,562	13,378
Inventories and short-term contract assets	15	411,446	401,173
Current trade and other receivables	10, 17	892,853	1,050,707
Current tax assets	36	32,584	31,994
Current asset derivatives	10, 16, 38	6,093	2,910
Other current financial assets	10, 16	11,446	9,747
Other current non-financial assets	16	69,713	77,180
Cash and cash equivalents	10, 18	1,184,853	854,509
Current assets		**2,618,550**	**2,441,598**
Total assets		**4,462,902**	**4,316,470**

Equity and Liabilities	Note	2020	2019
Issued capital	19	35,330	35,330
Share premium	19	523,754	523,754
Retained earnings	19	245,850	312,751
Treasury shares	19	(3,768)	(2,788)
Other equity interests	19	8,000	6,763
Cash flow hedge	19	(177)	(16,559)
Currency translation differences	19	(144,207)	(81,966)
Total equity attributable to the owners of the Parent Company		**664,782**	**777,285**
Non-controlling interests	19	19,098	23,468
Equity		**683,880**	**800,753**
Non-current employee remuneration provisions	24	10,475	6,534
Other non-current provisions	24	55,456	48,675
Total non-current provisions		**65,931**	**55,209**
Non-current bank borrowings and debentures	10, 21	1,372,827	1,379,553
Non-current liability derivatives	10, 22, 38	1,450	1,139
Other non-current financial liabilities	10, 22	223,068	201,378
Grants	23	28,321	12,427
Other non-current non-financial liabilities		712	1,406
Deferred tax liabilities	36	1,473	1,601
Non-current liabilities		**1,693,782**	**1,652,713**
Liabilities held for sale	14	2	2
Current employee remuneration provisions	27	82,008	37,538
Other current provisions	27	30,633	38,684
Total current provisions		**112,641**	**76,222**
Current bank borrowings and debentures	10, 25	293,412	26,709
Current liability derivatives	10, 38	6,652	22,711
Other current financial liabilities	10, 27	74,967	85,248
Current trade and other payables	10, 26	1,334,802	1,358,679
Current tax liabilities	36	24,744	22,289
Other current non-financial liabilities	27	238,020	271,144
Current liabilities		**2,085,240**	**1,863,004**
Liabilities		**3,779,022**	**3,515,717**
Total equity and liabilities		**4,462,902**	**4,316,470**

The notes to the accounts and the appendices 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 (Notes 2 and 46). In the event of a discrepancy, the Spanish-language version prevails.

Indra Sistemas, S.A. and Subsidiaries
Consolidated Income Statement as at 31 December 2020 and 2019

(Thousand euro)

	Note	2020	2019
Revenue	28	3,043,408	3,203,939
Other operating income	29	18,103	21,104
Change in inventories	15	39,750	68,119
Own work capitalised	9	51,403	69,825
Raw materials and consumables	30	(734,599)	(795,394)
Staff costs	31	(1,877,868)	(1,757,701)
Other operating expenses	32	(393,625)	(482,504)
Changes in trade provisions	32	(19,288)	20,592
Fixed asset amortisation	6, 7, 9	(110,279)	(125,224)
Other gains/(losses) on fixed assets	33	(49,890)	(1,734)
Profit/(loss) from operating activities		**(32,885)**	**221,022**
Financial income	10	6,168	5,416
Financial expenses	10	(47,258)	(48,268)
Profit/(loss) from financial assets at amortised cost	10	(36)	(1,338)
Net financial income/(expense)		**(41,126)**	**(44,190)**
Share of profit/(loss) of equity-accounted associates and joint ventures	11	1,598	731
Profit/(loss) before tax		**(72,413)**	**177,563**
Tax income (expense)	36	**14,946**	**(51,461)**
Profit/(loss) from continuing operations		(57,467)	126,102
Profit/(loss) from discontinued operations		-	-
Profit/(loss) for the year		**(57,467)**	**126,102**
Profit/(loss) attributable to the owners of the Parent Company		(65,153)	121,364
Profit/(loss) attributable to non-controlling interests	19	7,686	4,738
Basic earnings per share			
Basic earnings/(losses) per share from continuing operations	20	(0.3697)	0.6883
Basic earnings/(losses) per share from discontinued operations		-	-
Total basic earnings/(losses) per share		**(0.3697)**	**0.6883**
Diluted earnings per share			
Diluted earnings/(losses) per share from continuing operations	20	(0.3249)	0.6396
Diluted earnings/(losses) per share from discontinued operations		-	-
Total diluted earnings/(losses) per share		**(0.3249)**	**0.6396**

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Indra Sistemas, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income as at 31 December 2020 and 2019

(Thousand euro)

	Note	2020	2019
Profit/(loss) for the year		(57,467)	126,102
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	19	(62,907)	(1,538)
Other comprehensive income, before tax, currency translation differences		(62,907)	(1,538)
Cash flow hedges			
Cash flow hedge taken directly to equity	19	20,944	(1,246)
Cash flow hedge transferred to the income statement	19	899	(2,226)
Other comprehensive income, before tax, cash flow hedges		21,843	(3,472)
Total other comprehensive income that will be reclassified to the income statement, before tax		**(41,064)**	**(5,010)**
Total other comprehensive income, before tax		**(41,064)**	**(5,010)**
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		(5,236)	312
Tax effect of cash flow hedge transferred to the income statement		(225)	556
Income tax on cash flow hedges included in other comprehensive income		**(5,461)**	**868**
Income tax on components of other comprehensive income that will be reclassified to the income statement		**(5,461)**	**868**
Total other comprehensive income		**(46,525)**	**(4,142)**
Total comprehensive income		**(103,992)**	**121,960**
Comprehensive income attributable to			
Comprehensive income attributable to the owners of the Parent Company		(111,012)	116,646
Comprehensive income attributable to non-controlling interests		7,020	5,314

The notes to the accounts and the appendices are an integral part of the Consolidated Annual Accounts.

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Indra Sistemas, S.A. and Subsidiaries
Consolidated Statements of Changes in Equity for the years ended 31 December 2020 and 2019

(Thousand euro)

	Equity attributed to the owners of the Parent Company								Non-controlling interests	Total
						Other comp. income				
	Issued capital	Share premium	Treasury shares	Share-based payments	Retained earnings	Currency translation differences	Cash flow hedge	Subtotal		
Balance at 01.01.19	**35,330**	**523,754**	**(3,663)**	**3,446**	**191,766**	**(79,852)**	**(13,955)**	**656,826**	**20,861**	**677,687**
Changes in equity										
Profit/(loss) for the year	-	-	-	-	121,364	-	-	121,364	4,738	126,102
Other comprehensive income	-	-	-	-	-	(2,114)	(2,604)	(4,718)	576	(4,142)
Total comprehensive income	**-**	**-**	**-**	**-**	**121,364**	**(2,114)**	**(2,604)**	**116,646**	**5,314**	**121,960**
Dividends recognised as distributions to the owners	-	-	-	-	-	-	-	-	(2,923)	(2,923)
Increase/(decrease) due to other changes in equity	-	-	-	3,317	(875)	-	-	2,442	216	2,658
Increase/(decrease) due to dealings in treasury shares, equity (Note 19)	-	-	875	-	496	-	-	1,371	-	1,371
Total increase/(decrease) in equity	**-**	**-**	**875**	**3,317**	**120,985**	**(2,114)**	**(2,604)**	**120,459**	**2,607**	**123,066**
Balance at 31.12.19	**35,330**	**523,754**	**(2,788)**	**6,763**	**312,751**	**(81,966)**	**(16,559)**	**777,285**	**23,468**	**800,753**
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)
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 19)	-	-	(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**

The notes to the accounts and the appendices 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 2020 and 2019

(Thousand euro)

	Note	2020	2019
Cash flows generated from/(absorbed by) operating activities			
Profit/(loss) for the year		(57,467)	126,102
Income tax expense	36	(14,946)	51,461
Profit/(loss) before tax		**(72,413)**	**177,563**
Grants	23, 29	(7,887)	(10,942)
Provisions	17, 24, 27	69,753	(20,259)
Other gains/(losses) on fixed assets	33	49,890	1,734
Other reconciling adjustments to results		-	(155)
Depreciation and amortisation expenses	6, 7, 9	110,279	125,224
Profit/(loss) in associates	11	(1,598)	(731)
Net financial income/(expense)	10	41,126	44,190
Dividends received		2,164	343
Operating profit before changes in working capital		**191,314**	**316,967**
Decrease/(increase) in inventories and contract assets		(28,236)	(100,658)
Decrease/(increase) in trade receivables		175,618	42,126
Decrease/(increase) in other receivables from operating activities		10,646	(5,257)
Increase/(decrease) in trade payables		(83,126)	(44,755)
Increase/(decrease) in other payables from operating activities		(32,218)	(22,439)
Cash flows from operating activities		**42,684**	**(130,983)**
Corporate income tax paid		(38,147)	(36,481)
Net cash flows generated from/(absorbed by) operating activities		**195,851**	**149,503**
Cash flows generated from/(absorbed by) investing activities			
Other cash collections from sales of debt or equity instruments of other entities		42,012	(62)
Other cash payments to acquire debt or equity instruments of other entities	5	(31,463)	(68,484)
Payments for acquisition of property, plant and equipment	6	(19,251)	(30,816)
Payments for acquisition of intangible assets	9	(46,713)	(63,907)
Government grants received	9, 23	26,718	18,717
Interest collected		4,637	3,644
Other flows from investing activities	7, 22, 27	(36,901)	(35,351)
Net cash flows generated from/(absorbed by) investing activities		**(60,961)**	**(176,259)**

	Notes		
Cash flows generated from/(absorbed by) financing activities			
Acquisition of treasury shares	19	(95,973)	(71,540)
Disposal of treasury shares	19	93,646	72,727
Increase in payables due to issuance of debentures and other marketable securities	21	36,566	-
Issuance of bank borrowings	21, 25	329,262	130,449
Repayment and redemption of debentures and other marketable securities	21, 25	-	(13,870)
Repayment and redemption of bank borrowings	21, 25	(107,741)	(111,716)
Dividends paid to non-controlling interests	19	(5,484)	(2,923)
Interest paid	10	(41,252)	(34,250)
Other collections/(payments) from financing activities		-	(5,535)
Net cash flows generated from/(absorbed by) financing activities		**209,024**	**(36,658)**
Net increase/(decrease) in cash and cash equivalents before the effect of foreign exchange fluctuations		343,914	(63,414)
Effect of foreign exchange fluctuations on cash and cash equivalents		(13,570)	98
Net increase/(decrease) in cash and cash equivalents		**330,344**	**(63,316)**
Cash and cash equivalents at beginning of year	18	**854,509**	**917,825**
Cash and cash equivalents at year end	18	**1,184,853**	**854,509**

The notes to the accounts and the appendices 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 (Notes 2 and 46). In the event of a discrepancy, the Spanish-language version prevails.

Notes to the Condensed Consolidated Financial Statements for the year ended 31 December 2020

CONTENT

1) The Group's nature, composition and activities

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

The Parent Company's shares are listed on the Madrid, Barcelona, Valencia and Bilbao Stock Exchanges (Note 19) 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.

On 23 November 2017, Indra Sistemas, S.A.'s Board of Directors approved the 2018-2020 Strategic Plan, which included the Group's future corporate reorganisation based on the segregation of the IT business unit. Since then the Group has completed various corporate operations to segregate the entire Information Technologies business.

In June 2020, in order to reorganise the transport consultancy business carried on by the Indra Group through the company Indra Business Consulting, S.L.U., the business was segregated to the company set up in January of the current year, ALG Global Infrastructure Advisor, S.L. Subsequently, as this business forms part of the T&D business segment, in October the Parent Company acquired this company from Indra Business Consulting for €18,011 thousand.

In September 2020, within the Group, the cybersecurity business of Indra Soluciones Tecnologías de la Información, S.L. (subsidiary of Indra Holding Tecnologías de la Información) was spun off to Sistemas Informáticos Abiertos, S.A.

Appendix I, which forms an integral part of the Group's Consolidated Annual Accounts for the financial year ended 31 December 2020, 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 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.

In addition to the above-mentioned project, the Group has deregistered other companies, as summarised below:

* 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 33).

* 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 (Note 5):

* 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. The agreement stipulates an irrevocable commitment for Indra and the sellers to buy-sell the remaining 30% of SmartPaper, S.P.A. in the first half of 2021 for a price of €1,094 thousand, this amount having been provisioned by Indra. An additional amount of €6,000 thousand has been 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.

During the year ended 31 December 2019, the Group set up the following subsidiaries:

* On 11 March 2019, the Parent Company set up Indra Factoría Tecnológica, S.L.U., subscribing and paying up 100% of share capital in the amount of €3 thousand.

* On 29 May 2019, the Group company Indra Holding Tecnologías de Información, S.L.U. set up the company Minsait Payments Systems, S.L.U., subscribing and paying up 100% of share capital in the amount of €3 thousand.

* On 3 June 2019, the company Indra T&D, S.A.C. was set up with a share capital of PEN 1,000. The Parent Company owns a total of 999 shares (99.9% stake) and the Group company Indra Advanced Technology, S.L.U. holds one share (0.1% stake).

* On 3 June 2019, the company Indra Servicios Perú, S.A.C. was set up with a share capital of PEN 1,000. The Group company Indra BPO, S.L.U. owns a total of 999 shares (99.9% stake) and the Group company Indra Perú, S.A. holds one share (0.1% stake).

* On 6 August 2019, the company Indra Sistemas Transporte y Defensa, S.A. de C.V. was set up with a share capital of MXN 50,000. The Parent Company owns a total of 49,999 shares (99.998% stake) and the Group company Indra Advanced Technology, S.L.U. holds one share (0.002% stake).

During the year ended 31 December 2019, the Group deregistered the following subsidiaries:

* In June 2019, the Group company Indra Emac, S.A.U. was merged into the Parent Company with effect for accounting purposes as from 1 January 2019.

* On 27 June 2019, the Parent Company wound up and liquidated its investee Indra Kazakhstan Engineering limited.

* On 31 May 2019, the subsidiary Indra Technology South Africa, PTY, LTD went into liquidation.

During the year ended 31 December 2019, the Group acquired the following subsidiaries:

* On 20 September 2019, the Group company Indra Tecnologías de la Información, S.L.U. acquired 100% of the company Morpheus Aiolos, S.L. for €1,414 thousand.

* On 31 December 2019, the Parent Company acquired 100% of the company Sistemas Informáticos Abiertos, S.A. for €72,896 thousand. In addition, the Parent Company recognised a liability of €7,534 thousand in respect of guarantees in the form of price retentions that were released in 2020 in accordance with the sale and purchase agreement.

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 2020 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 2020 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 2020 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 2020 consolidated annual accounts, which were authorised for issue on 22 March 2021, will be approved by the General Shareholders' Meeting without changes.

The 2019 Consolidated Annual Accounts were approved by the General Shareholders' Meeting on 25 June 2020.

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 in other circumstances. 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 (Note 17).
- 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. Development projects in progress are analysed for impairment using forecast discounted cash flows over the estimated useful life of the project. 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 division 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 market trends. Cash flows beyond year five are extrapolated applying individual growth rates. The key assumptions when determining these values include growth rates, weighted average cost of capital, tax rates and working capital levels (Note 8).
- The Group estimates the useful life of property, plant and equipment and intangible assets so as to calculate the depreciation or amortisation charged on fixed assets. Useful life is determined using estimates of expected technological developments, entailing a significant degree of judgement. The need to assess potential impairment means taking into consideration factors such as technological obsolescence, cancellation of certain projects and other changes to circumstances estimated (Notes 6 and 9).
- The Group records provisions for liabilities and charges. The final cost of litigation and contingencies may vary depending on the interpretations of legislation, opinions and final evaluations. Any change to these circumstances could have a material effect on the amounts recognised under the heading Provisions for liabilities and charges (Note 24).

- Deferred tax assets are reflected for all deductible temporary differences, tax-loss carryforwards and tax credits pending application for which the Company 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 36).

- The Group is involved in regulatory and legal proceedings and government inspections in a number of jurisdictions. A provision is posted 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 (Note 24).

- 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 17). 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 emergence and rapid spread of Covid-19 around the globe at the beginning of 2020 triggered a sudden, deep health, social and economic crisis. All economic sectors, including those in which Indra operates, were affected to a greater or less extent and face structural challenges raised by the repercussions of the pandemic, but which had arisen previously and will remain once it is over. There is still considerable uncertainty surrounding the time it will take to deploy the vaccines or effective medical treatments able to decisively mitigate the effects and expansion of the pandemic. In these circumstances, it is difficult to estimate crisis recovery times, so the consequences for the Group's operations are as yet uncertain. The impact will depend largely on the evolution of the pandemic in the upcoming months as well as on the way and the speed with which the economy returns to normal following the health emergency.

The main effects of the pandemic on the financial statements are described below:

1. In general, the coronavirus crisis has had a significant impact on the Group's operations, causing a fall in revenue and profitability. The Group's Directors and Managers are continuously monitoring the effects the pandemic is having on activities in each country and business. The changing, unpredictable course of events could still have adverse impacts. The following effects were observed during the year:

    a. Delays in the handover of projects and tenders, as well as associated cost overruns.

    b. Delays and in some cases scope reductions in secured projects.

    c. Pressures on prices and project scopes.

2. Due to the economic, production and organisational factors that have weighed down the Group's business results and are structural in nature, though aggravated by the pandemic, the Group has reached the following labour agreements with the employees' legal representatives so as to transform the workforces of the two main companies (Indra Sistemas, S.A. and Indra Soluciones Tecnologías de la Información, S.L.U.), thereby cutting staff costs and mitigating the adverse effects of the decline in business and income. These agreements are part of the planned actions announced by Indra in July to overcome the difficulties generated by structural changes in the industries in which the two companies have operations, adapt to the new market and demand conditions, eliminate inefficiencies and enhance competitiveness.

   This general action plan is grounded in cost efficiency and the prioritisation of investments and resources, and entails proactive management of new demand, stimulation of revenue, use of technological capabilities and acceleration of business transformation. The main lines of action include cutting non-staff costs, improving internal processes and new working models, redirecting CAPEX investments and balance sheet adjustments, together with the workforce transformation.

   a. <u>Lay-off proceedings</u> in the Spanish subsidiary Indra Soluciones Tecnologías de la Información, S.L., consisting of the termination of 580 employment contracts, suspension of 125 contracts and pay cuts for 100 employees. The suspensions and cuts could lead to termination, however. The lay-off period ended on 31 January 2021.

      This agreement has 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.

      This resulted in the recognition of staff costs totalling €63.6 million (€37.7 million settled at the year end)

   b. <u>Collective agreement on early retirement and voluntary redundancy</u> in the parent company Indra Sistemas, S.A. This agreement will affect 220 employees, of whom a maximum of 135 will take early retirement and 85 will agree to voluntary redundancy. The term of the agreement is until 30 June 2021.

      This will avoid traumatic measures that could have a serious adverse impact on employment and on the Company's stability by replacing collective dismissals with a process of early retirements and voluntary redundancies, which will also achieve the purpose of reducing and adjusting the workforce so as to improve competitiveness.

      Staff costs recognised in this respect amounted to €21.6 million.

   c. <u>Other agreements reached with the employees' legal representatives in 2020.</u> The Group also reached various agreements with employee representatives in the following countries: home working and flexible working hours in Germany in response to Covid-19; framework regulations in Algeria; a wage review in Argentina and Brazil; workforce restructuring in Norway; and a wage review, workforce restructuring and flexible working hours in Romania.

3. Asset impairment.

   IAS 36 "Impairment of assets" requires entities to assess assets for indications of impairment at the end of each reporting period and to estimate the recoverable amount, if applicable.

   In general, the factors resulting from the pandemic entail indications of impairment such as the decline in demand and tightening of margins on products or services with respect to pre-health crisis levels, as well as different rates of recovery, among others.

   In addition, the new scenario will drive deep structural changes for the Group's customers affecting their business and operating models, and their technology needs, which will bring demand for different technology solutions coupled with high-speed transformation and considerable pressure to enhance efficiency, while digitalisation will gain pace in all industries. As a result, the Company has analysed and estimated returns from each of its products following the impact of Covid-19 so as to redirect investments. This has been done by grouping them into the following categories: products to drive, stimulate/bolster, transform/change the value proposal, and to deprioritise.

Impairment losses on intangible assets as a result of deprioritising products and transforming the value proposal amount to €86 million, of which €84 million is recognised in impairment losses (Note 9) and €2 million in other current liabilities. From this amount, €31 million of this amount has been recognised by the Parent Company.

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

5. The equity impact of balance sheet consolidation of countries with a currency other than the euro amounted to €(62,241) thousand at the year end. In addition, the accounting effect on net borrowings amounted to €(13,320) thousand. Part of this effect is explained by the depreciation of certain currencies due to the global health crisis.

6. The Group has assessed the recoverable amount of the CGUs based on projections made using the best prospective information available for the upcoming five years, taking into account investment plans in each business and conditions in the Group's markets. No impairment has been recognised in the business segments as a result of the analyses.

7. In order to offset the adverse effects of the pandemic, the Group partially closed work centres and cut back services. This implied cancelling leases and recognising an impairment loss of €6 million on property, plant and equipment (€0.7 million in the Parent Company).

8. The transformation of the working model, mainly through teleworking, required considerable improvements to IT security and infrastructures: Continuous monitoring of information security indicators and reinforcement of remote controls; Increase in the capacity for remote connection to Indra's systems; Assurance of the supply of equipment such as laptop computers, terminals and modems; Increase in hardware infrastructures; Migration to Office 365 plans and improvement of collaborative tools to support teleworking.

9. In the case of work performed at Indra's headquarters, the Group put in place the necessary hygiene measures, incurring the associated costs.

10. Despite these adverse circumstances, thanks to Group Management's monitoring of liquidity needs to assure that the necessary financial resources are available for operations, an FCF of €83.1 million was generated during the year.

    The Group's net debt decreased by €71 million (€109 million setting aside payments under the lay-off proceedings described in section 3). Group Management took steps to adapt project collection and payment schedules and to improve the liquidity position. For this purpose, long-term bank financing was increased by €218 million. In addition, a private issue of €35 million simple bonds maturing in the long term was completed in July, maturing on 31 December 2026. These measures have resulted in the fact that the Group's liquidity at closing date stands at €1,185 million in cash and cash equivalents and €186 million in short-term undrawn credit lines, entailing a liquidity position of €1,371 million.

    The Group also has no relevant debt maturities until 2023, although the convertible bond issue for a nominal €250 million maturing in 2023 includes a put option in favour of the bondholders that may be exercised in October 2021.

    Except for €80 million loan from the European Investment Bank, none of the Group's existing forms of financing is subject to the fulfilment of covenants that could entail early maturity. The loan includes a shareholders' funds to total capital covenant that has been fulfilled since the loan was arranged.

11. The Group has accessed government aid programmes relating to the Covid-19 crisis outside Spain (mainly in America). This aid consists of certain deferred payment of tax liabilities amounting to €6 million and subsidies convertible loans of €1.5 million. The impact of government aid on the income statement is minimal (€0.5 million).

Although the uncertainty surrounding Covid-19 may affect results for the following year, there are positive signs allowing us to expect a better performance.

Impacts and uncertainties related to BREXIT

On 23 June 2016, the United Kingdom held a referendum on whether or not to remain in the European Union. The outcome favoured leaving, which led to the start of the formal exit process on 29 March 2017 through an official notification sent by the United Kingdom to the European Council. This was followed by a long period of negotiations between the EU and the UK which culminated in the UK's exit from the EU on 31 January 2020. The transition period ended on 1 January 2021, when the UK's status as a third country in relation to the EU became fully effective.

Since then, the relationship between the UK and the EU is based on the "Trade and Cooperation Agreement" (TCA). The TCA permits duty-free trade in goods between the two parties, one of the aspects of Brexit that could have mostly impacted business.

Since the start of the exit process, the Group has undertaken comprehensive analyses of the potential impact of Brexit on all the business lines. Both Minsait and Transport and Defence have activities in the United Kingdom, although assessments performed point to an immaterial impact on the Group's operations. This possible impact would derive essentially from:

- The application of new formalities and customs controls on the movement of goods from or to the UK, which could have a certain effect on goods shipment and receipt times, and thus on the supply chain.

- The end of the free movement of people, which means some minor restrictions on our activities in the United Kingdom.

The Group as a whole and all its business lines have taken the necessary measures to mitigate the potential impacts of Brexit, which are estimated to be residual for Indra in any event.

Standards and interpretations approved by the European Union, in force and applicable to the Consolidated Annual Accounts for the financial year ended 31 December 2020

The following standards have been first-time adopted in the Consolidated Annual Accounts for the year ended 31 December 2020:

- **Amendments to IAS 1 AND IAS 8: "Definition of material".** These amendments are designed make IAS 1 definition of material easier to understand and are not intended to change the underlying concept of materiality. The concept of obscuring material information with immaterial information has been included. The IAS 8 definition of material has been replaced by a reference to the IAS 1 definition.
- **Amendments to References to the Conceptual Framework in IFRS Standards.** The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32, which are mainly intended to ensure that the standards are consistent.
- **Amendments to IFRS 9, IAS 39 and IFRS 7: "Benchmark interest rate remodelling".** Certain specific hedge accounting requirements are amended to mitigate the possible effects of the uncertainty caused by the IBOR reform (phase one).
- **Amendment to IFRS 3: "Business combinations".** This clarifies the definition of a business following the amendment published on 22 October 2018.
- **Amendment to IFRS 16: "Covid-19 related rent concessions".** This facilitates the recognition by lessees of any changes to lease agreements as a result of the Covid-19 pandemic.

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 2021 (not early adopted):

- **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).
- **Amendments to IFRS 4: "Insurance contracts".** Deferral of IFRS 9 to 2023.

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

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

Standards	**Proposed effective date**
IFRS 17 "Insurance contracts" and amendments thereto	1 January 2023
Amendments	**Proposed effective date**
"Proposed amendment to IFRS 16 Leases: Covid-19"	1 April 2021
"Amendment to IAS 1: Classification of liabilities as current or non-current"	1 January 2023
"Amendments to: IFRS 3 Business combinations IFRS 16 Property, plant and equipment IFRS 37 Contingent assets and liabilities IFRS annual improvements, Cycle 2018-2020"	1 January 2022
"Amendments to IAS 1, Presentation of financial statements"	1 January 2023
"Amendments to IAS 8 Accounting policies. Changes in accounting estimates and errors"	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 EU-IFRS, these 2020 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 that the losses of €-28,835,364.64 be taken to the account "Prior-year losses pending offset".

The proposals for the distribution of the Group companies' 2020 results have been drawn up by their respective Directors and are pending approval by the corresponding General Shareholders' Meetings.

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. As from 1 January 2010, 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 excess losses attributable to non-controlling interests generated prior to 1 January 2010, which cannot be attributed thereto due to exceeding the amount of the relevant equity interest in the subsidiary, are recognised as an increase in equity attributable to the Parent Company's shareholders, except for cases in which the non-controlling interests have a binding obligation to assume a part or all of the losses and have the capacity to make the necessary additional investment. Profits obtained in subsequent years are taken to equity attributable to the Parent Company's shareholders until the amount of the losses absorbed in prior accounting periods, with respect to non-controlling interests, is recovered.

As from 1 January 2010, 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 an transaction involving equity instruments. Therefore, no new acquisition cost arises from the increases and no results are recognised as a result of the reductions, the difference between the consideration paid or received and the carrying amount of the non-controlling interests being recognised in the reserves of the investing entity, notwithstanding the reclassification of consolidation reserves and the re-allocation of other comprehensive income among the Group and the non-controlling interests. When the Group's interest in a subsidiary decreases, the share of non-controlling interests in consolidated net assets, including goodwill, is recognised.

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

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

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

(ii) Other aspects related to the consolidation of subsidiaries

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

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

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

b) Jointly-controlled operations and assets

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

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

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

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

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

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

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

(i) Joint operations

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

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

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

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

c) Investments accounted for using the equity method

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

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

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

d) Intangible assets

(i) Goodwill

Goodwill (Note 8) on business combinations completed as from the transition date (1 January 2004) 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.

Goodwill impairment losses recognised are not reversed in subsequent years.

(ii) Other intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

* Contractual relationships: They include the portfolio of customer relationships derived from business combinations. The amortisation of contractual relationships is charged to the consolidated statement of comprehensive income over a useful life of between nine and 10 years. Impairment testing is carried out to adjust the carrying amount to reflect the fulfilment of commitments made.

Useful life and amortisation charges: 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 systematically over the assets' useful lives at the following rates:

	Depreciation method	Years of estimated useful life
Industrial property	Straight-line	10 years
Computer software	Straight-line	1 to 10 years
Contractual relationships	Straight-line	From 9 to 10 years

Acquisition cost less any residual value is deemed to be the amortisable amount.

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.

The Group records no asset with a residual value.

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 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.

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.

In the current year, the Group uses detailed calculations made in a prior year of the recoverable amount of a CGU in which an intangible asset with an indefinite useful life, or goodwill, has been included, provided the following requirements are met:

a) The assets forming that CGU have not changed significantly since the most recent recoverable amount calculation;

b) The most recent recoverable amount calculation gave rise to an amount that exceeded the carrying amount of the CGU by a considerable margin; and

c) Based on an analysis of events and on the circumstances that have changed since the most recent recoverable amount calculation, the probability that the CGU's current recoverable amount is lower than the carrying amount is remote.

If there are signs of impairment in a CGU to which it has not been possible to allocate goodwill, the Group first verifies the CGU's impairment without including goodwill and, if applicable, recognises the impairment loss at the CGU level. The Group then analyses impairment at the level of the group of CGUs to which goodwill has been allocated and, if applicable, recognises the impairment loss at the level of the group of CGUs.

On verifying the impairment of a CGU, the Group identifies the related common assets. If a part of the common assets can be allocated reasonably and consistently to the CGU, the Group compares the CGU's carrying amount, including the common assets, with the recoverable amount and, if applicable, recognises the impairment loss at the CGU level. If the Group cannot allocate a part of the common assets reasonably and consistently to the CGU, the Group compares the CGU's carrying amount, without the common assets, with the recoverable amount and, if applicable, recognises the impairment loss at the CGU level. The Group then identifies the smallest group of CGUs to which the carrying amount of the common assets may be reasonably and consistently allocated, compares the carrying amount of the group of CGUs, including the common assets, with the recoverable amount and, if applicable, recognises the impairment loss at the level of the group of CGUs.

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. 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 the 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.

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

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.

  Following initial recognition, payables are measured at amortised cost using the effective interest rate, provided they have a fixed term of maturity exceeding 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)".

- 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.

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 IFRS 9 approach is based on the following method:

- 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.

Financial liabilities

Classification

The Group classifies its financial liabilities in the following categories:

a) at amortised cost;

b) at fair value through profit or loss.

Financial liabilities, including trade and other payables, that are not classified at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issuance of the financial liability. After initial recognition, liabilities classified in this category are measured at amortised cost using the effective interest method.

Measurement

As described in Note 10, financial liabilities are divided into the following categories:

a) Financial liabilities at amortised cost

Loans and payables are non-derivative financial liabilities with fixed or determinable collections that are not quoted in an active market, other than those carried in other financial liability 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.

Following initial recognition, payables are measured at amortised cost using the effective interest rate, provided they have a fixed term of maturity exceeding 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.

The Company has contracted reverse factoring facilities with a number of financial institutions to manage payments to suppliers. Trade payables settled under the management of financial institutions are recognised under the balance sheet heading "Trade and other payables" until they are settled, repaid or have expired.

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.

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 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.

II. 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.

III. 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 qualify 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, until the committed or expected transaction is completed, when they are reclassified to the consolidated statement of comprehensive income. The ineffective portion is taken directly to the consolidated statement of comprehensive income 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 new 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.

IV. Fair value hierarchy for financial assets and liabilities and non-financial assets and liabilities

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

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

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

- Level 1: fair value is calculated taking into consideration quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value is calculated taking into account inputs other than quoted market prices included within Level 1 that are observable in the market for the asset or liability, either directly or indirectly. The methods and assumptions used to determine fair values at this level by type of assets or liabilities take into consideration estimated future cash flows discounted to present value applying the zero-coupon interest rate curves for each currency on the last business day of each period, and converting the amount calculated to euro using the exchange rate on the last business day of each period. All the measurements described are made by means of 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 2019 and 2018, 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.

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

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 in differences between opening and closing balances of finished products and work in progress, depending on the type of 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 (Note 4v).

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 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.

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 and any excess is recognised in the item "other income".

i. <u>Provisions for restructuring</u>

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. <u>Provisions for onerous contracts</u>

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. <u>Trade provisions</u>

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

iv. <u>Contingent liabilities</u>

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.

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 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 during the Group's normal operating cycle and payables due in less than 12 months as from the statement of financial position date.

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 base.

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) <u>Measurement of deferred tax assets and liabilities</u>

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

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

Deferred tax assets that do not meet the above-mentioned conditions are not recognised in the consolidated statement of financial position. The Group reassesses at the year end whether the conditions to recognise the deferred tax assets that were not been previously recognised are met.

(iv) <u>Classification</u>

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.

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, the Americas, Europe and Asia, Middle East and Africa. These notes provide details by geographical segment only at the level of external sales, investments and assets employed.

v) Revenue recognition

The Group recognises revenue primarily from its construction and maintenance projects as the performance obligations stipulated in the contracts with customers are progressively satisfied over time, in accordance with the International Financial Reporting Standard 15 Revenue from contracts with customers. As indicated in this standard, the most appropriate measurement method is determined to reasonably measure progress based on the nature of the contract, which may be the input method or the output method, referred to as "percentage of completion" or "certified milestones", respectively.

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 ordinary revenue is determined in proportion to the contract costs incurred in the work already carried out to date, in relation to the estimated total contract costs.

For "certified milestone" contracts, the Group recognises revenue based on customer acceptance of the work completed (certification of the milestone reached).

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.

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.

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 under "Trade and other receivables" in the consolidated statement of financial position.

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 exchange differences on cash".

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

The Group availed itself of the exemption permitted by IFRS 1 "First-time Adoption of IFRS" relating to accumulated translation differences, so translation differences recognised in the Consolidated Annual Accounts generated prior to 1 January 2004 were recognised in reserves under "Retained earnings". As of that date, 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 statement of financial position date;
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date; and
- The resulting exchange differences are recognised as translation differences in other comprehensive income.

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

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

(ii) Entities located in high-inflation countries

Since 1 July 2018, in accordance with IAS 29 "Financial reporting in hyperinflationary economies", the Argentinian economy has been regarded as hyperinflationary with retrospective effect to 1 January 2018. The financial information presented in prior years was not restated.

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

The main impacts at 31 December 2020 are described below:

- An increase in equity of €530 thousand (€923 thousand in 2019) 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 positive effect on financial income/(expense) due to the net monetary position.
- The adjusted financial statements of the Argentinian subsidiaries have been translated to euro 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 2020 are as follows:

	Thousand euro	
	2020	**2019**
Revenue	(2,392)	(1,396)
Operating profit/(loss)	(209)	2
Net financial income/(expense)	(408)	(116)
Profit/(loss) for the year	(513)	10

5) Business combinations

The Group completed the following business combinations during the year ended 31 December 2020:

SmartPaper, S.P.A. and Smartest, S.R.L.

On December 30 2020, the Group company Indra Italia S.P.A acquired 70% of the Italian company SmartPaper, S.P.A. and 100% of the companies Smartest, S.R.L. and Baltik IT S.I.A. for €22,878 thousand. The agreement stipulates an irrevocable commitment for Indra and the sellers to buy-sell the remaining 30% of SmartPaper, S.P.A. during the first semester 2021 for a price of €1,094 thousand, having this amount been provisioned by Indra. An additional amount of €6,000 thousand has been provisioned, reflecting the probable value that Indra estimates will be payable as 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. At the acquisition date, these companies had cash resources totalling €13,070 thousand. Provisional goodwill on this transaction amounts to €13,358 thousand. The Group has a period of 12 months to allocate the final value.

SmartPaper, S.P.A., Smartest, S.R.L. and Baltik IT S.I.A. specialise in outsourcing business processes and document management for Enel Group. In total, the three companies have a workforce of around 1,050 employees. Through this acquisition, Indra has strengthened the relationship with a key customer and enhanced its positioning in the Italian BPO market.

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

Headings	Thousand euro
Other intangible assets	37
Property, plant and equipment	650
Deferred tax assets	120
Non-current financial assets	9
Total non-current assets	**816**
Inventories	155
Current tax assets	620
Trade and other receivables	12,530
Cash and cash equivalents	13,070
Other current assets	89
Total current assets	26,464
Total assets	**27,280**
Non-current provisions	3,146
Deferred tax liabilities	8
Total non-current liabilities	**3,154**
Trade and other payables	7,359
Other current liabilities	153
Total current liabilities	**7,512**
Total liabilities	**10,666**
Net assets	**16,614**
% acquisition	**100%**
Initial consideration (70%)	**22,878**
Remaining consideration (30%)	**1,094**
Earn-out agreement	**6,000**
Provisional goodwill on consolidation	**13,358**

As the acquisitions were made on 30 December of the current year, these companies did not contribute revenue or results for the year between the date they were included in the consolidation scope and the end of the financial year at 31 December 2020. Such contributions would have amounted to €35,432 thousand and €2,228 thousand, respectively, had the companies been consolidated throughout 2020.

Set out below is a breakdown of the fair value of trade and other receivables at the acquisition date:

Thousand euro	Gross contract amount	Impairment adjustment	Preliminary fair value
Trade and other receivables	12,530	-	12,530

During the year ended 31 December 2020, the Group made the following adjustments to 2019 business combinations:

Sistemas Informáticos Abiertos, S.A.

During 2020, an adjustment was made to the fair value of the assets and liabilities of Sistemas Informáticos Abiertos, S.A., reducing the goodwill calculated in 2019 by €1,436 thousand. The following assets were restated in the purchase price allocation process:

- The amount of €10,097 thousand relating to contractual relationships.
- The amount of €918 thousand relating to computer software.

In addition, intangible assets amounting to €38 thousand were derecognised and provisions for possible litigation were registered for €6,225 thousand.

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

	2019	Additions	2020
	Fair value	Fair value	Fair value
Headings	Thousand euro	Thousand euro	Thousand Euro
Intangible assets	38	11.015	11.053
Deferred tax assets	4.911	1.287	6.198
Other non-current assets	1.663	-	1.663
Total non-current assets	**6.612**	**12.302**	**18.914**
Total current assets	**34.316**	**-**	**34.316**
Total assets	**40.928**	**12.302**	**53.230**
Long-term provisions	-	6.225	6.225
Deferred tax liabilities	-	2.754	2.754
Other non-current liabilities	510	-	510
Total non-current liabilities	**510**	**8.979**	**9.489**
Short-term provisions	-	1.431	1.431
Other current liabilities	30.884	-	30.884
Total current liabilities	**30.884**	**1.431**	**32.315**
Total liabilities	**31.394**	**10.410**	**41.804**
Net assets	**9.534**	**1.892**	**11.426**
	-	-	-
% acquisition	100%	-	-
Total consideration	72.896	-	72.896
Earn-out agreement	7.534	456	7.990
Goodwill on consolidation	**70.896**	**(1,436)**	**69.460**

These effects are as of transaction date. However, the Group decided not to restate its comparative figures because the above-mentioned effects are not material to the consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Cash Flow Statement or basic and diluted earnings per share.

6) Property, plant and equipment

Set out below is a breakdown of this heading in the Consolidated Statements of Financial Position at 31 December 2020 and 2019:

	Thousand euro						
	Balance at 31.12.19	**Scope change**	**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	42,009
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)	1,093
Total	**117,163**	**(11,682)**	**(2,482)**	**(4,033)**	**(2,740)**	**8**	**96,235**

	Thousand euro						
	Balance at 31.12.18	**Scope change**	**Translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.19**
Investments:							
Land	10,055	-	-	-	-	(27)	10,028
Buildings	55,715	37	91	112	(128)	(667)	55,160
Plant, mach. & other installations	241,992	792	187	21,909	(1,187)	595	264,288
Furniture	48,469	226	(262)	4,152	(1,178)	1,275	52,682
Vehicles	3,224	68	(139)	11	(494)	(19)	2,651
Data-processing equipment	103,926	1,728	(1,109)	4,493	(4,618)	(5,428)	98,992
Other PPE	10,388	98	(677)	439	(3,117)	(8)	7,123
	473,769	**2,949**	**(1,909)**	**31,116**	**(10,722)**	**(4,279)**	**490,924**
Depreciation:							
Buildings	(24,896)	(27)	(67)	(1,185)	120	89	(25,966)
Plant, mach. & other installations	(196,448)	(555)	81	(11,076)	1,043	10	(206,945)
Furniture	(39,499)	(68)	285	(2,549)	968	(578)	(41,441)
Vehicles	(2,625)	(62)	68	(95)	449	(113)	(2,378)
Data-processing equipment	(93,275)	(853)	1,185	(4,402)	4,605	2,104	(90,636)
Other PPE	(8,648)	(30)	565	(409)	3,090	(963)	(6,395)
	(365,391)	**(1,595)**	**2,117**	**(19,716)**	**10,275**	**549**	**(373,761)**
Net value:							
Land	10,055	-	-	-	-	(27)	10,028
Buildings	30,819	10	24	(1,073)	(8)	(578)	29,194
Plant, mach. & other installations	45,544	237	268	10,833	(144)	605	57,343
Furniture	8,970	158	23	1,603	(210)	697	11,241
Vehicles	599	6	(71)	(84)	(45)	(132)	273
Data-processing equipment	10,651	875	76	91	(13)	(3,324)	8,356
Other PPE	1,740	68	(112)	30	(27)	(971)	728
Total	**108,378**	**1,354**	**208**	**11,400**	**(447)**	**(3,730)**	**117,163**

Variations due to scope changes relate to the acquisitions of the company SmartPaper, S.P.A. and the companies Smartest, S.R.L. and Baltik IT S.I.A. (Note 5) and the scope exclusion following the sale of Metrocall, S.A. (Notes 1 and 33).

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

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

As a result of the disposals in 2020, a loss of €3,146 thousand (profit of €146 thousand at 31 December 2019) was recognised in the consolidated income statement (Note 33).

The Group made payments to acquire property, plant and equipment totalling €19,251 thousand (€30,816 thousand in 2019).

At 31 December 2020, fully-depreciated property, plant and equipment amount to €270,841 thousand (€272,074 thousand at 31 December 2019).

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.

7) Right-of-use assets

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

	Thousand euro			
RIGHT-OF-USE ASSETS	**Land and buildings**	**Vehicles**	**Data-processing equipment**	**Total**
Carrying amount at 31 December 2019	**151,840**	**143**	**424**	**152,407**
Cost				
Opening balance	151,840	398	1,116	153,354
Scope change	1,433	-	-	1,433
Additions	13,127	34		13,161
Disposals	(6,873)	(27)	-	(6,900)
Transfers	-	(290)	(461)	(751)
Currency translation differences	988	(38)	-	950
Total cost	160,515	77	655	161,247
Depreciation				
Opening balance	-	(255)	(692)	(947)
Depreciation	(32,273)	(70)	(221)	(32,564)
Disposals	969	12	-	981
Transfers	-	281	461	742
Currency translation differences	124	9	-	133
Total depreciation	(31,180)	(23)	(452)	(31,655)
Carrying amount at 1 January 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 31 December 2020	**118,634**	**15**	**825**	**119,473**

Additions for the year include €25,729 thousand resulting from various amendments to the Group's leases.

The average lease term for Land and buildings is 3.7 years.

The amount recognised in the Group's income statement in relation to these right-of-use assets is analysed in Note 2. Cash outflows recognised under the cash flow statement heading "Other flows from investing activities" total €36,901 thousand (€35,351 thousand in 2019).

8) Goodwill

Set out below is a breakdown of this heading in the Consolidated Statements of Financial Position at 31 December 2020 and 2019:

	Thousand euro				
	31.12.19	**Additions**	**Translation differences**	**Transfers**	**31.19.20**
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**

	Thousand euro			
	31.12.18	**Additions**	**Translation differences**	**31.12.19**
Transport and Defence (T&D)	116,129	-	(92)	116,037
Information Technologies (IT)	695,798	72,221	855	768,874
Total	**811,927**	**72,221**	**763**	**884,911**

Additions relate to the business combinations described in Note 5.

Key assumptions employed in projections

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.

Cash flow projections assumptions 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.).

A breakdown of the assumptions used in recoverable value calculations for each CGU 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)									
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
T&D	6.5%	5.6%	7.2%	7.2%	1.7%	1.8%	16.1%	15.5%	(63)	(60)
IT	5.1%	4.4%	8.5%	8.8%	1.7%	1.8%	8.0%	7.8%	22	24

The assumptions used are in line with the previous year and have been adjusted to account for real 2020 figures. As expected, 2020 figures represent a decline with respect to historical series as a result of the pandemic, which has reduced the initial reference figures and increased compound rates, as well as minor changes in markets and prospects in the short term.

Management considers that, the estimation of pre-tax future cash flows and discount rates would offer results with no material differences from those performed using the method applied by management.

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

Cash flows are discounted to present value at a rate after tax that reflects the specific risks of the assets as well as risks not included in the flows, such as specific country risk. This rate is calculated using the Capital Asset Pricing Model (CAPM). The data employed in these calculations are obtained from independent, reputable external information sources and the findings are compared with the rates used by independent financial analysts in comparable business valuations. In 2020, the discount rate after tax was within a range of 7.2%-8.5%.

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 of 1.7% was used in 2020 projections for both CGUs.

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 goodwill in 2020 and 2019 is shown below:

	Residual value	
	2020	**2019**
T&D	78%	72%
IT	81%	69%

At 31 December 2020 and 2019, the carrying amount, including goodwill, and the recoverable amount of the CGUs are as follows:

	2020 Thousand euro			2019 Thousand euro		
	Carrying amount (1)	**Recoverable value (2)**	**Difference (2)-(1)**	**Carrying amount (1)**	**Recoverable value (2)**	**Difference (2)-(1)**
T&D	251,318	3,146,502	2,895,184	333,920	3,440,432	3,106,512
IT	894,949	1,807,069	912,120	995,480	2,015,612	1,020,132

Set out below is a breakdown of the main assets included in the carrying amount of the CGUs at 31 December 2020 and 2019:

	Net fixed assets		**Working capital**		**Goodwill**		**Other**		**Carrying amount CGU**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
T&D	460,139	423,745	(192,140)	(107,036)	114,516	116,037	(131,197)	(98,827)	251,318	333,920
IT	295,608	415,121	118,718	155,489	774,973	768,874	(294,350)	(344,004)	894,949	995,481
Total	**755,747**	**838,866**	**(73,422)**	**48,453**	**889,489**	**884,911**	**(425,547)**	**(442,830)**	**1,146,267**	**1,329,400**

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

	2020				2019			
	Change in WACC		Residual growth rate		Change in WACC		Residual growth rate	
Impact on recoverable value of the CGUs:	-1 p.p.	+1 p.p.	-0.5 p.p.	+0.5 p.p.	-1 p.p.	+1 p.p.	-0.5 p.p.	+0.5 p.p.
T&D	711,667	(492,542)	(244,362)	293,176	731,856	(504,886)	(235,494)	283,473
IT	342,744	(254,038)	(100,180)	116,066	326,418	(245,403)	(92,093)	106,269

	2020				2019			
	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	(167,561)	(193,860)	(150,072)	(47,563)	(165,317)	(199,854)	(155,720)	(48,915)
IT	(89,186)	(250,167)	(184,992)	(71,592)	(257,405)	(248,897)	(181,088)	(73,306)

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 2020 and 2019, 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:

	2020		2019	
	WACC		WACC	
	Assumptions	Value to equal amount carrying	Assumptions	Value to equal amount carrying
T&D	7.2%	64.5%	7.2%	69.9%
IT	8.5%	14.4%	8.8%	16.2%

	2020					2019				
	Change in sales	EBIT margin (1)		Days working capital		Change in sales	EBIT margin (1)		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	(86.39)%	16.1%	(2.42)%	(63)	546	(93.96)%	15.5%	(3.34)%	(60)	575
IT	(51.14)%	8.00%	3.08%	22	150	(19.83)%	7.80%	2.19%	24	163

(1) 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 2021-2025 or 2020-2024, respectively, exceeds the carrying amount.

* Data for normalised year (2025)

* Data for normalised year (2024)

9) Other intangible assets

Set out below is a breakdown of this heading in the Consolidated Statements of Financial Position at 31 December 2020 and 2019:

	Thousand euro						
	Balance at 31.12.19	**Scope change**	**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							
Development expenses	(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) -	(126,097) -	(4) -	75,201	130,997
Development expenses	90,619	-	(140) -	32,521 -	2,553 -	(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**

Variations due to scope changes relate to the acquisitions of the company SmartPaper, S.P.A. and the companies Smartest, S.R.L. and Baltik IT S.I.A. (Note 5) and the scope exclusion following the sale of Metrocall, S.A.

The Group has identified indications of impairment of intangible assets caused by the effects of Covid-19 (Note 2). Assumptions relating to the recoverability of intangible assets have been reassessed and the following impairment losses have been recognised in the consolidated income statement (Note 33):

	31.12.2020		Thousand euro
	Carrying amount (1)	**Recoverable value (2)**	**Difference (2)-(1)**
T&D market investment projects	46,460	17,443	29,017
IT market investment projects	68,867	13,667	55,200
Total	**115,327**	**31,110**	**84,217**

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 €6,701 thousand (2019) and Sistemas Informáticas Abiertos, S.A. in the current year due to the purchase price allocation in the amount of €10,097 thousand (Note 5).

The Group made payments to invest in intangible assets totalling €46,713 thousand (€63,907 thousand in 2019).

The amount of €86,160 thousand was transferred from Development expenses to Computer software in 2020 on completion of the developments, which will contribute to the generation of future income. To this end, the associated business plan was analysed to determine the expected income and expense flows.

	Thousand euro						
	Balance at 31.12.18	**Scope change**	**Translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.19**
Investments:							
Industrial property	58,462	-	(128)	-	-	-	58,334
Computer software	493,239	199	362	455	(3,959)	59,889	550,185
Development expenses	121,926	-	1,148	62,559	(97)	(51,597)	133,939
Contractual relationships	74,700	-	-	-	-	7,520	82,220
Other intangibles	26,633	-	124	375	(7)	(4,998)	22,127
	774,960	**199**	**1,506**	**63,389**	**(4,063)**	**10,814**	**846,805**
Amortisation							
Industrial property	(14,275)	-	8	(1,346)	-	-	(15,613)
Computer software	(288,467)	(88)	(48)	(61,248)	3,350	(1,824)	(348,325)
Development expenses	(6,894)	-	168	(876)	-	(1,330)	(8,932)
Contractual relationships	(12,332)	-	-	(7,798)	-	(672)	(20,802)
Other intangibles	(19,266)	-	(76)	(1,585)	7	1,912	(19,008)
	(341,234)	**(88)**	**52**	**(72,853)**	**3,357**	**(1,914)**	**(412,680)**
Grants							
Development expenses	(33,077)	-	-	(7,066)	5,758	-	(34,385)
	(33,077)	**-**	**-**	**(7,066)**	**5,758**	**-**	**(34,385)**
Provisions							
Industrial property	(6,063)	-	-	-	-	(3)	(6,066)
Computer software	(18,956)	-	-	-	-	13	(18,943)
Development expenses	-	-	-	-	-	(3)	(3)
Other intangibles	(2,136)	-	-	-	-	(7)	(2,143)
	(27,155)	**-**	**-**	**-**	**-**	**-**	**(27,155)**
Net value:							
Industrial property	38,124	-	(120)	(1,346)	-	-	36,655
Computer software	185,816	111	314	(60,793)	(609)	58,062	182,917
Development expenses	81,955	-	1,316	54,617	5,661	(52,914)	90,619
Contractual relationships	62,368	-	-	(7,798)	-	6,845	61,418
Other intangibles	5,231	-	48	(1,210)	-	(3,093)	976
Total	**373,494**	**111**	**1,558**	**(16,530)**	**5,052**	**8,900**	**372,585**

The most significant products of the vertical markets Development and Computer software reflected in assets, excluding grants received, are as follows:

	Thousand euro 2020	Thousand euro 2019	Segments
Investments (1)			
Public Administrations	11,547	10,810	IT
Defence & Security	161,328	154,534	T&D
Energy	109,363	106,661	IT
Industry & Consumption	24,321	23,124	IT
Election Processes	2,715	1,315	IT
Healthcare	22,826	22,126	IT
Financial Services	95,645	86,777	IT
Telecom & Media	4,551	4,551	IT
Air Traffic	73,638	67,041	T&D
Transport	55,709	49,002	T&D
Transversal T&D	1,847	1,847	T&D
	563,489	**527,788**	**Estimated years of amortisation (2)**
Accumulated amortisation:			
Public Administrations	(6,358)	(5,194)	1 to 5 years
Defence & Security	(79,619)	(69,696)	1 to 10 years
Energy	(53,128)	(45,171)	1 to 10 years
Industry & Consumption	(13,511)	(9,034)	1 to 10 years
Election Processes	(946)	(771)	1 to 5 years
Healthcare	(13,733)	(11,327)	1 to 10 years
Financial Services	(56,693)	(48,826)	1 to 5 years
Telecom & Media	(3,489)	(3,242)	1 to 5 years
Air Traffic	(39,593)	(30,476)	1 to 5 years
Transport	(25,894)	(19,860)	1 to 5 years
Transversal T&D	(936)	(709)	1 to 5 years
	(293,900)	**(244,306)**	
Accumulated impairment:			
Defence & Security	(21,376)	-	
Energy	(41,656)	(18,956)	
Industry & Consumption	(4,400)	-	
Healthcare	(8,000)	-	
Financial Services	(20,100)	-	
Transport	(7,641)	-	
	(103,173)	**(18,956)**	

	Thousand euro 2020	Thousand euro 2019
Net value:		
Public Administrations	5,189	5,616
Defence & Security	60,332	84,838
Energy	14,579	42,534
Industry & Consumption	6,411	14,090
Election Processes	1,769	544
Healthcare	1,093	10,799
Financial Services	18,851	37,951
Telecom & Media	1,062	1,309
Air Traffic	34,045	36,566
Transport	22,175	29,142
Transversal T&D	911	1,138
Total	**166,417**	**264,526**

(1) In 2020, the carrying amount of Development projects capitalised during the year that are not yet being amortised is €28,661 thousand (€60,473 thousand in 2019).

(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.

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

In 2020, as in 2019, the Group continued to invest in developments in all business areas, the most significant relating to the T&D segment.

At 31 December 2020, the carrying amount of projects not being amortised is €84,233 thousand (€146,702 thousand in 2019).

Transfers recognised under the heading "Computer software" in 2020 and 2019 relate to the following products by vertical market:

	Thousand euro	
PRODUCT	**2020**	**2019**
Public Administrations	3,231	810
Defence & Security	31,771	6,919
Energy	11,621	4,353
Industry & Consumption	1,930	3,571
Healthcare	1,041	3,888
Financial Services	7,808	6,955
Air Traffic	11,360	14,940
Transport	10,066	3,138
Other	7,389	15,315
	86,217	**59,889**

Certain capitalised development expenses are financed or subsidised by government bodies. Set out below is a breakdown of the vertical markets (Note 4v) to which the most significant grants relate in 2020 and 2019 (€52,774 thousand and €45,668 thousand, respectively):

	Thousand euro	
PRODUCT	**2020**	**2019**
Defence & Security	18,729	7,066
Energy	204	547
Healthcare	84	333
Financial Services	1,992	3,009
Telecom & Media	62	62
Air Traffic	21,941	23,181
Transport	9,762	11,470
	52,774	**45,668**

Development expenses total €265,064 thousand in the current year and €225,315 thousand in the previous year. The Group has capitalised €46,575 thousand and €62,559 of these amounts, respectively. The consolidated income statement for 2020 therefore reflects development expenses in different projects amounting to €218,489 thousand (€162,756 thousand in 2019) (Note 41).

In 2020 and 2019, the Industrial property balance includes assets acquired from third parties totalling €58,060 thousand (€58,334 thousand in 2019), 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 31.12.20	**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	42,451	10 -100%	-	7,896	10 -25%
Contractual relationships	61,482	-	-	-	61,482	6 -10%
Other intangibles	1,000	-	-	-	1,000	10%
	278,877	**161,273**		**19,949**	**97,655**	

		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	36,655	-	-	19,949	16,706	5-10%
Computer software	182,917	171,400	10 -100%	-	11,517	25%
Development expenses	90,619	85,017	10-100%	-	5,602	10-25%
Contractual relationships	61,418	-	-	-	61,418	6-10%
Other intangibles	976	-	-	-	976	10%
	372,585	**256,417**		**19,949**	**96,219**	

At 31 December 2020, fully-amortised intangible assets amount to €178,621 thousand (€143,780 thousand at 31 December 2019).

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.

10) Financial instruments

a) Financial assets

Financial assets (except for investments in associates) are set out below by class and maturity for 2020 and 2019:

		2020 Thousand euro		
FINANCIAL ASSETS: NATURE/CATEGORY	Note	Fair value through other comprehensive income	Amortised cost	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	16	-	2,321	-
Derivatives	16	-	-	6,093
Other financial assets	16, 17	-	904,299	-
Cash and cash equivalents	18	-	1,184,853	-
Short term / current		**-**	**2,091,473**	**6,093**
Total		**13,200**	**2,239,857**	**8,522**

		2019 Thousand euro		
FINANCIAL ASSETS: NATURE/CATEGORY	Note	Fair value through other comprehensive income	Amortised cost	Derivatives
Other ownership interests in non-Group companies	12	13,535	-	-
Derivatives	12	-	-	389
Other receivables	12	-	5,135	-
Other financial assets	12	-	122,839	-
Long term / non-current		**13,535**	**127,974**	**389**
Guarantees and deposits	16	-	4,040	-
Derivatives	16	-	-	2,910
Other financial assets	16, 17	-	1,060,454	-
Cash and cash equivalents	18	-	854,509	-
Short term / current		**-**	**1,919,003**	**2,910**
Total		**13,535**	**2,046,977**	**3,299**

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).

b) Financial liabilities

Financial liabilities are set out below by class and maturity for 2020 and 2019:

		31.12.20 Thousand euro		
FINANCIAL LIABILITIES: NATURE/CATEGORY	Note	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	-	1,450	-
Other financial liabilities	22	208,316	-	14,752
Long-term payables / Non-current financial liabilities		**1,581,143**	**1,450**	**14,752**
Bank borrowings	25	39,183	-	-
Debentures and other marketable securities	25	254,229	-	-
Derivatives	27	-	6,652	-
Trade payables, other payables, other financial liabilities	26, 27	1,401,930	-	7,841
Short-term payables / Current financial liabilities		**1,695,342**	**6,652**	**7,841**
Total		**3,276,485**	**8,102**	**22,593**

		31.12.19 Thousand euro		
FINANCIAL LIABILITIES: NATURE/CATEGORY	Note	Amortised cost	Hedging derivatives	Fair value through profit or loss
Bank borrowings	21	784,931	-	-
Debentures and other marketable securities	21	594,625	-	-
Derivatives	22	-	1,139	-
Other financial liabilities	22	186,880	-	14,495
Long-term payables / Non-current financial liabilities		**1,566,436**	**1,139**	**14,495**
Bank borrowings	25	17,837	-	-
Debentures and other marketable securities	25	8,872	-	-
Derivatives	27	-	22,711	-
Trade payables, other payables, other financial liabilities	26, 27	1,429,646	-	14,281
Short-term payables / Current financial liabilities		**1,456,355**	**22,711**	**14,281**
Total		**3,022,791**	**23,850**	**28,776**

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

Short- and long-term fair value through profit or loss recognised at 31 December 2020 relates primarily to the estimated earn-out from the Paradigma acquisition in the amount of €14,492 thousand (€21,242 thousand in 2019) and the estimated earn-out arising from the acquisition of the companies SmartPaper and Smart Test in the amount of €6,000 thousand (Note 5). Also recognised under that heading is the amount of €1,094 thousand reflecting the consideration for the purchase of 30% of Smart Paper payable in the first half of 2021.

The characteristics of each liability are described in the related 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 2020 and 2019:

	Thousand euro	
	2020	**2019**
Financial expense on bank borrowings	13,344	10,501
Other financial expenses	8,874	10,567
Financial liabilities at amortised cost	225	554
Interest on debentures and bonds	16,505	15,915
Financial expenses, IFRS 16	7,725	6,099
Profit/(loss) on disposal of financial instruments	36	1,338
Exchange gains/(losses)	584	4,633
Total financial expenses	**47,294**	**49,606**
Other financial income	6,168	5,416
Total financial income	**6,168**	**5,416**

11) Investments accounted for using the equity method

Set out below is a breakdown of this heading in the Consolidated Statements of Financial Position at 31 December 2020 and 2019:

	Thousand euro					
	Balance at 31.12.19	**Investment**	**Translation differences**	**Dividends**	**Profit/(loss)**	**Balance at 31.12.20**
SAES Capital	2,363	-	-	(373)	536	2,526
Eurofighter Simulation Systems	1,127	-	-	(780)	1,361	1,708
Euromids	451	-	-	-	136	587
Iniciativas Bioenergéticas	316	-	-	-	1,263	1,579
I3 Televisión	-	4,499	-	-	(347)	4,152
IRB Riesgo Operacional	14	-	-	-	76	90
A4 Essor	38	-	-	-	2	40
Tower Air Traffic System	501	-	-	-	-	501
Logistica Marítima de Tuxpan	150	-	-	-	-	150
Natming	3	-	-	-	-	3
Indra Isolux México	1	-	-	-	-	1
Visión Inteligente Aplicada	(101)	-	-	-	-	(101)
EFI Túneles Necaxa	165	-	(9)	-	6	162
Societat Catalana Per a la Mobilitat	2,136	-	-	-	1	2,137
Green Border OOD	(10)	-	-	-	(3)	(13)
Spa Mobeal	(257)	46	-	-	121	(90)
Global Training Aviation, S.L.	3,998	-	-	-	(1,554)	2,444
Tess Defence, S.A.	-	123	-	-	-	123
Total	**10,895**	**4,668**	**(9)**	**(1,153)**	**1,598**	**15,999**

	Thousand euro						
	Balance at 31.12.18	**Disposals**	**Investment**	**Translation differences**	**Dividends**	**Profit/ (loss)**	**Balance at 31.12.19**
SAES Capital	2,247	-	-	-	(260)	376	2,363
Eurofighter Simulation Systems	1,148	-	-	-	-	(21)	1,127
Euromids	575	-	-	-	-	(124)	451
Iniciativas Bioenergéticas	407	-	-	-	-	(91)	316
I3 Televisión	(474)	(341)	142	-	-	673	-
IRB Riesgo Operacional	64	-	-	-	-	(50)	14
A4 Essor	35	-	-	-	-	3	38
Tower Air Traffic System	501	-	-	-	-	-	501
Logistica Marítima de Tuxpan	150	-	-	-	-	-	150
Natming	3	-	-	-	-	-	3
Indra Isolux México	1	-	-	-	-	-	1
Visión Inteligente Aplicada	(84)	-	-	5	-	(22)	(101)
EFI Túneles Necaxa	165	-	-	-	-	-	165
Societat Catalana Per a la Mobilitat	2,195	-	-	-	-	(59)	2,136
Green Border OOD	(7)	-	-	-	-	(3)	(10)
Spa Mobeal	(166)	-	-	-	-	(91)	(257)
Global Training Aviation, S.L.	3,858	-	-	-	-	140	3,998
Total	**10,618**	**(341)**	**142**	**5**	**(260)**	**731**	**10,895**

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

During 2020, the Group company Indra Holding Tecnologías de la Información, S.L.U. acquired 29.2% of Tagsonomy, S.L. and the Parent Company set up Tess-Defence, S.A. with a 24.7% ownership interest. In 2019, the company Indra Soluciones Tecnologías de la Información, S.L.U. sold its interest in I3 Televisión, S.L. for one euro, entailing a loss of €332 thousand recognised in the consolidated income statement.

12) Other non-current financial assets, derivatives and long-term trade receivables

Movements in Non-current financial assets during the years ended 31 December 2020 and 2019 are set out below:

	Thousand euro						
Net value:	**Balance at 31.12.19**	**Scope change**	**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
Cash flow hedges	389	-	-	2,061	(22)	-	2,429
Other investments	105,704	-	(76)	34,418	(41)	(10,298)	129,707
Total	**141,898**	**9**	**(3,262)**	**40,892**	**(2,452)**	**(13,072)**	**164,013**

	Thousand euro						
Net value:	**Balance at 31.12.18**	**Scope change**	**Translation differences**	**Additions**	**Disposals**	**Transfers**	**Balance at 31.12.19**
Other long-term interests in non-Group companies	13,493	11	-	-	-	-	13,504
Long-term loans	4,101	307	(1)	919	(82)	4,091	9,335
Long-term guarantees and deposits	15,376	11	(154)	1,500	(3,767)	-	12,966
Cash flow hedges	135	-	-	418	(164)	-	389
Other investments	152,774	-	(201)	25,664	(10,337)	(62,196)	105,704
Total	**185,879**	**329**	**(356)**	**28,501**	**(14,350)**	**(58,105)**	**141,898**

a) <u>Other long-term ownership interests in non-Group companies</u>

This heading breaks down as follows:

		Thousand euro			
Net value:	**% interest**	**Balance 31.12.19**	**Additions**	**Disposals**	**Balance 31.12.20**
Grupo de Navegación por Satélite, Sistemas y Servicios, S.L.	13.45%	135	-	-	135
Hisdesat Servicios Estratégicos	7%	7,052	-	-	7,052
Neotec	4.76%	5,071	-	-	5,071
Noster Finance, S.L.	7.19%	600	-	-	600
Business Services for Operational Support	10%	611	-	(340)	271
Other	-	34	36	-	70
Total		**13,504**	**36**	**(340)**	**13,200**

		Thousand euro		
Net value:	**% interest**	**Balance 31.12.18**	**Business comb.**	**Balance at 31.12.19**
Grupo de Navegación por Satélite, Sistemas y Servicios, S.L.	13.45%	135	-	135
Hisdesat Servicios Estratégicos	7%	7,052	-	7,052
Neotec	4.76%	5,071	-	5,071
Noster Finance, S.L.	7.19%	600	-	600
Business Services for Operational Support	10%	611		611
Other	-	23	11	34
Total		**13,493**	**11**	**13,504**

There were no significant movements relating to financial investments in equity instruments of non-Group companies during 2020 or 2019.

b) <u>Long-term guarantees and deposits</u>

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 2020 relate mainly to the amount of €385 thousand (€1,119 thousand in 2019) for leased buildings due to moves to other work centres. Disposals in 2020, on the same basis, amounted to €776 thousand (€1,099 thousand in 2019).

Additions in 2020 also include the amount of €26 thousand (€195 thousand in 2019) relating to deposits given to secure labour claims of the Group company Indra Brasil Soluções e Serviços Tecnológicos, S.A. Disposals in 2020, on the same basis, amounted to €767 thousand (€2,538 thousand in 2019).

c) <u>Other investments</u>

In 2020, this item includes the amount of €78,813 thousand (€70,804 thousand in 2019) 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 2022, once all the work has been completed. The amount of €24,027 thousand (€26,770 thousand in 2019) is recognised in the short term, on the same basis, and is expected to be billed in 2021 (Note 17). These programmes are funded by the Ministry of Industry, Energy and Tourism (Note 27) in the amount of €76,541 thousand in the long term (Note 22) and €30,844 thousand in the short term (Note 27) (€76,013 thousand and €30,844 thousand, respectively, in 2019). Once the work is finished, the Ministry of Defence will make payment and the temporary consortia will settle the liabilities. All these amounts are discounted at the market interest rate.

At 31 December 2020, the Group records "Accounts receivable for billable production" totalling €16,939 thousand (€34,686 thousand in 2019) relating to projects completed by the Group which are expected to be invoiced over more than one year. Transfers to the short term (Note 17), on the same basis, amount to €17,747 thousand (€35,426 thousand in 2019).

The Group also records under this heading grants pending payment and execution for various multi-year projects not yet completed. It also includes the corresponding liability in other non-current financial liabilities (Note 22).

13) Long-term contract assets

This heading includes long-term work in progress amounting to €79,944 thousand (€65,431 in 2019). This amount relates to the Group's rights to consideration for goods and services transferred to customers, these rights being conditional on the fulfilment of a series of obligations over an estimated period of more than 12 months.

14) Assets and liabilities held for sale

Set out below is a breakdown of the main movements in non-current assets held for sale during 2020 and 2019:

	2020			2020
	Thousand euro			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)**

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

	2019			2019
	Thousand euro			Thousand euro
	Investment	Impairment	Net amount	Liabilities
Buildings	13,128	-	13,128	-
Other financial assets	9,102	(8,995)	107	(2)
Loans	5,984	(5,841)	143	
Total net value	**28,214**	**(14,836)**	**13,378**	**(2)**

15) Inventories and short-term contract assets

Inventories are analysed below at 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Good purchased for resale	1,263	2,020
Raw materials	49,046	51,280
Work in progress and short-term contract assets	366,725	351,193
Subtotal	**417,034**	**404,493**
Impairment	(5,588)	(3,320)
Total net value	**411,446**	**401,173**

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 to performance obligations pending fulfilment (Note 4v).

The increase in this item relates essentially to the rise in inventories for the manufacture of certain products so as to shorten delivery times for customers and to growth in the volume of contract assets generated as a result of delays in the milestone certification in certain projects which are necessary to demonstrate the fulfilment of performance obligations and the resulting recognition of revenue under IFRS 15.

Movements in impairment are as follows:

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

	Balance at 31.12.18	Currency translation differences	Appropriations	Reversal	Application	Transfer	Balance at 31.12.19
Provision for impairment	(1,930)	-	(1,758)	37	331	-	(3,320)

16) Other current financial and non-financial assets and short-term derivatives

The breakdown of other assets at 31 December 2020 and 2019 is as follows:

	Thousand euro	
	2020	**2019**
Other receivables	8,480	5,073
Advances and loans to employees	8,996	14,833
Public Administrations (Note 36)	43,011	46,120
Prepayments and accrued income	17,706	16,227
Short-term deposits	1,497	2,657
Short-term security deposits	824	1,383
Current asset investments	645	634
Derivatives (Note 38)	6,093	2,910
Total net value	**87,252**	**89,837**

17) Current trade and other receivables

The breakdown of trade and other receivables at 31 December 2020 and 2019 is as follows:

	Thousand euro	
	2020	**2019**
Trade receivables for sales and services	669,828	745,075
Accounts receivable for billable production	287,742	359,993
Prepayments to suppliers	19,194	18,769
Other receivables	12,490	6,626
Total	**989,254**	**1,130,463**
Impairment of trade receivables	(90,425)	(68,172)
Impairment of other receivables	(161)	(161)
Impairment of accounts receivable for billable production	(5,815)	(11,423)
Total net value	**892,853**	**1,050,707**

The heading Accounts receivable for billable production includes the amount of €24,027 thousand (€24,882 thousand in 2019) in 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 in 2021 (Note 12).

At year-end 2020 and 2019, receivables amounting to €187,180 thousand and €187,434 thousand, respectively, under non-recourse factoring arrangements were derecognised.

Movements in the impairment provision for the two periods are as follows:

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

	Thousand euro						
	Balance at 31.12.20	**Scope change**	**Appropriations**	**Applications**	**Translation differences**	**Reversal**	**Balance at 31.12.19**
Impairment	80,928	9	17,432	(7,294)	456	(11,775)	79,756

Appropriations in 2020 amount to €45,107 thousand (€17,432 thousand in 2019). Most of the 2020 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, the macro situation in some countries and the toughening of milestone acceptance terms in some projects, mainly those of the Parent Company.

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.

At 31 December 2020 and 2019, the Group records past-due receivables totalling €295,131 thousand and €342,363 thousand, respectively (Note 37b). The Group considers that these amounts will be collected within 12 months.

18) Cash and cash equivalents

The breakdown is as follows:

	Thousand euro	
	2020	**2019**
Short-term deposits and fixed-income securities	45,807	42,409
Other current asset investments	2,232	5,798
Subtotal	**48,039**	**48,207**
Cash	1,136,814	806,302
Total	**1,184,853**	**854,509**

Cash and Short-term deposits and fixed-income securities include the amount of €2,351 thousand relating to the liquidity agreement with Banco de Sabadell (€2,479 thousand in the previous year) (Note 19).

At 31 December 2020 and 2019, the entire cash balance is available for use in the Group's business activities.

19) Equity

Share capital

At 31 December 2020, 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.

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 €6.98 (€10.18 at year-end 2019). The average price for the last quarter of 2020 and 2019 was €6.42 and €9.06, 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:

	31.12.20	**31.12.19**
Sociedad Estatal de Participaciones Industriales (SEPI)	18.713%	18.713%
Corporación Financiera Alba	10.522%	10.522%
Fidelity Management & Research LLC (1)	9.809%	9.358%
Norges Bank (2)	3.186%	3.890%
State Street Corporation	3.180%	-
T.Rowe Price Associates (3)	3.066%	-
Santander Asset Management	3.037%	-

(1) In 2020, all the share capital stated (9.809%) relates to voting rights carried by the shares. In 2019, of the 9.358% of share capital stated, 8.567% relates to voting rights carried by the shares and 0.791% to voting rights through financial instruments.

(2) In 2020, of the 3.186% of share capital stated, 2.148% relates to voting rights carried by the shares and 1.038% to voting rights through financial instruments. In 2019, of the 3.890% of share capital stated, 2.935% relates to voting rights carried by the shares and 0.954% to voting rights through financial instruments.

(3) 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 2020 are as follows:

		No. of shares			% share
Directors	**Class**	**Direct**	**Indirect**	**Total**	**capital**
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)	Nominee	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)	Nominee	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)	Nominee	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.

Direct or indirect ownership interests held personally by each of the Directors at 31 December 2019 were as follows:

		No. of shares			% share
Directors	**Class**	**Direct**	**Indirect**	**Total**	**capital**
Fernando Abril-Martorell	Executive	363,663	-	363,663	0.206
Alberto Terol Esteban	Independent	45,736	-	45,736	0.026
Antonio Cuevas Delgado (1)	Nominee	3,402	-	3,402	0.002
Enrique de Leyva	Independent	20,173	-	20,173	0.011
Silvia Iranzo Gutiérrez	Independent	7,613	-	7,613	0.004
Ignacio Martín San Vicente	Independent	4,715	-	4,715	0.003
Santos Martínez-Conde Gutiérrez-Barquín (2)	Nominee	35,954	-	35,954	0.02
Ignacio Mataix Entero	Executive	34,630	-	34,630	0.02
María Rotondo Urcola	Independent	8,760	-	8,760	0.005
Cristina Ruiz Ortega	Executive	50,813	-	50,813	0.029
Ignacio Santillana del Barrio	Independent	41,327	-	41,327	0.023
Miguel Sebastián Gascón (1)	Nominee	3,163	-	3,163	0.002
Isabel Torremocha Ferrezuelo	Independent	1,431	-	1,431	0.001
Total		**621,380**	**-**	**621,380**	**0.352**

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

(2) Representing the shareholder Corporación Financiera Alba.

At 31 December 2020, 52,389,968 shares were represented on the Board of Directors, that is 29.66% of the total. At 31 December 2019, 52,266,269 shares were represented on the Board of Directors, representing 29.59% of the total at the time.

On 25 June 2020 and 24 June 2019, the Parent Company held its Annual General Meeting, which approved the applications of results for 2019 and 2018, 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 €8,651 thousand and €8,804 thousand at 31 December 2020 and 2019, respectively; the amount of the unamortised balances of the Parent Company's research and development expenses, that is €58,861 thousand at 31 December 2020 (€87,088 thousand at 31 December 2019); and any prior-year losses recognised.

Other own equity instruments

	Thousand euro	
	2020	**2019**
Delivery of shares	8,000	6,763
Total	**8,000**	**6,763**

The outstanding amount of €8,000 thousand at 31 December 2020 (€6,763 thousand in the previous year) relates to the provision for medium-term remuneration payable in 2021 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 Variable Annual Remuneration pending share-based payment (Note 39).

Cash flow hedge reserves

This heading reflects the hedging reserve generated due to the effect of fair value changes to foreign currency forward contracts covering highly probable forecast transactions or firm commitments.

This heading is analysed below:

	Thousand euro	
	2020	**2019**
Hedging of foreign exchange insurance contracts flows	(177)	(16,559)
Total	**(177)**	**(16,559)**

Treasury shares

At 31 December 2020, the Parent Company directly holds a total of 546,555 treasury shares amounting to €3,768 thousand (a total of 282,006 treasury shares amounting to €2,788 thousand at 31 December 2019), 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 2020 and 2019:

	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

	Thousand euro			
Used in:	**Balance at 31.12.18**	**Additions**	**Disposals**	**Balance at 31.12.19**
- Ordinary and extraordinary transactions	3,663	71,762	(72,637)	2,788

Treasury share movements in 2020 and 2019 are as follows:

	% share capital	Number of shares 31.12.19	Additions	% annual volume	Disposals	% annual volume	31.12.20	% 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**

	% share capital	Number of shares 31.12.18	Additions	% annual volume	Disposals	% annual volume	31.12.19	% share capital
Used in:								
- Ordinary transactions (*)	0.18	315,458	8,035,267	5.35	(8,140,052)	5.42	210,673	0.12
- Extraordinary transactions	0.06	113,031	-	-	(41,698)	0.03	71,333	0.04
	0.24	**428,489**	**8,035,267**	**5.35**	**(8,181,750)**	**5.45**	**282,006**	**0.16**

(*) 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 2019 and 2020 with the entities BEKA FINANCE, S.V., S.A. (now named GVC Gaesco Valores Beka, S.V.S.) and Banco de Sabadell, respectively.

Extraordinary transactions relate to those effected under the Parent Company's share buy-back agreements in force in the reporting period, first with BEKA FINANCE, S.V., S.A. (from 29 March 2016 to 28 June 2018) and then with Banco de Sabadell (from 21 May to 25 June 2020). In 2020, 250,000 shares were purchased 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 2020, 60,945 shares were handed over (41,698 shares in 2019), valued at the price on the delivery date.

Retained earnings/(losses)

Retained earnings/(losses) break down as follows:

	Thousand euro 2020	2019
Legal reserve	7,066	7,066
Reserves in fully-consolidated companies	(6,029)	(74,881)
Merger reserve	12,233	12,233
Reserves in equity-consolidated companies	(1,603)	(1,401)
Reserve for treasury shares held	(1,877)	(1,057)
Voluntary reserves	301,213	249,427
Profit/(loss) for the year attributed to the Parent Company	(65,153)	121,364
Total	**245,850**	**312,751**

a) Legal reserve

In accordance with the Spanish Companies Act, the Parent Company is required to transfer 10% of yearly profit to 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 2020 and 2019, 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 2020 and 2019 is as follows:

	Thousand euro	
	2020	**2019**
Indra Sistemas		
BPO Group (formerly BMB Group)	29,230	17,744
Indra Sistemas de Seguridad, S.A.U.	3,819	3,536
Indra SI, S.A.	5,737	6,221
Indra Sistemas Chile, S.A.	(4,557)	(5,119)
Indra Sistemas Portugal, S.A.	2,793	2,342
Grupo Advanced Technology, S.L.	2,864	(5,847)
Inmize Capital, S.L.	(284)	(267)
Inmize Sistemas, S.L.	2,559	2,486
Indra Beijing Information Technology Systems Ltd. (China)	1,789	2,458
Indra Company Brasil Tecnología LTDA (Brazil)	(61,687)	(12,259)
Indra Sistemas México, S.A. de C.V.	4,552	864
Indra Sistemas Comunicaciones Seguras, S.L.U.	2,694	2,251
Indra Maroc S.A.R.L.U.	(262)	(172)
Indra Sistemas Polska Sp.z.o.o.	(1,473)	(910)
Indra Australia Pty Limited	(7,231)	3,718
Indra BPO México S.A. de C.V.	8,408	8,106
Indra Colombia LTDA	12,926	10,487
Azertia Tecnologías de la Información Argentina, S.A.	(304)	(224)
Indra USA Inc.	(18,299)	(17,838)
Prointec S.A.U.	(17,560)	(14,029)
Indra Czech Republic S.R.O.	7,067	6,290
Indra Slovakia, A.S.	1,375	1,199
Soluziona Guatemala, S.A.	338	338
Indra LTDA (Kenya)	3,884	3,633
Indra Software Labs México S.A. de C.V.	(8,120)	(8,440)
Soluciones y Servicios Indracompany Uruguay, S.A.	154	85
Indra Sisteme S.R.L. (Moldova)	(204)	(242)
Indra Panamá, S.A.	379	(167)
Indra Philippines INC	10,054	10,569
Electrica Soluziona S.A. (Romania)	829	659
Computación Ceicom, S.A.	4,248	4,256
Indra Company Perú SAC	55	83
Indra Perú, S.A.	(8,626)	(7,459)
AC-B air Traffic Control & Business Systems GmbH	2,508	2,179
Indra Sistemas India Private Limited	(18)	(3,938)
Avitech GmbH (Germany)	1,484	1,147
Indra Technology Solutions Malaysia Sdn Bhd	(1,412)	(1,130)
Indra Bahrain Consultancy SPC	(3,888)	(2,544)
PT Indra Indonesia	860	(7,434)
Indra Italia S.P.A (Italy)	32,942	25,610
Indra Brasil Soluçoes e Serviços Tecnologicos SA	(97,782)	(155,375)
Indra Navia A.S (Norway)	17,529	21,749
Indra Turkey	(3,331)	(3,266)
Teknatrans Consultores, S.L.U.	(56)	(35)
Indra Technology South Africa PTY LTD	(1)	(2,506)
Indra Tecnología Brasil LTDA	(4,316)	(3,838)
Europraxis ALG Consulting Maroc, S.A (Morocco)	93	118
Indra Arabia Company LTD (Arabia)	25,345	16,302
Indra L.L.C	959	(192)
Indra Corporate Services, S.L.U.	693	860
Indra Corporate Services Mexico S.A de C.V.	(358)	(282)
Metrocall, S.A.	-	3,778
Indra Advanced Technology	588	516
Indra Soluciones Tecnologías de la Información, S.L.U.	42,617	14,655
Paradigma Digital, S.L.	3,520	1,373

Indra Holding Tecnología de la Información	(10,046)	(1,091)
Advance Control Systems INC	(2,261)	(145)
CSC Philippines	(54)	(98)
Indra Producción Software, S.L.	7,801	4,460
Inertelco, S.A.	-	(106)
Indra Technology Solutions Co Ltd	(574)	-
Indra Factoría Tecnológica	178	-
Indra T&D, SAC	(14)	-
Indra Sistemas T&D, S.A. de CV (Mex)	(112)	-
Morpheus Aiolos, S.L.	13	-
Minsait Payments Systems, S.L. (Group)	3,917	-
Total	**(6,029)**	**(74,881)**

c) Reserves in equity-consolidated companies

The breakdown of consolidation reserves by company at 31 December 2020 and 2019 is as follows:

	Thousand euro	
	2020	**2019**
Saes Capital	1,023	907
Eurofighter Simulation System	1,059	1,081
Euromids	440	564
Iniciativas Bioenergéticas, S.L.	(4,119)	(4,029)
IRB Riesgo Operacional	14	64
A4 Essor SAS	17	14
Indra Isolux México SA de CV	(32)	(32)
Visión Inteligente Aplicada S.A de C.V	(17)	(16)
EFI Túneles Necaxa SA de CV	98	119
Societat Catalana per a la Mobilitat, S.A.	(184)	(125)
Green Border OOD	(16)	(13)
SPA Mobeal	(307)	(215)
Global Training Aviation, S.L.	421	282
Total	**(1,603)**	**(1,401)**

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 €8,651 thousand and €8,804 thousand at 31 December 2020 and 2019, respectively and for the amount of the unamortised balances of the Parent Company's research and development expenses, that is €58,861 thousand at 31 December 2020 (€87,088 thousand at 31 December 2019) 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 2020 and 2019 is provided in Appendix I.

Currency translation differences

	Thousand euro	
	2020	**2019**
Brazilian real	(35,741)	(18,722)
Argentine peso	(16,843)	(15,217)
Norwegian krone	(15,869)	(13,120)
Colombian peso	(14,947)	(10,285)
Mexican peso	(13,822)	(7,109)
Saudi riyal	(13,557)	(562)
Chilean peso	(6,807)	(6,106)

Peruvian sol	(4,631)	692
Omani rial	(4,569)	(4,241)
Dominican peso	(3,804)	(2,946)
Turkish lira	(3,209)	(2,709)
US dollar	(2,486)	946
Romanian leu	(2,115)	(2,091)
Malaysian ringgit	(1,803)	(1,505)
Kenyan shilling	(1,290)	(395)
Algerian dinar	(1,112)	(766)
Other currencies	(1,602)	2,170
Total	**(144,207)**	**(81,966)**

Non-controlling interests

This heading is analysed below at 31 December 2020 and 2019:

Thousand euro

	31.12.20				31.12.19			
	Non-contr. int. capital	Non-contr. int. reserves	Non-contr. int. results	Total	Non-contr. int. capital	Non-contr. int. reserves	Non-contr. int. results	Total
Inmize Capital	32	484	23	539	32	470	14	516
Inmize Sistemas	750	3,308	114	4,172	750	3,235	73	4,058
Elektrica Soluziona	15	852	147	1,014	15	738	249	1,002
Indra Philippines	264	10,302	1,619	12,185	264	9,478	1,677	11,419
Indra Kazakhstan	-	-	-	-	600	(2,346)	1,746	-
Indra Malaysia	-	-	-	-	282	(282)	-	-
Normeka	-	1,098	117	1,215	-	744	196	940
Prointec Panama	-	(27)	-	(27)	-	(30)	-	(30)
Metrocall, S.A.	1,306	(1,739)	433	-	1,306	2,562	602	4,470
Tecnocom Procesadora de Medios de Pago, S.A.	282	(402)	120	-	282	223	68	573
Inertelco, S.A.	70	(5,183)	5,113	-	70	337	113	520
Total	**2,719**	**(8,693)**	**7,686**	**19,098**	**3,601**	**15,129**	**4,738**	**23,468**

The information on assets, liabilities and consolidated results for 2020 and 2019 of the most significant non-controlling interests, attributed to the Parent Company, is provided in Appendix V.

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

20) (Losses)/Earnings per share

At 31 December 2020 and 2019, the calculation of weighted average outstanding and diluting shares is as follows:

	Weighted average ordinary shares at 31.12.20	Ordinary shares at 31.12.20	Weighted average ordinary shares at 31.12.19	Ordinary shares at 31.12.19
Total shares issued	176,654,402	176,654,402	176,654,402	176,654,402
Treasury shares	(421,506)	(546,555)	(331,005)	(282,006)
Total outstanding shares	**176,232,896**	**176,107,847**	**176,323,397**	**176,372,396**

	Weighted average ordinary shares at 31.12.20	**Weighted average ordinary shares at 31.12.19**
Total shares issued	176,654,402	176,654,402
Financial instruments related to shares	17,089,343	17,089,343
Treasury shares	(421,506)	(331,005)
Total diluting shares	**193,322,239**	**193,412,740**

The diluting factor used to calculate 17,089,343 (17,089,343 in 2019) is the effect of the convertible bond issued in 2016 (Note 21).

The calculation of basic earnings per share (rounded to four digits) for 2020 and 2019 is as follows:

	2020	**2019**
Profit/(loss) attributed to the Parent Company, in thousand euro	(65,153)	121,364
Weighted average ordinary shares outstanding	176,232,896	176,323,397
Basic (Loss)/Earnings per ordinary share, in euro	**(0.3697)**	**0.6883**

The calculation of earnings per ordinary share (rounded to four digits) for 2020 and 2019 is as follows:

	2020	**2019**
Profit/(loss) attributed to the Parent Company, in thousand euro	(65,153)	121,364
Shares issued	176,654,402	176,654,402
(Loss)/Earnings per ordinary share, in euro	**(0.3688)**	**0.6870**

The calculation of diluted earnings per share (rounded to four digits) for 2020 and 2019 is as follows:

	2020	**2019**
Profit/(loss) attributed to the Parent Company, in thousand euro (*)	(62,815)	123,701
Weighted average ordinary shares outstanding	193,322,239	193,412,740
Diluted (Loss)/Earnings per ordinary share, in euro	**(0.3249)**	**0.6396**

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

21) Non-current bank borrowings and debentures

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

This consolidated statement of financial position heading includes:

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

On 7 July 2020, non-convertible bonds were issued in the amount of €35,000 thousand (issuance costs of €63 thousand), with a unit nominal value of €100 thousand. The financial liability derived from the issue amounts to €35,817 thousand.

The bond terms and conditions are as follows:

* The bond issue has 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 (99.97%), the bond's fair value at year-end 2020 was €34,990 thousand.
* The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2021	1,102
2022	1,098
2023	1,094
2024	1,090
2025	1,086
2026	1,062
	6,532

Issuance of non-convertible bonds in April 2018:

On 19 April 2018, senior unsecured bonds were issued in the Euromarket in the amount of €300,000 thousand. The bonds are listed on the Luxembourg Stock Exchange's Euro MTF market. The financial liability derived from the issue amounts to €296,412 thousand (€293,916 thousand in 2019).

The bond terms and conditions are as follows:

* The bond issue had a nominal value of €300,000 thousand (€293,916 thousand including 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 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 (102.37%), the bond's fair value at year-end 2020 was €307,119 thousand (€319,440 thousand in 2019).
* The forecast financial expense expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2021	10,008
2022	10,042
2023	10,077
2024	3,461
	33,588

Issuance of non-convertible bonds in January 2018:

On 26 January 2018, non-convertible bonds were issued in the amount of €30,000 thousand (issuance costs of €90 thousand), with a unit nominal value of €100 thousand. The financial liability derived from the issue amounts to €29,938 thousand (€29,910 thousand in 2019).

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 (99.97%), the bond's fair value at year-end 2020 was €29,992 thousand (€31,823 thousand in 2019).
* The forecast interest expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2021	880
2022	881
2023	881
2024	881
2025	882
2026	154
	4,559

Issuance of non-convertible bonds in 2016:

On 23 December 2016, a non-convertible bond issue of €25,000 thousand was completed and listed on the Frankfurt Stock Exchange's Freiverkehr (Open Market). The financial liability derived from the issue amounts to €25,014 thousand (€25,000 thousand in 2019).

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 (101.16%), the bond's fair value at year-end 2020 was €25,289 thousand (€27,007 thousand in 2019).
* The forecast interest expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2021	874
2022	875
2023	874
2024	875
2025	874
2026	864
	5,236

The consolidated cash flow statement reflects an increase of €36,566 thousand due to bond issues in 2020. The amount repaid or redeemed in 2020 relates to bond interest of €15,095 thousand (€13,870 thousand in 2019).

b) Non-current bank borrowings

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 entire balance of R&D loans at 31 December, €64,102 thousand (€73,420 thousand in 2019), relates to the long-term portion of loans granted by official bodies to engage in research programmes.

Accrued unmatured interest amounted to €1,887 thousand and €1,644 thousand in 2020 and 2019, 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 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 increase in the Parent Company's bank borrowings reflected in the 2020 consolidated cash flow statement is €329,262 thousand (€130,449 thousand in 2019). The amount of €107,741 thousand (€111,716 thousand in 2019) is reflected for the repayment and redemption of bank borrowings.

Forecast interest accruing on bank borrowings is set out below:

Years	Thousand euro
2021	13,700
2022	13,178
2023	9,937
2024	3,626
2025	1,368
2026	714
2027	214
	42,737

Set out below is a breakdown of other long-term borrowings by maturity at 31 December 2019:

Years	Credit institutions	R&D loans	Total
2021	120,554	13,364	133,918
2022	305,038	11,688	316,726
2023	193,752	11,448	205,200
Beyond	92,167	36,920	129,087
Total at 31.12.19	**711,511**	**73,420**	**784,931**

22) Other non-current financial liabilities and derivatives

A breakdown of Other non-current financial liabilities is as follows:

	Thousand euro	
	2020	**2019**
Deposits and guarantees received	408	165
Fixed asset suppliers	14,752	14,495
Hedging derivatives	1,450	1,139
Finance lease liabilities	95,093	102,816
Other long-term payables	112,815	83,898
Total	**224,518**	**202,514**

At 31 December 2020, the heading "Fixed-asset suppliers" mainly includes the amount of €7,745 thousand (€14,495 thousand in 2019) 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 (Note 27). It also includes an additional amount of €6,000 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 companies SmartPaper, S.P.A. and Smartest, S.R.L fulfil 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 non-current financial liabilities arising from leases at 31 December 2020:

	Thousand euro
Years	**Lease liabilities**
2022	29,036
2023	25,596
2024	19,321
Beyond	21,140
Total at 31.12.20	**95,093**

The heading "Other long-term payables" mainly includes €76,541 thousand (€76,013 thousand in 2019) relating to financing granted by the Ministry of Industry, Energy and Tourism to engage in defence programmes through various temporary consortia (Note 12c). The Group also records under this heading grants pending receipt for various multi-year projects not yet completed. It also includes the corresponding liability in other non-current financial liabilities (Note 12).

In addition, the heading "Hedging derivatives" includes the amount of €1,450 thousand (€1,139 thousand in 2019) reflecting the differences between the hedge value and the realisable value at the preparation date of these Consolidated Annual Accounts of the items covered by the hedging agreement entered into by the Parent Company.

23) Grants

Set out below is an analysis of this heading showing movements during 2020 and 2019:

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

	Balance at 31.12.18	**Scope changes**	**Additions**	**Transfers**	**Taken to income st.**	**Balance at 31.12.19**
Grants	4,492	20	7,066	5,214	(4,365)	12,427

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

24) Non-current provisions

Set out below is a breakdown of provisions showing related temporary differences and forecast maturity dates:

Item	Balance at 31.12.19 Balance	Balance at 31.12.19 Temp. diff.	Scope changes	Trans. diff.	Approp.	Reversal	Payment	Transfer	Balance at 31.12.20 Balance	Balance at 31.12.20 Temp. diff.	Forecast cancell. date
	Thousand euro										
Other provisions	11,819	11,819	-	-	-	(1,105)	-	2,625	13,339	13,339	2022-2023
Remuneration	6,534	6,534	3,146	(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
Operating prov.	**19,686**	**19,686**	**3,146**	**(68)**	**9,592**	**(1,468)**	**(1,792)**	**572**	**29,668**	**29,668**	
Tax provision	3,906	-	-	-	-	-	-	-	3,906	-	2022-2023
HR claims	14,876	3,136	-	(4,077)	6,053	(1,512)	(1,357)	(147)	14,286	3,497	2022-2023
Contingencies	16,741	24	-	(283)	3,402	-	(280)	(1,059)	18,071	23	2022-2023
Subtotal 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**	**3,146**	**(4,428)**	**19,047**	**(2,980)**	**(3,429)**	**(634)**	**65,931**	**33,188**	

Item	Balance at 31.12.18 Closing	Balance at 31.12.18 Temp. diff.	Trans. diff.	Approp.	Reversal	Payment	Transfer	Balance at 31.12.19 Balance	Balance at 31.12.19 Temp. diff.	Forecast cancell. date
	Thousand euro									
Other provisions	11,746	11,746	-	-	-	-	72	11,819	11,819	2022-2023
Remuneration	1,156	-	5	7,161	(326)	(1,628)	167	6,534	6,534	2022-2023
Project guarantees	10,070	10,070	1	23	(48)	-	(8,713)	1,333	1,333	2022-2023
Operating prov.	**22,972**	**21,816**	**6**	**7,184**	**(374)**	**(1,628)**	**(8,474)**	**19,686**	**19,686**	
Tax provision	3,941	136	-	-	-	(35)	-	3,906	-	2022-2023
HR claims	21,282	2,891	(543)	5,637	(3,744)	(3,901)	(3,855)	14,876	3,136	2022-2023
Contingencies	17,444	39	(52)	53	-	(18)	(686)	16,741	24	2022-2023
Subtotal litigation in progress	**42,666**	**3,066**	**(595)**	**5,690**	**(3,744)**	**(3,954)**	**(4,541)**	**35,523**	**3,160**	
Total provisions	**65,639**	**24,882**	**(589)**	**12,874**	**(4,118)**	**(5,582)**	**(13,015)**	**55,209**	**22,846**	

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 during the year (Note 36).

The item "Remuneration" includes the amounts relating to the retirement plan implemented in the previous year. In 2019, in order to protect the older employees who are close to retirement and might be interested in ending their employment with the company for personal or business reasons by means of a protection mechanism that facilitates their future retirement, the Company and the trade unions CC.OO. and UGT signed a collective agreement on the early retirement plan for 2019, which has the following features:

- Applicable to the Group companies Indra Sistemas, Indra Soluciones Tecnologías de la Información, Indra BPO Servicios and Indra BPO.
- Employees of the companies covered by this agreement who have reached 60 but have not reached 64 years of age at 31 December 2019 may take early retirement.
- Coverage:
  1. Monthly annuity to 64 years of age.
     - 70% of fixed gross remuneration for professionals aged under 62 at the contract termination date.
     - 73% of fixed gross remuneration for professionals aged over 62 at the contract termination date.

2. In addition, the company will pay the employee a gross amount equal to the cost of the special Social Security contributions that the employee is required to make on the same contribution base as prior to the contract termination date.

- No competition. Services may not be provided by the retirees for their own account or for the account of third parties to companies that compete with the Indra Group in any business area for a two-year period as from termination of the employment contract.

The Group recognised a plan cost of €6,801 thousand under termination benefits (Note 31) in the previous year. At the preparation date of the consolidated annual accounts, €3,458 thousand is pending payment (€2,405 thousand in the short term) (Note 27).

The amount recognised in scope changes relates primarily to provisions recognised in the companies SmartPaper and Smartest for the fund required by Italian legislation covering amounts reserved for each worker that will be paid when the worker leaves the company.

The provisions for "Project Guaranties" reflect the estimated costs of repair or servicing work. Most of these provisions relate to projects undertaken in the geographic area Asia, Middle East & Africa and Spain.

At 31 December 2020, the Group records litigation in progress in which it is the defendant and occurrence is deemed **probable**, for a total provision of €39,357 thousand covering taxes, employee claims and contingencies, of which €36,263 thousand is recognised under this long-term provisions heading and the remainder in the item other current liabilities (Note 27), or has been settled. In the previous year, the amount of €38,120 thousand was provisioned in this respect.

HR claims classed as probable and thus provisioned in the amount of €14,286 thousand include claims amounting to €5,923 thousand (€10,216 thousand in 2019) 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.

Litigation in progress in 2020 the occurrence of which is deemed **probable** and which is therefore fully provisioned includes various legal proceedings provisioned in the item "Litigation in progress", the most significant being:

- 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 March 2020, the CNMC issued the Specification of Facts Document in which an anti-trust practice was attributed to IBC in relation to a single contract for an immaterial amount (€39 thousand), extending liability to the Parent Company.

  In August 2020, the CNMC issued a Resolution Proposal distinguishing between three types of cartels (the "Red de Colaboración Norte" -cartel 1-, the "Red de Colaboración Nacional" -cartel 2- and the specific conduct of companies including IBC -cartel 3-).

  In addition, as regards IBC, the Resolution Proposal proposes to impose a fine of €450 thousand with a 10% reduction for the company's cooperative attitude, as well as exclusion from the prohibition on contracting with the public sector. Similarly, the CNMC recognises the efficiency of the Parent Company's competition programme and the significant change in the corporate culture concerning competition rules.

  On 4 September 2020, IBC and the Parent Company presented allegations against the Resolution Proposal.

Litigation the occurrence of which is deemed **possible** and which is not therefore provisioned amounts to €123,641 thousand (€172,011 thousand in 2019), the most significant being:

- 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 €14,131 thousand.

  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 €3,459 thousand. 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 have already been paid and that it is owed an additional €193 thousand.

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

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

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

Litigation the occurrence of which is deemed **remote** amounts to €71,400 thousand (€90,185 thousand in 2019), the most significant being:

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

  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 €19,071 thousand. 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 a judgement has yet to be issued.

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

  Civil proceeding related to the termination and alleged breach of the contract to implement an HR management ERP system for BB awarded to the consortium Plantalto (the "Consortium"), in which the Parent Company's Brazilian subsidiary, Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. ("Indra Brazil") has a 70% ownership interest.

In February 2016, the Consortium filed a claim against BB demanding termination of the contract on grounds not attributable to the Consortium. BB lodged a counterclaim alleging breach of contract by Indra Brazil and claiming damages currently valued at €13,960 thousand.

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.

- <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 €15,205 thousand.

  Indra Brazil filed a claim against the judgement which is now in the discovery stage. It also obtained a precautionary measure whereby CEF was prohibited from offsetting the amount claimed against any amount owed to Indra Brazil under other contracts in force.

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>

  The proceeding (known as the "Púnica Operation"), which began in July 2014, is still in the investigation stage, so it is not yet possible to predict the possible outcome or implications for the Parent Company.

  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.

  The executives and employees summonsed as parties under investigation in the proceeding are not related to the Parent Company.

  On 26 October 2020, the Court issued a decision disallowing certain procedures requested by the Department of Public Prosecutions whereby the Parent Company would have had to furnish additional documents related to the contracts for the Madrid regional elections in 2007, 2011 and 2015. The Department of Public Prosecutions appealed the decision.

In addition to the matters described above, the most relevant tax proceedings already quantified above are described in Note 36.

25) <u>Current bank borrowings and debentures</u>

This consolidated statement of financial position heading is analysed below at 31 December 2020 and 2019:

	Thousand euro	
Current	**2020**	**2019**
Debentures and bonds (Note 21)	254,229	8,872
Loans	26,270	3,514
Interest payable	1,887	1,644
Payables under subsidised research plans	11,026	12,680
Total current bank borrowings	**39,183**	**17,837**
Total	**293,412**	**26,709**

The heading Debentures and bonds includes the following:

- 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 €247,432 thousand (€245,800 thousand in 2019).

  The issuance agreement includes a clause whereby the bondholder has an option to surrender the bond in advance in exchange for full cash payment. Accordingly, if the bondholder exercises the option, the issuer cannot avoid a cash outflow. To conclude, the Parent Company's management has transferred the amount to the short term, as it has no control over the issue's maturity.

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).

* 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 €3,215 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 2020, the shares underlying bonds in circulation represent 9.7% (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 bondholders have an option to demand redemption by the issuer on 7 October 2021 (year 5) at the nominal value plus interest accrued and not collected at that date, so the Company has reclassified the total amount of the bond (€247,432 thousand) to the short term.

* 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 (100.29%), the bond's fair value at year-end 2020 was €250,715 thousand (€262,495 thousand in 2019).

* Forecast interest (including issue costs) expected to be generated over the remaining life of the bonds is as follows:

Years	Thousand euro
2021	6,902
2022	2,180
2023	1,715
	10,797

- The short-term maturities of the issues completed by the Parent Company in relation to the January 2018 non-convertible bond issue in the amount of €797 thousand (€815 thousand in 2019), which accrue fixed interest at an annual nominal rate of 2.9%.
- The short-term maturities of the issues completed by the Parent Company in relation to the April 2018 non-convertible bond issue in the amount of €6,000 thousand (€7,522 thousand in 2018), which accrue fixed interest at an annual nominal rate of 3%.

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

The entire balance of €11,026 thousand (€12,860 thousand in 2019) in Payables under subsidised research plans relates to the short-term portion of loans granted by official bodies to engage in research programmes.

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

	Thousand euro	
Years	**2020**	**2019**
Amount drawable	186,600	133,210
Amount drawn	2,850	2,390
Total credit lines	**189,450**	**135,600**

26) Current trade and other payables

The breakdown of Trade and other receivables at 31 December 2020 and 2019 is as follows:

	Thousand euro	
	2020	**2019**
Trade payables for purchases or services received	525,801	622,779
Advance payments from customers	809,001	735,900
Total	**1,334,802**	**1,358,679**

Final Provision Two of Law 31/2014 amends the Spanish Companies Act to improve corporate governance and amends Additional Provision Three of Law 15/2010 on measures to combat late payment in commercial transactions, specifically requiring all trading companies to include the average supplier payment period in the notes to the annual accounts. The Spanish Institute of Accounting and Auditing (ICAC) is also authorised to issue the calculation rules and methodology.

This resolution is mandatory for all Spanish companies that issue consolidated annual accounts, although exclusively those that are established in Spain and are fully or proportionately consolidated.

In the resolution of 29 January 2016, the ICAC provided the method for calculating the average supplier payment period for 2015 and successive years.

The calculation of the average supplier payment period is made using the following formula, pursuant to the ICAC Resolution of 29 January 2016:

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

Details of the Spanish companies for 2020 and 2019 are as follows:

	2020	2019
	Days	**Days**
Average supplier payment period	56	59
Ratio of transactions paid	56	60
Ratio of transactions pending payment	54	55
	Amount € th	**Amount € th**
Total payments made	1,019,339	1,112,655
Total payments pending	178,842	259,298

27) Current provisions, other current liabilities and other current financial liabilities

a) Other current liabilities

Other current liabilities are analysed below at 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Public Administrations (Note 36)	134,688	140,706
Accrued wages and salaries	90,452	95,478
Deposits and guarantees received	377	396
Trade provisions	112,641	76,222
Accruals and deferred income	11,519	9,616
Other liabilities	983	24,949
Total other current liabilities	**350,660**	**347,366**

Set out below is a breakdown of trade provisions:

	Thousand euro						
	Balance at 31.12.19	**Translation differences**	**Appropri-ations**	**Reversal**	**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**

	Thousand euro							
	Balance at 31.12.18	**Translation differences**	**Scope changes**	**Appropri-ations**	**Reversal**	**Payments**	**Transfers**	**Balance at 31.12.19**
Provisions for guarantees and onerous contracts	42,645	206	-	743	(27,425)	(118)	22,230	38,281
Other provisions	13,917	246	-	62	(590)	(23)	(13,238)	374
Provisions for other staff costs	5,563	-	396	7,553	-	(86)	(3,982)	9,444
Social security reserve	29	-	-	-	-	-	-	29
Restructuring provisions	28,094	-	-	21	(21)	-	-	28,094
Total	**90,248**	**452**	**396**	**8,379**	**(28,036)**	**(227)**	**5,010**	**76,222**

The provisions for guaranties and onerous contracts reflect the estimated costs of related repair or servicing work. This heading includes the amount of €18,610 thousand (€18,183 thousand in 2019) relating to the Parent Company.

The restructuring provision reflects the amount of €21,600 thousand recorded in the current year by the Parent Company for the collective agreement on early retirements and voluntary redundancies. This agreement will affect 220 employees, of whom a maximum of 135 will take early retirement and 85 will agree to voluntary redundancy. The agreement will run to 30 June 2021. The provision also includes the amount of €25,859 thousand relating to the lay-off proceedings initiated by the Group company Indra Soluciones TI, S.L.U. Under these proceedings, at maximum, 580 contracts will be terminated, 125 contracts will be suspended and pay cuts will be applied to 100 employees. The duration of the proceedings ended on 31 January. A provision of €63,620 thousand was recorded in the current year, €37,761 thousand of which was paid in December. This heading also includes the amount of €28,094 thousand recognised by the Parent Company in 2015 due to the initiation of lay-off proceedings. This entailed the obligation to provision the possible payment to the Spanish Treasury, by legal mandate, of a contribution towards the pension funds of employees aged over 50 affected by the restructuring plan.

b) Other current financial liabilities

Other current financial liabilities are analysed below at 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Finance lease liabilities	30,483	29,662
Fixed asset suppliers	13,640	24,741
Other payables	30,844	30,845
Total other current financial liabilities	**74,967**	**85,248**

The heading Finance lease liabilities includes balances outstanding under IFRS 16 (Note 2) that are expected to be settled in 2021.

The Group company Indra Holding Tecnología de la Información, S.L.U. records the amount of €6,747 thousand (€6,747 thousand in 2019) under the heading "Fixed-asset suppliers" in relation 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 (Note 22). The amount has been transferred from the long term in the current year.

The heading Other payables relates to the funding granted by the Ministry of Industry, Energy and Tourism to engage in defence programmes through various temporary consortia (UTEs), which are expected to be settled in 2021 (Note 22 and 12c).

28) Segment reporting

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

Set out below is the segment information for 2020 and 2019:

	2020 (Thousand euro)							
Segment information at 31 December 2020:	**T&D**	%	**IT**	%	**Corporate non-distributable**	**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%**
Contribution margin	**158,656**	**14.2%**	**132,817**	**6.9%**	**-**	**-**	**291,473**	**9.6%**
Impairment and provisions						-	-	0.0%
Other income and expenses	(103,648)		(220,710)		-	-	(324,358)	(10.7)%
EBIT	**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	
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**	**America**	**Europe**	**Asia, Middle East & Africa**	**Total**
External sales	1,581,178	593,479	565,286	303,465	3,043,408
Investments	70,814	2,277	1,177	931	75,199
Assets employed	3,293,259	490,341	304,711	374,591	4,462,902

Segment information at 31 December 2019:	2019 (Thousand euro) T&D	%	IT	%	Corporate non-distributable	Elim.	Total	%
Total sales	1,190,866		2,038,922		-	(25,849)	3,203,939	100%
Inter-segment sales	2,353		23,496		-	(25,849)	-	-
External sales	**1,188,513**		**2,015,426**		**-**	**-**	**3,203,939**	**100%**
Contribution margin	**234,283**	**19.7%**	**261,503**	**13.0%**	**-**	**-**	**495,786**	**15.5%**
Impairment and provisions						-	0	0
Other income and expenses	(89,011)		(185,753)		-	-	(274,764)	(8.6)%
EBIT	**145,272**	**12.2%**	**75,750**	**3.8%**	**-**	**-**	**221,022**	**6.9%**
Net financial income/(expense)	-		-		(44,189)	-	(44,190)	(1.4)%
Profit/(loss) in associates	79		652		-	-	731	0.0%
Corporate income tax	(39,790)		(22,718)		11,047	-	(51,461)	(1.6)%
Segment profit/(loss)	**105,561**	**8.9%**	**53,684**	**2.7%**	**(33,142)**	**-**	**126,102**	**3.9%**
Other information								
Investments	58,735		36,880		-	-	95,615	
Depreciation/amortisation	38,793		86,431		-	-	125,224	
Balance sheet								
Segment assets	1,593,336		1,857,731		854,508	-	4,305,575	
Fixed assets in associates	10,828		67		-	-	10,895	
Total consolidated assets							**4,316,470**	
Liabilities								
Segment liabilities	1,259,770		849,323		1,406,624	-	3,515,717	
Total consolidated liabilities							**3,515,717**	

Geographic information at 31 December 2019:	Spain	America	Europe	Asia, Middle East & Africa	Total
External sales	1,590,634	665,457	548,721	399,127	3,203,939
Investments	85,438	6,795	1,224	2,158	95,615
Assets employed	3,099,942	555,643	279,038	381,847	4,316,470

There is no customer concentration representing more than 10% of revenue.

29) Other operating income

In 2020, this consolidated income statement heading primarily includes grants amounting to €7,887 thousand (€10,942 thousand in 2019) and other sundry income from services totalling €10,216 thousand (€10,162 thousand in 2019).

30) Raw materials and consumables

Set out below is a breakdown of the heading Materials consumed and other supplies for the years ended 31 December 2020 and 2019:

	Thousand euro 2020	2019
Subcontracts and materials consumed	717,099	820,984
Changes in inventories	17,500	(25,590)
Total	**734,599**	**795,394**

31) Staff costs

Set out below is an analysis of staff costs for the years ended 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Wages, salaries and similar remuneration	1,353,383	1,336,212
Termination benefits	122,362	18,433
Social Security and other staff welfare	402,123	403,055
Total	**1,877,868**	**1,757,701**

Termination benefits reflect 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 2020 and 2019 is as follows:

	Number of people					
	2020			**2019**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
General Management	15	2	17	15	2	17
Management	439	96	535	430	93	523
Middle management	3,056	1,043	4,099	2,976	983	3,959
Technical personnel	21,717	9,685	31,402	24,126	11,761	35,887
Support	6,239	5,180	11,419	3,503	3,211	6,714
Other categories	729	458	1,187	201	108	309
Total	**32,195**	**16,464**	**48,659**	**31,251**	**16,158**	**47,409**

The distribution by gender and category at year-end 2020 and 2019 is as follows:

	Number of people					
	2020			**2019**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
General Management	14	3	17	15	2	17
Management	425	91	516	419	92	511
Middle management	2,923	1,020	3,943	2,893	954	3,847
Technical personnel	21,437	9,522	30,959	24,826	12,072	36,898
Support	6,136	5,083	11,219	4,049	3,888	7,937
Other categories	782	544	1,326	239	158	397
Subtotal	**31,717**	**16,263**	**47,980**	**32,441**	**17,166**	**49,607**
New joiners (1)	307	740	1,047	622	120	742
Total	**32,024**	**17,003**	**49,027**	**33,063**	**17,286**	**50,349**

(1) FY 2020: SmartPaper, Smartest and Baltik. FY 2019 SIA

The average number of employees with a disability rating of 33% or more in 2020 and 2019 in the Group's Spanish companies is shown below by category:

	Number of people					
	2020			**2019**		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Management	1	1	2	-	1	1
Middle management	23	3	26	20	1	21
Technical personnel	136	63	199	141	86	227
Support	113	80	193	28	14	42
Other categories	1	-	1	-	2	2
Total	**274**	**147**	**421**	**189**	**104**	**293**

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.

32) Other operating expenses and change in trade provisions

This heading breaks down as follows at 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Rent and royalties	118,890	120,611
Repairs and maintenance	25,370	39,333
Professional services	72,296	107,191
Transport and freight	12,562	13,222
Insurance	6,855	6,116
Banking services	7,130	7,764
Donations, trade fairs, advertising and entertainment	7,589	14,540
Supplies	11,260	13,346
Travel and other expenses	102,689	125,439
Taxes	28,399	34,893
Other expenses	584	50
Change in provisions for guarantees and onerous contracts	(5,570)	(26,249)
Changes in trade provisions	24,858	5,657
Total	**412,913**	**461,912**

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

This heading breaks down as follows at 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Impairment loss and profit/(loss) on other intangible assets (Note 9)	(84,217)	(87)
Impairment loss and profit/(loss) on property, plant and equipment (Note 6)	(3,147)	146
Impairment loss and profit/(loss) on non-current assets held for sale (Note 14)	-	(1,793)
Profit/(loss) on other long-term investments (Note 1)	37,474	-
	(49,890)	**(1,734)**

The Group recognises under the heading Impairment loss and profit/(loss) on other intangible assets the impairment loss resulting from the reassessment of intangible asset recoverability assumptions due to Covid-19 (Notes 2 and 9).

In addition, the amount reflected in Profit/(loss) on other long-term investments relates 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).

34) Foreign currency transactions

The main transactions effected in currencies other than the euro during 2020 and 2019 are analysed below:

	Thousand euro	
	2020	**2019**
Sales	918,533	1,006,607
Purchases	503,987	574,656

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

35) Guarantees

At 31 December 2020, the Group had provided guarantees to third parties, issued by various banks and insurance companies, for a total of €1,006,075 thousand. The purpose of most of these guarantees is to ensure the compliance 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 2019 guarantees amounted to €1,009,772 thousand.

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

Guarantees from third parties were received in 2020 totalling €3,967 thousand (€6,342 thousand in 2019) to ensure 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.

36) Tax situation

The Parent Company pays taxes under the corporate group scheme and forms part, as the Parent Company, of tax group No. 26/01 which comprises the Parent Company and the subsidiaries Indra Sistemas de Seguridad, Inmize Capital, Indra Business Consulting, Indra BPO, Indra Sistemas de Comunicaciones Seguras, Indra BPO Servicios, Prointec, Indra Advanced Technology, Indra Corporate Services, Indra BPO Hipotecario, Indra Soluciones T.I, Indra Holding TI, Indra Producción Software, Paradigma Digital, Indra Factoría Tecnológica, Minsait Payments Systems, Sistemas Informáticos Abiertos, Morpheus Aiolos and AIG Global Infrastructure Advisors. In 2020, the companies ALG Global Infrastructure Advisors (incorporated this year), Morpheus Aiolos and Sistemas Informáticos Abiertos were included in the tax group and Inertelco was excluded due to liquidation (Note 1).

At 31 December 2020 and 2019, in accordance with IAS 12, the Group presented net deferred tax assets and deferred tax liabilities for each jurisdiction amounting to €90,514 thousand and €91,515 thousand, respectively.

Deferred tax assets

Set out below is an analysis of deferred tax assets:

	Thousand euro							
	Balance at 31.12.19	**Scope change**	**Change in rates**	**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

	Thousand euro							
	Balance at 31.12.18	**Scope change**	**Change in rates**	**Translation difference**	**Generated**	**Reversed**	**Other changes**	**Balance at 31.12.19**
Deferred tax assets	247,979	4,911	79	(240)	35,414	(39,094)	(6,439)	242,610

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 2020 and 2019 is as follows :

	Thousand euro	
Item	**2020**	**2019**
Appropriations and applications of provisions	49,599	34,768
Goodwill amortisation	24,016	19,131
Excess fixed asset depreciation/amortisation	12,018	12,264
Tax-loss carryforwards and deductions	149,466	111,250
Effects of transition to IFRS 9 and IFRS 15	11,875	13,037
Loss-making permanent establishments	23,730	21,136
Other	18,925	31,024
Deferred tax assets	**289,629**	**242,610**

The deferred tax assets of the Spanish companies with reversal periods estimated to exceed one year amount to €209,811 thousand at 31 December 2020 (€148,391 thousand at 31 December 2019).

Current tax assets

The breakdown of current tax assets at 31 December 2020 and 2019 is as follows:

	Thousand euro	
	2020	**2019**
Prior-year corporate income tax refundable	13,392	6,733
Current-year corporate income tax refundable	19,192	25,261
Total	**32,584**	**31,994**

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 2020 and 2019 break down as follows:

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

	Thousand euro							
	Balance at 31.12.18	**Scope change**	**Change in rates**	**Translation difference**	**Generated**	**Reversed**	**Other changes**	**Balance at 31.12.19**
Deferred tax liabilities	90,282	-	-	(556)	1,527	(6,311)	8,174	93,116

This consolidated statement of financial position heading is analysed below at 31 December 2020 and 2019:

	Thousand euro	
Item	**2020**	**2019**
Finance lease transactions	573	592
Non-exempt capital gains	2,202	2,202
Portfolio provisions	-	5,193
Goodwill amortisation	66,523	53,349
Other	22,689	31,780
Deferred tax liabilities	**91,987**	**93,116**

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 €8,340 thousand, Paradigma for €5,110 thousand, North American Transmission & Distribution Group, Inc. for €2,300 thousand and Sistemas Informáticos Abiertos, S.A. for €2,420 thousand (Note 5).

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

Current tax liabilities

Current income tax liabilities are analysed below at 31 December 2020 and 2019:

	Thousand euro	
	2020	**2019**
Prior-year corporate income tax	674	1,775
Current-year corporate income tax	12,003	7,976
Corporate income tax paid abroad	12,067	12,538
Total	**24,744**	**22,289**

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 2020 and 2019:

	Thousand euro	
Taxes	**2020**	**2019**
A.- Reported results for the year (before taxes)	**(72,413)**	**177,563**
Adjustments to reported results:		
- Other positive differences	190,877	114,206
- Other negative differences	(213,019)	(141,783)
Total adjustments to reported results	**(22,142)**	**(27,577)**
B.- Adjusted reported results	**(94,555)**	**149,986**
Temporary differences:		
- Positive current year	144,139	110,375
- Positive prior years	18,961	23,254
- Negative current year	(4,766)	(3,938)
- Negative prior years	(74,289)	(72,584)
Total temporary differences	**84,045**	**57,107**
C.- Tax base	**(10,510)**	**207,093**
D.- Tax-loss carryforwards	-	(25,008)
E.- Adjusted tax base	**(10,510)**	**182,085**
Tax payable	**20**	**45,489**
Tax credits:		
- For international double taxation	(1,679)	(1,630)
- For R&D&i and other investments	(5,833)	(3,772)
F.- Tax credit for tax-loss carryforwards (applied) capitalised	**47,613**	**(254)**
G.- Foreign regional taxation	**1,062**	**299**
H.- Total tax payable	**41,183**	**40,132**
Payments and withholdings on account	3,311	10,024
Total payable/(refundable)	**37,872**	**30,108**
I.- Deferred tax assets for the year	(38,740)	(27,801)
J.- Recovery of deferred tax assets	22,180	19,084
K.- Deferred tax liabilities for the year	472	350
L.- Recovery of deferred tax liabilities	(5,020)	(5,647)
Accrued corporate income tax (H+I+J+K+L)	**20,075**	**26,118**
Corporate income tax paid abroad	**15,218**	**11,588**
Prior-year corporate income tax	**(3,118)**	**6,289**
Corporate income tax due to different tax rates	**551**	**729**
Deductions recognised as assets	**(47,672)**	**6,737**
M.- Corporate income tax for the year	**(14,946)**	**51,461**
Profit/(loss) for the year after tax (A-M)	**(57,467)**	**126,102**

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

	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%**

	2019	
	Thousand euro	%
- Consolidated profit/(loss) before tax	**177,563**	
- Tax calculated at the tax rate applicable in Spain	44,391	25.00%
- Effect of permanent differences	(6,894)	(3.88)%
- Effect of deductions	(5,402)	(3.04)%
- Effect of other adjustments to prior-year income tax	6,289	3.54%
- Effect of tax credit for tax-loss carryforwards/deductions	231	0.13%
- Income tax paid abroad	11,887	6.69%
- Effect of different tax rates	959	0.54%
Total	**51,461**	**28.98%**

A breakdown of tax deductions generated by investments, training and exports pending recognition under assets at 31 December 2020 and 2019 is as follows:

(Thousand euro)

Deductions for investments and other			
Years	**2020**	**Years**	**2019**
2014 and previous years	6,050	2014 and previous years	11,666
2015	11	2015	11
216	10	2016	10
2017	51	2017	51
2018	139	2018	139
Total 2020	**6,261**	**Total 2019**	**11,877**

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

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 2020:

(Thousand euro)

Tax losses available for offset	
Years	**2020**
2016 and previous years	280,488
2017	31,650
2018	6,577
2019	8,602
2020	2,737
Total	**330,054**

The expiration period for the tax-loss carryforwards pending offset for 2020 which have not been recognised as assets is as follows:

Years	Thousand euro
2021	5,151
2022	3,714
2023	2,891
2024	457
2025	2,921
2026	1,975
After 2026	26,094
No limit	286,851
Total	**330,054**

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.

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 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 and the relevant resolutions have yet to be issued. The potential contingent liability, including tax payable and interest, amounts to €9,004 thousand for corporate income tax and €572 thousand for value added tax. The assessments are suspended and secured by a bank 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.

As a result of the contested tax assessments, two penalties were imposed for a total of €12,625 thousand. At the date these annual accounts are authorised for issue, the penalty decisions have also been appealed to the Central Economic Administrative Court and are pending a resolution. The assessments have been automatically suspended and no guarantee is required. These amounts have not been recorded as an expense since the risk of losing the appeal is considered to be low.

In addition, as part of the same inspection procedure, a settlement proposal linked to a criminal offence was notified for a total amount of €466 thousand (including tax payable of €429 thousand, interest and other items), which had already been recorded as an expense in 2017. This amount was paid in 2018. In May 2019, the relevant conviction was received (Note 24).

On 31 January 2020, the disqualification period imposed by Madrid Criminal Court No. 26 expired, having the Parent Company complied with the sentence in full (Note 24).

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 6 February 2019 notification was received of the commencement of inspection procedures on Tecnocom Telecomunicaciones y Energía, S.A. and Tecnocom España Solutions, S.L. The notification was addressed to the Group company Indra Soluciones Tecnologías de la Información, S.L., as it had absorbed both of these companies in a vertical merger.

The inspection refers to the following taxes and periods:

Item	Periods
➢ Corporate income tax	➢ 2014 to 2017
➢ Value added tax	➢ 2015 to 2017
➢ Withholdings on account of earned income/professional fees	➢ 2015 to 2017

The inspection ended on 25 November 2020, when assessments were raised and accepted for all taxes reviewed. The settlements contained in the tax assessments totalled €1,105 thousand (including tax payable, interest and an immaterial penalty) and were paid on a timely basis. The Group applied the tax provision in the same amount (Note 24).

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 of non-resident income tax	➢ May 2016 to December 2018

The Company's Directors do not expect any additional significant contingent liabilities that could have a material impact on equity to arise from this inspection.

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

- <u>Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. related to Service Tax (ISSQN) - São Paulo</u>

  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 2020 is €13,757 thousand, applying the year-end exchange rate. The proceeding is pending a third-instance court ruling.

- <u>Tax proceedings against Indra Brasil Soluçoes e Serviços Tecnológicos Ltda. in relation to tax withheld at source (IRRF)</u>

  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 is €13,327 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	
	2020	**2019**
Taxes refundable:		
Value added tax	29,314	35,150
Other taxes	11,932	7,593
Subtotal	**41,246**	**42,743**
Government grants	112	1,316
Social Security contributions refundable	1,653	2,061
Total (Note 16)	**43,011**	**46,120**

Balances payable to Public Administrations are as follows:

	Thousand euro	
	2020	**2019**
Taxes payable:		
VAT	57,364	62,691
Personal income tax withholdings	32,649	30,426
Other taxes	6,097	7,834
Subtotal	**96,110**	**100,951**
Reimbursable government grants	2	2
Social Security contributions payable	38,576	39,753
Total (Note 27)	**134,688**	**140,706**

37) 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 and liquidity 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 2020 and 2019. 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 +/-5% 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 2020

+5%	Thousand euro
Saudi riyal	1,300
Mexican peso	1,342
Brazilian real	1,715

Change in equity 2019

+5%	Thousand euro
Saudi riyal	1,007
Mexican peso	1,403
Brazilian real	1,875

Change in results 2020

+5%	Thousand euro
Saudi riyal	(851)
Mexican peso	260
Brazilian real	453

Change in results 2019

+5%	Thousand euro
Saudi riyal	428
Mexican peso	481
Brazilian real	557

(ii) <u>Interest rate risk</u>

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 (Notes 21 and 25).

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

	2020		**2019**	
	Change in interest rates		Change in interest rates	
	+0.5%	(0.5)%	+0.5%	(0.5)%
Effect on profit/(loss) before tax	(3,837)	168	(1,734)	50

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 2). 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 does not have any significant concentrations of credit risk since, on an individual basis, no customer exceeds 10% of revenue.

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.

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 17). 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 accompanying tables reflect the ageing analysis of Trade and other receivables, calculated from the date of the payment obligation, at 31 December 2020 and 2019, but which are not impaired.

	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**

	2019 (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	204,774	52,907	42,911	41,771	342,363
Total assets	**204,774**	**52,907**	**42,911**	**41,771**	**342,363**

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 net maturities of borrowings. For further details of the characteristics and conditions of borrowings and financial derivatives, see Notes 21 and 25. 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 2020 and 2019, the maturities of the Indra Group's debt are as follows:

	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**

	2019 (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	3,197	2,303	12,337	784,570	361	802,768
Financial liabilities for bonds and debentures	-	815	8,057	539,716	54,909	603,497
Trade and other payables	332,686	278,700	175,605	-	-	786,991
Other financial liabilities	7,081	14,163	64,004	184,185	18,329	287,762
Total	342,964	295,981	260,003	1,508,471	73,599	2,481,018
Derivative financial instruments	-	-	22,711	1,139	-	23,850
Total	**342,964**	**295,981**	**282,714**	**1,509,610**	**73,599**	**2,504,868**

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.

38) Foreign currency commitments

The Group has entered into forward currency purchase/sale contracts to hedge its open currency positions at 31 December 2020 (Note 4.w).

At 31 December 2020, the notional amount contracted in the relevant currencies was 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

At 31 December 2019, the notional amount contracted in the relevant currencies was as follows:

Currency	Amount in foreign currency			
	Short term		Long term	
	Purchase	Sale	Purchase	Sale
United Arab Emirates dirham	-	3,211,210	-	-
Australian dollar	2,516,066	11,953,441	1,325,789	6,230,929
Brazilian real	790,344	1,111,069	-	-
Canadian dollar	119,305	184,640	-	-
Swiss franc	43,888	-	-	-
Chilean peso	495,928,284	1,709,176,099	-	-
Chinese yuan	9,447,253	-	-	-
Colombian peso	-	25,675,843,959	-	6,485,671,875
Euro	217,211	15,773,522	-	1,841,601
Pound sterling	14,942,357	21,968,852	337,151	4,508,874
Indian rupee	-	209,823,286	-	-
Kuwait dinar	-	864,390	-	-
Mexican peso	1,527,250	88,900,029	-	4,056,243
Malaysian ringgit	-	39,173,627	-	-
Norwegian krone	31,675,074	2,593,946	1,704,704	-
Peruvian sol	482,563	4,611,448	-	-
Philippine peso	13,879,595	9,340,915	-	-
Polish zloty	210,834	-	-	-
Romanian leu	204,498	-	-	-
Saudi riyal	7,000,000	311,174,997	-	1,720,686
Singapore dollar	-	-	-	4,634,483
Turkish lira	-	9,336,112	-	-
US dollars	30,996,432	132,026,138	1,688,432	16,159,322
South African rand	-	3,330,000	-	-

At 31 December 2020 and 2019, foreign exchange hedges show the following values:

	Thousand euro							
	2020				2019			
	Short term		Long term		Short term		Long term	
Foreign exchange hedges	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases
Cash flow hedges	(23,083)	3,184	(2,194)	86	(939)	(1,554)	32	(177)
Fair value hedges	899	-	-	-	2,226	-	-	-
Total (Note 10)	**(22,184)**	**3,184**	**(2,194)**	**86**	**1,287**	**(1,554)**	**32**	**(177)**

Information on foreign exchange cash flow hedges is as follows:

- The gross amount reclassified from equity to the consolidated income statement consisted of income totalling €899 thousand (expense of €2,226 thousand in 2019).
- Extension expenses (recognised ineffectiveness) amount to €2,344 thousand in 2020 (€5,125 thousand in the previous year) and have been recognised under "Financial expenses" in the consolidated income statement.

The fair value of the above-mentioned contracts in force at 31 December 2020 and 2019 breaks down as follows:

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**

Foreign exchange risk hedges	Thousand euro	
for financial assets	Exports	Imports
Short term	276,328	55,985
Long term	29,937	3,790
Total 31.12.2019	**306,265**	**59,775**

39) Board of Directors and senior management remuneration

1. Directors' remuneration

1.1 Remuneration due to membership of administrative bodies

The remuneration of the members of the Board of Directors in their capacity as such consists of a fixed allowance which accrues based on their membership of administrative bodies and is fully paid in cash.

It has been determined by following the best practices and recommendations in this area contained in the Remuneration Policy approved by the General Shareholders' Meeting on 28 June 2018. The annual amounts applicable for 2018, 2019 and 2020 are as follows: €80 thousand for membership of the Board; €40 thousand for membership of the Audit and Compliance Committee; €24 thousand for membership of the Appointments, Remuneration and Corporate Governance Committee; and €24 thousand for membership of the Sustainability Committee. The chairs of each body receive 1.5 times the above amounts. Depending on the composition of each body, the average annual remuneration is approximately €126 thousand per director.

The total remuneration accruing for each Parent Company director in 2020 and 2019 for membership of the administrative bodies breaks down as follows:

	DIRECTORS' REMUNERATION (€)			2020	
			FIXED ALLOWANCE		
DIRECTOR	BOARD	AUDIT & COMPLIANCE COMMITTEE	APPOINTMENTS, REMUNERATION & 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. MARTIN	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. SEBASTIAN	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 Audit 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 Audit and Compliance Committee to June (6) Director and member of the Audit and Compliance Committee to June (7) Member of the Sustainability Committee as from December.

	DIRECTORS' REMUNERATION (€)				2019	
	FIXED ALLOWANCE					
DIRECTOR	BOARD	EXECUTIVE COMMITTEE	AUDIT & COMPLIANCE COMMITTEE	APPOINTMENTS, REMUNERATION & CORPORATE GOVERNANCE COMMITTEE	SUSTAINABILITY COMMITTEE	TOTAL
F. ABRIL-MARTORELL	120,000	33,000				153,000
A. TEROL	80,000	22,000		36,000	2,000	140,000
J.C. APARICIO (1)	6,667		3,333			10,000
A. CUEVAS (2)	73,333	20,000		22,000	2,000	117,333
E. DE LEYVA (3)	80,000	22,000	50,000		2,000	154,000
S. IRANZO (4)	80,000			24,000	3,000	107,000
L. LADA (5)	40,000	12,000	20,000			72,000
S. MARTÍNEZ-CONDE (6)	80,000	22,000	40,000	24,000		166,000
i. MARTÍN (7)	80,000			24,000	2,000	106,000
I. MATAIX	80,000					80,000
A. MENÉNDEZ (1)	6,667	2,000		2,000		10,667
M. ROTONDO	80,000		40,000			120,000
C. RUIZ	80,000					80,000
I. SANTILLANA (8)	80,000	22,000	50,000			152,000
M. SEBASTIÁN (2)	73,333		36,667			110,000
I. TORREMOCHA (9)	40,000		20,000			60,000
TOTAL	1,080,000	155,000	260,000	128,000	11,000	1,638,000
Average remuneration per director (13 directors)						126,000

(1) Director to January (2) Director as from February (3) Chair of the Audit Committee as from July, member of the Executive Committee to November and member of the Sustainability Committee as from December (4) Chair of the Sustainability Committee as from December (5) Director, member of the Executive Committee and member of the Audit and Compliance Committee to June (6) Member of the Executive Committee to November (7) Member of the Sustainability Committee as from December (8) Chair of the Audit and Compliance Committee to June and member of the Executive Committee to November (9) Director and member of the Audit and Compliance Committee as from July.

The difference between the individual amounts reflected in the 2020 Directors' remuneration table and those stated in the Remuneration Policy and mentioned previously is explained exclusively by the voluntary 25% cut in the Directors' fixed remuneration for membership of administrative bodies applied in April, May and June 2020 due to the impact of Covid-19 on Indra's revenue.

In 2020 and 2019 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 2020 and 2019 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 2020 or 2019 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.

Although, as mentioned above, the Directors' remuneration due to their membership of administrative bodies is fully paid in cash, all the Directors allocate a significant part of this remuneration (which currently amounts to 50% of their net remuneration) to the purchase of Indra shares, having publicly stated their commitment to continue owning these shares until the end of their appointments. This decision by the Directors was reported to the Spanish National Securities Market Commission by means of a notification of price-sensitive information dated 28 July 2011 and has been implemented since then.

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 2018 General Shareholders' Meeting approved a new compensation scheme for executive Directors and other Senior Managers to bring it into line with international standards and the recommendations of the Code of Good Governance in Listed Companies. That General Meeting approved the remuneration policy that included these amendments and established the remuneration framework for 2018, 2019 and 2020, which includes the following components:

(i) <u>Fixed Remuneration</u> (FR), which is received entirely in cash and remains unchanged for the three-year period, other than in exceptional cases where such is justified.

(ii) <u>Annual Variable Remuneration</u> (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) <u>Medium-term Remuneration</u> (MTR). This is structured into a three-year cycle and is received in full in the form of Company shares. To this end, the Board made an initial allocation of a number of shares (based on the Target MTR and the share price in the 60 stock market sessions prior to the General Shareholders' Meeting for 2018) of which between 0% and 133% will be delivered at the end of the period, to be determined on the basis of the achievement of the targets set for the period ("Performance Share Plan"). These targets are strategic and medium-term, including relative TSR ("total shareholder return") compared to the Ibex 35 (excluding financial institutions).

The current MTR was established for the three-year period (2018-2020) and will accrue upon completion thereof.

The weighting of the annualised amounts of each of the above remuneration items (for 100% fulfilment of AVR and MTR targets) is as follows:

	Chairman 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 chairman, who only receives the first two.

In addition, in 2020 and 2019 the Executive Directors and a Senior Manager were beneficiaries of the Long-Term Savings and Pre-Retirement Plan ("Plan de Ahorro y Prejubilación a Largo Plazo" or the Plan), which is outsourced to an insurance company in the form of a survival life insurance policy. The Company makes an annual defined contribution to the Plan 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 Plan 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 Plan. 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.

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 2020, the composition of senior management was as follows:

Chairman

Fernando Abril-Martorell

Board Directors General Managers

Cristina Ruiz	*Executive Director, General Manager IT*
Ignacio Mataix	*Executive Director, General Manager T&D*

Area and market heads

Luis Abril	*Energy, Industry, Consumption & Business Management Solutions*
Berta Barrero	*Transport*
José Cabello (i)	*Human Resources*
Manuel Escalante	*Defence & Security*
Jorge Estévez	*Defence & Security Operations*
Luis Figueroa (ii)	*IT Delivery & Production*
Fabiola Gallego (iii)	*Legal Affairs*
Rafael Gallego	*Air Traffic. European Programmes.*
Gonzalo Gavín	*International Air Traffic*
Carlos González (iv)	*Legal Affairs*
Javier Lázaro	*Corporate General Manager and CFO*
Antonio Mora	*Management, Operational & Process Control*
Borja Ochoa	*Financial Services*
Luis Permuy	*ASOMAF*
Raúl Ripio (v)	*Service Delivery & Production*

(i) Senior manager to September 2020
(ii) To July 2020
(iii) As from October 2020
(iv) To September 2020
(v) As from August 2020

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

(€ thousand)	*Fernando Abril-Martorell*		*Cristina Ruiz*		*Ignacio Mataix*	
	Chairman		*Executive director*		*Executive director*	
			General Manager IT		*General Manager T&D*	
	2020	***2019***	***2020***	***2019***	***2020***	***2019***
FR	*733*	*775*	*521*	*550*	*521*	*550*
AVR	*697*	*867*	*495*	*675*	*495*	*675*
MTR (1)	*1,713*	*--*	*1,215*	*--*	*1,215*	*--*
Benefits in kind	*25*	*30*	*17*	*10*	*56*	*42*
Sum	***3,168***	*1,672*	***2,248***	*1,235*	***2,287***	*1,267*
Plan (2)	*465*	*465*	*148*	*148*	*364*	*364*
TOTAL	***3,633***	***2,137***	***2,396***	***1,383***	***2,651***	***1,631***

(1) In this respect, a total of 478,759 shares were received by the Chairman in 2018, equivalent to €5,573 thousand. Executive directors who are General Managers did not receive shares in 2018 but the then CEO received a total of 194,423 shares equivalent to €2,263 thousand.
(2) This amount corresponds to the Company contribution to the Plan during the year. The Plan is not a pension plan and receipt of benefits is contingent.

The difference between the individual amounts indicated and those stated in the Remuneration Policy and mentioned previously is explained exclusively by the voluntary 25% cut in the Directors' fixed remuneration for membership of administrative bodies applied in April, May and June 2020 due to the impact of Covid-19 on Indra's revenue.

MTR for the period (2018-2020) accrued following the end of 2020. As indicated, MTR is received entirely in the form of Company shares, 217,056 having been paid to the Executive Chair, 154,039 to the Executive Director General Manager of IT and 154,039 to the Executive Director General Manager of T&D, based on fulfilment of their targets following the appraisal carried out by the Board of Directors after receiving a report from the Appointments, Remuneration and Corporate Governance Committee. The amount reflected in the table above has been calculated based on the quoted price of Indra's stock (€7.89) on the actual delivery date of the shares, 16 March 2021.

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

(€ thousand)	***2020 (1)***	***2019 (1)***
FR	*3,819*	*3,908*
AVR	*2,415*	*2,662*
MTR	*1,689*	*--*
Benefits in kind	*170*	*160*
Sum	**8,093**	**6,730**
Other (2)	*1,977*	*263*
Plan	*150*	*150*
TOTAL	**10,220**	**7,143**

(1) Data concerning the Senior Managers listed at the beginning of this section 2.2 (excluding Executive Directors)

(2) The figure for 2020 includes the amounts received by Messrs. González and Figueroa due to the termination of their employment relationship, as stipulated in the respective contracts.

As indicated, MTR for the period (2018-2020) accrued following the 2020 year end and is received entirely in the form of Company shares, a total of 214,015 shares having been paid to the Senior Managers based on fulfilment of their targets following the appraisal carried out by the Board of Directors after receiving a report from the Appointments, Remuneration and Corporate Governance Committee. The amount reflected in the table above has been calculated based on the quoted price of Indra's stock (€7.89) on the actual delivery date of the shares, 16 March 2021.

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 2020 or 2019.

In 2020 and 2019, 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 2020 or 2019 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 to an indemnity equivalent to the positive difference between the amount equivalent to one year's total remuneration and the accumulated balance in their favour in the Plan at the date of termination of the relationship.

Therefore, and in any event, the amount receivable should the employment relationship be terminated on grounds not attributable to the executive director would be calculated by adding, to the balance accumulated in the Plan at that time, the amount necessary to complete one year's total target remuneration, which is the indemnity for contract termination.

Should the contract remain in force when the executive director general manager reaches 62 years of age, he or she is entitled to receive the amount accumulated in the Plan up to a maximum of one year's total target remuneration. In the chairman's case, this limit is set contractually at 45 days of his total annualised target remuneration per year of service.

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 six Senior Managers (including the Executive Directors) 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 2020 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.

In addition, the contract of one senior manager contains an agreement whereby the Company may, when the employment relation is terminated, enforce a non-competition commitment for a period of two years, in which case the senior manager will be entitled to a compensation of 0.5 times his total annualised remuneration for each year of the non-compete agreement. The contracts of five other Senior Managers include non-compete agreements enforceable for a period of one year and entitling them to compensation of 0.75 times their fixed remuneration.

3. Other information

As required by Royal Decree 602/2016, it is stated that the amount paid as a premium for third-party liability insurance for Directors and Senior Managers by Indra Sistemas S.A. and its subsidiaries during 2020 and 2019 amounted to €220 thousand and €142 thousand, respectively.

40) Information disclosed by the members of the Board of Directors in relation to Article 229 of the Spanish Companies Act

According to the information reported to the Secretary of the Board of Directors, the Company's Directors and persons related to them have not been and are not involved in any conflict of interest that would need to be reported under Article 229 of the Consolidated Text of the Spanish Companies Act.

41) R&D&I activities

Due to their nature, a significant part of the Group's activities involve R&D&I expenses, which are recorded in the consolidated income statement on an accrual basis (Note 4.d.ii).

The total expenditure on projects of this type carried out during 2020, including capitalised projects (Note 9), amounted to €265,270 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 62% of the total R&D&i expenses incurred by the Group.

In 2019, expenditure on R&D&i projects amounted to €225,315 thousand, equivalent to 7% of the Group's total sales.

42) Environment

The Group's lines of business have not changed in qualitative terms with respect to previous years, and therefore they continue not to have an impact on the environment that is worthy of note. The Parent Company's Directors therefore consider that there are no significant contingencies relating to environmental protection and improvement and accordingly it was not considered necessary to record any provision for environmental risks and expenses during the years 2016 to 2020.

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 2020.

Due to the efforts made by the Indra Group to meet its corporate responsibility commitments, however, it pays particular attention to all matters associated with environmental protection in the performance of its activities. This is reflected in the adoption of an environmental management system based on the ISO 14001 standard, which has been implemented at the Group's work centres, the greatest efforts having been made from the outset at the facilities of the Parent Company's most significant centres. With regard to Spain, in addition to the certificates obtained in previous years under said standard for the work centres at Arroyo de la Vega (Avda. de Bruselas – Alcobendas – Madrid), Anabel Segura (Alcobendas – Madrid), c/ Alcalá (Madrid), c/ Julián Camarillo (Madrid), Aranjuez, San Fernando de Henares, Torrejón de Ardoz, Badajoz, C/ Miguel Yuste (Madrid), Gran Vía de Les Corts Catalanes (Barcelona), Mejorada del Campo, Barcelona (c/ Roc Boronat), c/ Badajoz (Barcelona), Erandio (Bilbao), Baracaldo (Bilbao), Ciudad Real, Ferrol, Avda. de Arteixo (La Coruña), Bembibre (León), Fuente Alamo (Cartagena – Murcia), Sant Joan Despi (Barcelona), Puerto de Santa Maria, Cr Prado de la Torre (Bollullos de la Mitación – Seville), Edificio Kenia (San Fernando de Henares) and Valencia (calle Cardenal Benlloch), in 2020 they were joined by the Málaga work centre, for activities carried on by Indra Producción Software and Indra Factoria Tecnológica.

Besides these companies, the companies Indra Sistemas de Seguridad, Indra BPO, Indra Soluciones Tecnología de la Información, Indra Sistemas Comunicaciones Seguras, Indra Business Consulting, Indra BPO Servicios and Minsait Payments had already been certified for their activities in the above-mentioned centres.

Regarding the international subsidiaries, there is an environmental management system based on ISO 14001 implemented in six centres in Colombia where Indra Colombia SAS and Indra Sistemas Sucursal Colombia carry out their activities, in two centres in Portugal belonging to Indra Sistemas Portugal S.A. and Indra III Soluções de Tecnologia da Informação Portugal, Unipessoal Lda, at a centre in Australia belonging to Indra Australia Pty Ltd., at a centre in Italy of Indra Italia S.p.A., at a centre in Brazil belonging to Indra Brasil Soluções e Serviços Tecnológicos S.A., Indra Tecnologia Brasil Ltda, Indra Company Brasil Tecnologia Ltda. and Indra Sistemas Sucursal Brasil and in three centres in Peru belonging to Indra Peru S.A., Tecnocom Peru S.A.C., Indra Servicios Peru S.A.C., Minsait Payment Systems Perú S.A.C. and Indra T&D S.A.C.

For further information, see the 2020 Sustainability Report available on Indra's website.

43) Auditors' remuneration

In 2016, Deloitte was appointed as the new auditor of the Group's Consolidated Annual Accounts and the remaining subsidiary companies. In the years ended 31 December 2020 and 2019, the net fees for professional services are as follows:

	Thousand euro	
	2020	**2019**
	Deloitte	**Deloitte**
For audit and related services	2,014	1,978
Other assurance services	210	134
Total audit and related services	**2,224**	**2,112**
Tax advisory services	59	35
Total professional services	**2,283**	**2,147**

The amount indicated in the above table includes all fees relating to the audit, irrespective of when they were invoiced, and other non-audit services for 2020 and 2019.

44) 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 2020 and 2019, 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. The above notwithstanding, the Parent Company's policy is to publicly disclose such transactions in a transparent and detailed manner.

During 2020 and 2019, commercial, financial and service provision/receipt transactions were carried out with significant shareholders at that time or with companies related to them.

Transactions with related parties in 2020 and 2019 break down as follows, by nature:

	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**

	2019 (Thousand euro)		
Nature of the transaction	**With shareholders**	**With directors**	**Total 31.12.2019**
Sales of goods and services	16,836	-	16,836
Purchase of goods and services	619	-	619
Financial service expenses	6	-	6
	17,461	**-**	**17,461**

a) Transactions with shareholders

All the transactions were completed with the shareholders SEPI and Corporación Financiera Alba or companies related to them in 2020 and 2019.

"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.

In addition, in 2020 and 2019, the Indra Group held guarantee facilities with Banca March that mature annually for an amount of €2,244 thousand and €2,449 thousand, respectively.

No dividends were paid to shareholders represented on the Board of Directors in 2020.

b) Transactions with Directors

No transactions were carried out with Directors or parties related to them in 2020 or 2019.

The remuneration of the members of the Board of Directors is detailed in Note 39 to the consolidated annual accounts.

c) Related-party transactions

No transactions were carried out with other related parties in 2020 or 2019.

d) Transactions with members of senior management

No transactions were carried out with Senior Managers or parties related to them in 2020 or 2019.

Senior management remuneration is analysed in Note 40.

e) Transactions with associates

	2020 (Thousand euro)			
	Receivables	**Payables**	**Income**	**Expenses**
Associates	31,100	8,202	45,399	1,238
	31,100	**8,202**	**45,399**	**1,238**

	2019 (Thousand euro)			
	Receivables	**Payables**	**Income**	**Expenses**
Associates	24,370	10,176	27,072	1,107
	24,370	**10,176**	**27,072**	**1,107**

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 2020 and 2019 are as follows:

	Thousand euro	
	2020	**2019**
Non-current assets	79,981	70,714
Current assets	63,214	65,230
Non-current liabilities	(78,285)	(78,288)
Current liabilities	(64,619)	(55,975)
Revenue	(84,591)	(61,465)
Subcontracting and other expenses	84,300	59,784

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

45) Events after the reporting date

- 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"

  On 19 January 2021, the CNMC issued a Reclassification Decision modifying the Resolution Proposal in order to redirect all the cartel 3 conducts (which disappear, as such, including IBC's conduct) to those of cartel 2 or cartel 1, as applicable. Specifically, IBC's conduct is included in cartel 1 ("Red Colaboración Norte").

  On 11 February 2021, IBC presented allegations to the Reclassification Decision. In addition, IBC received a notification requesting financial information, which was furnished on a timely basis.

  The CNMC recently notified the lifting of the stay of proceedings and has set 7 April 2021 as the deadline for resolving the case.

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

  On 17 February 2021, Section Four of the National Court's Criminal Chamber issued a decision disallowing the appeal lodged by the Department of Public Prosecutions against the decision of 26 October 2020 issued by the Court, confirming that the Parent Company does not have to furnish additional documents in relation to the request made by the department during the current investigation stage.

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

  On 10 February 2021, the Parent Company replied to the request for arbitration. The arbitrators are currently being designated.

- On 1 March 2021, the Parent Company arranged a share buy-back scheme with Banco Sabadell to fulfil the share delivery commitments under the prevailing remuneration scheme, acquiring 650,000 shares. The buy-back scheme ended on 11 March 2021.

46. 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 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.

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 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.
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.

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 2020

Name	Address	Activity
Indra Sisteme S.R.L.	Chisinau (Moldova)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas Polska S.p.z.o.o	Warsaw (Poland)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas Portugal, S.A.	Lisbon (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Elektrica Soluziona S.A. (Romania)	Bucharest (Romania)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Turkey Teknolojileri Çözümleri Anonim Sirketi	Istanbul (Turkey)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Philippines, Inc.	Quezon (Philippines)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Technology Solutions Malaysia Sdn Bhd	Kuala Lumpur (Malaysia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
PT Indra Indonesia	Jakarta (Indonesia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Sistemas India Private Limited	New Delhi (India)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Bahrain Consultancy SPC	Manama (Bahrain)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Arabia Company Ltd.	Jeddah (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.
Indra Technology Solutions Co, Ltd.	Riyadh (Saudi Arabia)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technologies: computing, electronics and communications.

This Appendix should be read together with Notes 1 and 5 to the consolidated annual accounts, of which it forms an integral part.

Details of Group companies at 31 December 2020

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.
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.
Europraxis ALG Consulting Andina, S.A.C.	Lima (Peru)	Provision of professional services covering the areas of business consulting and technology and solutions consulting.

This Appendix should be read together with Notes 1 and 5 to the consolidated annual accounts, of which it forms an integral part.

Details of Group companies at 31 December 2020

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.
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.
Indra III Soluçoes de Tecnología da Informação Portugal Unipessoal, LDA	Lisbon (Portugal)	IT and outsourcing services
Tecnocom Perú S.A.C	Lima (Peru)	Installation and marketing of telecommunications equipment.
Minsait Payments Systems México	Mexico City (Mexico)	Installation and marketing of telecommunications equipment.
Tecnocom Colombia, S.A.S	Bogotá (Colombia)	Installation and marketing of telecommunications equipment.

This Appendix should be read together with Notes 1 and 5 to the consolidated annual accounts, of which it forms an integral part.

Details of Group companies at 31 December 2020

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 2020

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	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	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 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 used in surveillance and security controls at facilities.
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
Natming, AS	Forskningsveien 1, 0314 Oslo, Norway	Participate in the SESAR (Single European Sky ATM Research) programme on behalf of its shareholders.
Global Training Aviation	Madrid (Spain)	Consulting, learning and training services for airlines and initiation and recycling courses for pilots.
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.
TESS Defence, S.A.	Madrid (Spain)	Manufacture, development, marketing, maintenance and life cycle support for the 8x8 Dragón wheeled combat vehicle.
Indra México		
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 2019

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 2019

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.
Indra Company Perú S.A.C.	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 2019

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 2019

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 2019

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 2019

Name	Address	Activity
Inertelco, S.A.	Madrid (Spain)	Development of telecommunications projects.
Metrocall, S.A.	Madrid (Spain).	Implementation and operation of mobile telephony in the Metro de Madrid network
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.
Tecnocom, Telefonía y Redes de México, S.A. de C.V	Mexico City (Mexico)	Installation and marketing of telecommunications equipment.
Tecnocom Colombla, 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
Tecnocom Procesadora de 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 2019

Name	Address	Activity
Indra Holding Tecnologías de la Información, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Acquisition, holding, enjoyment, direction, administration, management and disposal of equity securities; incorporation and promotion of companies. Financial operations to grant funding and take on debt from companies in the same group.
Indra Soluciones Tecnologías de la información, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	IT programming activities. IT consultancy activities. Management of IT resources. Other services related to information technology and computing.
Indra Producción Software S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, equipment, solutions and products based on the use of information technologies. Provision of business, technology and solutions consulting services. Studies, projects, management, technical assistance, technology transfer; marketing of such studies, projects and activities.
Indra Corporate Services Philippines, INC	Quezon (Philippines)	Provision of professional consulting and advisory services in administrative, financial, human resources and accounting matters, in the corporate, business, industrial, engineering, commercial, banking, stock market, financial, credit, insurance and finance areas.
Indra Factoría Tecnológica, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	The planning, design, development, integration, operation, maintenance and marketing of information and communication technology systems and solutions
Minsait Payments Systems, S.L.U.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Marketing and distribution of systems, software, infrastructure and technological platforms that assist third party issuers of payment instruments in processing transactions made using such payment instruments
Indra T&D SAC	Lima (Peru)	Provision of services and development of projects in the administrative, operational and technological areas on a supervision, administration or implementation level. Computer software development.
Indra Sistemas Transporte y Defensa, S.A De C.V	Cancun (Mexico)	Design, development, manufacture, supply, assembly, repair, maintenance and installation of products, solutions, applications and systems based on the intensive use of information technology.
Sistemas informaticos Abiertos, S.A.	Alcorcón (Madrid)	Provision of cybersecurity services, as well as information management and protection services.
Indra Servicios Perú SAC	Lima (Peru)	Provision of services and development of projects in the administrative, operational and technological areas on a supervision level. Computer software development.
Morpheus Aiolos, S.L. (Afterbanks)	Calle San Andrés, 8. (Madrid)	Creation, maintenance and operation of Internet sites and portals; website and portal hosting and maintenance services; domain registration, e-mail and Internet communication services; and activities involving conventional and technological design and advertising services, as well as commercial intermediary services in these business lines.

Details of Group companies at 31 December 2019

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 used in surveillance and security controls at facilities.
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
Natming, AS	Forskningsveien 1, 0314 Oslo, Norway	Participate in the SESAR (Single European Sky ATM Research) programme on behalf of its shareholders.
Global Training Aviation	Madrid (Spain).	Consulting, learning and training services for airlines and initiation and recycling courses for pilots.
Indra México		
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 2020

Name	Shareholdings Direct	Indirect	Total	Equity	Total operating income	Individual result after taxes
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. (China)	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 México						
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, SI	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	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%	-	-	-

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Financial data of Group companies at 31 December 2019

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
INDRA GROUP				**769,912**	**3,219,224**	**126,102**
1.- Parent company						
Indra Sistemas, S.A.				**767,716**	**961,268**	**31,389**
2.- Subsidiaries						
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	2,998	5,830	47
Indra Sistemas de Comunicaciones Seguras, S.L.U.	-	100%	100%	8,738	4,445	868
Inmize Capital, S.L.	80%	-	80%	1,518	-	(2)
Inmize Sistemas, S.L.	-	40%	40%	8,117	513	146
Teknatrans Consultores, S.L.U.	100%	-	100%	493	347	15
Indra Holding TI Group	**100%**	**-**	**100%**	**1,152,578**	**1,976,799**	**71,088**
Prointec Group	**100%**	**-**	**100%**	**(662)**	**35,395**	**(3,621)**
Indra Advanced Technology, S.L. Group	**100%**	**-**	**100%**	**54,998**	**23,013**	**1,166**
Indra Tecnología Brasil LTDA	100%	-	100%	609	1,060	(478)
Indra Sistemas Chile, S.A.	100%	-	100%	13,741	35,503	561
Azertia Tecnologías de la Información Argentina, S.A.	99.33%	0.67%	100%	(78)	2	(80)
Indra SI, S.A.	87.16%	12.84%	100%	1,760	23,358	(494)
Computación Ceicom, S.A.	100%	-	100%	341	-	(8)
Indra USA, Inc	100%	-	100%	46,576	17,227	2,230
Advance Control Systems, INC	-	100%	100%	10,132	17,208	(5,730)
Soluziona Guatemala, S.A.	99.92%	0.08%	100%	205	-	-
Indra Panamá, S.A.	100%	-	100%	2,046	14,699	546
Indra Sistemas Portugal, S.A.	100%	-	100%	9,609	26,030	451
Indra Navia A.S. (Norway)	100%	-	100%	16,867	50,347	3,738
Normeka, A.S.	-	66%	66%	2,765	1,778	575
Indra Turkey	100%	-	100%	(9)	823	(65)
Indra Maroc S.A.R.L.U.	100%	-	100%	375	1,865	(90)
PT Indra Indonesia	99.99%	0.01%	100%	664	952	441
Indra Arabia Company LTD (Arabia)	95%	5%	100%	27,756	25,292	9,042
Indra Technology Solutions Co Ltd (Arabia)	95%	5%	100%	613	1,695	(574)
Indra Beijing Information Technology Systems Ltd (China)	100%	-	100%	2,096	1,946	(669)
Indra Australia Pty Limited	100%	-	100%	6,178	34,764	(10,949)
Indra Sistemas India Private Limited	100%	-	100%	224	2,994	(1,579)
Indra Technology Solutions Malasya Sdn. Bhd	100%	-	100%	(712)	221	(282)
Indra L.L.C (Oman)	99%	1%	100%	1,545	3,307	1,151
Indra Corporate Services, S.L.U.	100%	-	100%	2,399	15,935	531
Indra Corporate Services México S.A de C.V.	0.01%	99.99%	100%	(57)	2,303	(80)
Indra Corporate Services Philippines, INC	-	100%	100%	124	510	44
Inertelco, S.A.	87.50%	-	88%	2,403	-	1
Metrocall, S.A.	-	52.50%	53%	10,959	4,142	1,506
Indra Sistemas Transporte y Defensa, S.A De C.V	100%	-	100%	(34)	1,621	(36)
Indra T&D SAC	100%	-	100%	1,196	336	(14)
Indra Factoria Tecnología	100.0%	-	100%	181	7,854	178
Indra Servicios Perú SAC	99.96%	0.04%	100%	743	1,067	97
Sistemas informáticos Abiertos, S.A.	100.0%	-	100%	9,534	-	-
Cesce Soluções Informáticas, S.A.		100%	100%	429	-	-

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Financial data of Group companies at 31 December 2019

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 México						
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				**1,152,578**	**1,976,799**	**71,088**
1.- Parent company						
Indra Holding Tecnologia de la Información, S.L.U.				1,135,418	456	(8,955)
2.- Subsidiaries						
Indra Soluciones TI Group	**100%**	**-**	**100%**	**945,912**	**1,700,930**	**27,456**
BPO Group	**100%**	**-**	**100%**	**91,083**	**138,875**	**11,874**
Business Consulting Group	**100%**	**-**	**100%**	**24,738**	**85,106**	**8,377**
Minsait Group	**100%**	**-**	**100%**	**46,252**	**71,191**	**1,356**
Paradigma Digital, Sl	100%	-	100%	10,841	44,774	3,109
Indra Soluciones TI Group composition				**945,912**	**1,700,930**	**53,931**
1.- Parent company						
Indra Soluciones Tecnologia de la Información, S.L.U.				973,582	1,081,963	(9,052)
2.- Subsidiaries						
Indra III Soluções de Tecnologia da Informação Portugal	100%	-	100%	5,047	15,428	1,130
Indra Producción de Software, S.L.U.	100%	-	100%	24,670	103,454	7,600
Indra Italia S.P.A. (Italy)	100%	-	100%	36,911	140,019	13,060
Softfobia	-	100%	100%	1,336	2,214	282
Unclick Srl	-	100%	100%	(23)	230	(28)
Riganera Srl	-	100%	100%	55	355	19
Indra Czech Republic S.R.O.	100%	-	100%	3,454	4,140	777
Indra Sistemas Polska Sp.z.o.o.	100%	-	100%	(597)	683	(563)
Indra Sisteme S.R.L. (Moldova)	100%	-	100%	446	861	233
Indra Slovakia, A.S.	100%	-	100%	1,805	8,145	176
Indra Slovensko S.R.O.	-	100%	100%	2	-	-
Indra LTDA (Kenya)	100%	-	100%	5,252	5,087	252
Tecnocom Peru, S.A.C.	100%	-	100%	8,578	13,761	910
Tecnocom Colombia, S.A.	100%	-	100%	918	2,922	924
Tecnocom Chile, S.A.	100%	-	100%	3,616	12,980	430
Indra Colombia LTDA	100%	-	100%	18,306	63,283	2,439
Soluciones y Servicios Indracompany Uruguay, S.A.	100%	-	100%	739	4,170	70
Indra Software Labs México, S.A. de C.V.	99.01%	0.99%	100%	(1,585)	20,220	319
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	100%	-	100%	43,688	176,128	6,910
Indra Company Brasil Tecnología LTDA (Brazil)	100%	-	100%	9,315	36,601	2,494
Indra Perú, S.A.	100%	-	100%	6,315	32,030	(422)
Indra Sistemas México, S.A. de C.V.	100%	-	100%	14,585	80,194	3,372
Electrica Soluziona S.A. (Romania)	50.70%	-	51%	2,038	2,538	505
Indra Bahrain Consultancy SPC	100%	-	100%	(946)	180	(1,344)
Indra Philippines INC	50.10%	-	50%	22,819	36,822	3,359
Morpheus Aiolos, S.L. (Afterbanks)	100%	-	100%	502	166	13

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Financial data of Group companies at 31 December 2019

Name	Shareholdings			Equity	Total operating income	Individual result after taxes
	Direct	Indirect	Total			
BPO Group composition				**91,083**	**138,875**	**11,874**
1.- Parent company						
Indra BPO, S.L.U.				62,318	25,523	7,332
2.- Subsidiaries						
Indra BPO Servicios, S.L.U.	100%	-	100%	52,260	104,980	8,073
Indra II Business Outsourcing Portugal, Unipessoal, Limitada	-	100%	100%	842	1,892	192
OUAKHA Services, Sarl AU (Morocco)	100%	-	100%	(332)	-	(12)
Indra BPO Hipotecario, S.L.U.	100%	-	100%	3	-	-
Indra BPO México, S.S. de C.V.	100%	-	100%	12,075	6,480	484
Business Consulting Group composition				**24,738**	**85,106**	**8,377**
1.- Parent company						
Indra Business Consulting, S.L.U.				19,429	71,690	6,415
2.- Subsidiaries						
Indra Consultoría de Negociós Brasil LTDA	98.90%	1.10%	100%	(5,326)	1,880	(222)
Indra Business Consulting ALG Mexico S.A. de C.V.	100%	-	100%	6,101	12,349	890
Europraxis-ALG Consulting Andina, S.A.C. (Peru)	100%	-	100%	312	-	(2)
Europraxis ALG Consulting Maroc, S.A. (Morocco)	79.40%	20.60%	100%	(24)	-	(25)
Minsait Group composition				**46,252**	**71,191**	**1,356**
1.- Parent company						
Minsait Payments Systems, SL				44,943	51,722	(1,202)
2.- Subsidiaries						
Tecnocom Procesadora De Chile, S.A.	99.98%	0.02%	100%	6,932	7,775	1,700
Tecnocom, Telefonia y Redes de Mexico, S.A. de C.V.	100%	-	100%	2,754	6,486	2,251
Tecnocom Procesadora de Medios de Pago, S.A.	80%	-	80%	3,021	5,208	342
Indra Company Perú S.A.C.	100%	-	100%	36	-	(28)
Prointec Group composition				**(662)**	**35,395**	**(3,621)**
1.- Parent company						
Prointec, S.A.U.				7,797	31,234	(4,106)
2.- Subsidiaries						
Consis Proiect SRL (Romania)	100%	-	100%	748	1,103	(314)
Ingenieria de Proyectos de Infraestructuras Mexicanas, SA de	100%	-	100%	3,826	1,336	619
Prointec Engenharia, Ltda. (Brazil)	100%	-	100%	363	1,296	37
Prointec Panama, S.A.	75%	-	75%	(120)	-	-
Prointec USA LLC	100%	-	100%	1,581	957	153
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				**54,998**	**23,013**	**1,166**
1.- Parent company						
Indra Advanced Technology, S.L.U.				47,788	-	501
2.- Subsidiaries						
AC-B air Traffic Control & Business Systems GmbH (Germany)	100%	-	100%	2,557	2,940	328
Avitech GmbH (Germany)	100%	-	100%	5,949	20,073	557
3. Associates						
Natming	25%	-	25%	-	-	-

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Details of activities jointly-controlled with third parties at 31 December 2020

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 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 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2020

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 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2020

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 la 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%
UTE INDRA-BABEL Me y SS lote 3	90.00%
UTE INSS 7201/16G LOTE 1	22.00%
UTE INDRA-UNISYS	70.00%

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Details of activities jointly-controlled with third parties at 31 December 2020

Name	Direct Interest
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%

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Details of activities jointly-controlled with third parties at 31 December 2020

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%
UTE MANTENIMIENTO LOTE 2	37.00%
UTE PROINTEC-ICYFSA	80.00%

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Details of activities jointly-controlled with third parties at 31 December 2020

Name	Direct Interest
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%

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Details of activities jointly-controlled with third parties at 31 December 2020

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%

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Details of activities jointly-controlled with third parties at 31 December 2019

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 DGT NOROESTE 2014	65.00%
UTE INSTALACIONES MADRID ESTE	7.50%
INDRA SISTEMAS, SA-INDRA SISTEMAS DE SEGURIDAD, SA, U.T.E.	50.00%
UTE TELEBILLETICA	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%
INDRA SISTEMAS, S.A. - INDRA SIST. DE SEGURIDAD, U.T.E.	50.00%
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 MANTENIMIENTO RENFE LOTE 1	50.00%
UTE MANTENIMIENTO RENFE LOTE 2	50.00%

Details of activities jointly-controlled with third parties at 31 December 2019

Name	Direct Interest
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%
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 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 CONSTRUCCIONES 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 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 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 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 INDRA AEROPUERTOS SEGUROS	50.00%

This Appendix should be read together with Notes 1, 5 and 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2019

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 PIV2011 (PROINTEC-GMV SISTEMAS-EORIAN SYSTEMS-ETRALUX)	50.58%
UTE INDRA EWS/ STN ATLAS	60.00%
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 -TELEFÓNICA HDA	78.38%
UTE INDRA - LKS	65.00%
UTE INDRA - ALFATEC	70.00%
UTE TECNOBIT, S.L.U. - INDRA SISTEMAS, S.A.	41.67%
INDRA SISTEMAS, SA-AYESA ADVANCED TECHNOLOGIES, SA, U.T.E	65.00%
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-CONNECTIS	73.90%
UTE INDRA-XERIDIA	76.30%
UTE AMTEGA 110/2015 L1	70.92%
UTE SALMANTINA	50.00%
UTE INDRA-COINTEC OSAKIDETZA	83.67%
UTE INDRA SISTEM	64.26%
UTE INDRA-AYESA CIS2	65.00%
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%

This Appendix should be read together with Notes 1, 5 and 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2019

Name	Direct Interest
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 TTE COREMAIN	50.00%
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 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%
PROINTEC - AIRTHINK, S.L. (UTE PLANES DIRECTORES)	80.00%
GEOPRIN-EUROCONSULT ANDALUCIA-EUROCONSULT SA	50.00%

This Appendix should be read together with Notes 1, 5 and 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2019

Name	Direct Interest
PROINTEC-AUDITORIAS E INGENIERIA S.A. (MONTAJE VIA)	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%
CONSORCIO SANAG	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%
AMOREBIETA UTE	23.00%
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%
UTE ALG - M & A	70.00%
CONSORCIO ALG ANDINA	90.00%
UTE IBC-ROCA	80.00%
UTE PASAIA	16.00%
UTE INDRA BPO-INDRA-TELEFONICA	78.04%
UTE INDRA-LKS-KZ2018	64.00%
UTE CAYMASA-MAILING	50.00%
INDRA + LKS KZ2019 UTE	64.00%
UTE INDRA BMB - T.SOLUCIONES	69.42%
AIE FORMALIZACIÓN ALCALA 265	20.00%

This Appendix should be read together with Notes 1, 5 and 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2019

Name	Direct Interest
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%
INDRA SISTEMAS, S.A. - INDRA SIST. DE SEGURIDAD, U.T.E.	50.00%
UTE TUNELES ANTEQUERA	16.34%
UTE INDRA SISTEMAS DE SEGURIDAD - MONTAJES ELÉCTRICOS ELECTRISUR	80.00%
UTE TUNELES DE GUADARRAMA	16.34%
Sistemas Informáticos Abiertos	
UTE ALTIA-CONNECTIS-GESEIN-SIA P4/16	26.96%
UTE SIA-ITCONIC	61.80%
UTE SAYOS&CARRERA-SIA EXP. 17/182	30.00%
UTE VIEWNEXT-GESEIN-SOFTWARE AG-SIA	6.93%
UTE VIEWNEXT-AXIANS-SIA	15.47%

This Appendix should be read together with Notes 1, 5 and 44 to the consolidated annual accounts, of which it forms an integral part.

Details of activities jointly-controlled with third parties at 31 December 2019

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 LYNX LOTE 2	56.00%
CONSORCIO INGORMATICA EL CORTE INGLES	50.00%
CONSORCIO GMD	50.00%
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	95.00%
CONSORCIO MANTENIMIENTO INDRA	90.00%

This Appendix should be read together with Notes 1, 5 and 44 to the consolidated annual accounts, of which it forms an integral part.

Group's foreign exchange exposure

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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 38) a) (I) to the consolidated annual accounts, of which it forms an integral part.

Group's foreign exchange exposure

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 38) a) (I) to the consolidated annual accounts, of which it forms an integral part.

Group's foreign exchange exposure

2019	US dollar	Pound sterling	Mexican peso	Argentine peso	Chilean peso	Brazilian real	Peruvian sol	Swiss franc	Canadian dollar
Other financial assets	141	-	363	329	103	10,390	118	-	-
Total non-current assets	141	-	363	329	103	10,390	118	-	-
NON-GROUP trade and other receivables	64,407	1,929	38,111	5,698	19,387	66,256	18,463	-	91
NON-GROUP other financial assets	-	-	1	(30)	423	-	734	-	-
Total current assets	64,407	1,929	38,112	5,668	19,810	66,256	19,197	-	91
Total assets	64,548	1,929	38,475	5,997	19,913	76,646	19,315	-	91
Other financial liabilities	1,350	-	4,541	1,118	3,155	8,697	-	-	-
Total non-current financial liabilities	1,350	-	4,541	1,118	3,155	8,697	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
NON-GROUP trade and other payables	38,265	6,341	21,024	4,069	6,764	38,164	7,478	46	75
Total current liabilities	38,265	6,341	21,024	4,069	6,764	38,164	7,478	46	75
Total liabilities	39,615	6,341	25,565	5,187	9,919	46,861	7,478	46	75
Gross balance sheet exposures	**24,933**	**(4,412)**	**12,910**	**810**	**9,994**	**29,785**	**11,837**	**(46)**	**16**
Sales coverage	131,908	31,121	4,381	-	2,025	246	1,240	-	127
Purchase coverage	29,095	17,959	72	-	588	175	130	40	82
Net derivative financial instruments - hedging	102,813	13,162	4,309	-	1,437	71	1,110	(40)	45

This Appendix should be read together with Note 38) a) (I) to the consolidated annual accounts, of which it forms an integral part.

Group's foreign exchange exposure

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2019	Norwegian krone	Colombian peso	Moroccan dirham	Polish Zloty	Bahraini dinar	Malaysian ringgit	Australian dollar	Other currencies	TOTAL
Other financial assets	-	9	24	-	-	-	-	361	11,838
Total non-current assets	-	9	24	-	-	-	-	361	11,838
NON-GROUP trade and other receivables	15,165	37,607	2,072	-	23,692	11,800	14,776	52,520	371,974
NON-GROUP other financial assets	-	5	-	-	-	43	6	663	1,845
Total current assets	15,165	37,612	2,072	-	23,692	11,843	14,782	53,183	373,819
Total assets	15,165	37,621	2,096	-	23,692	11,843	14,782	53,544	385,657
Other financial liabilities	-	1,019	-	-			-	1,425	21,305
Total non-current financial liabilities	-	1,019	-	-			-	1,425	21,305
Other financial liabilities	-	-	-	-	-	-	-		-
NON-GROUP trade and other payables	3,982	15,675	786	7	985	268	9,988	39,437	193,354
Total current liabilities	3,982	15,675	786	7	985	268	9,988	39,437	193,354
Total liabilities	3,982	16,694	786	7	985	268	9,988	40,862	214,659
Gross balance sheet exposures	**11,183**	**20,927**	**1,310**	**(7)**	**22,707**	**11,575**	**4,794**	**12,682**	**170,998**
Sales coverage	263	8,725	-	-	-	-	11,388	108,157	-
Purchase coverage	3,384	-	-	50	-	-	2,406	3,553	-
Net derivative financial instruments - hedging	(3,121)	(8,725)	-	(50)	-	-	8,982	104,604	-

This Appendix should be read together with Note 38) 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 2020 and 2019

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	5,788	-	33	240	-	6,061
Non-current liabilities	355	-	-	-	-	355
Total net non-current assets	6,143	-	33	240	-	6,416
Current assets	36,137	8,480	2,378	5,275	-	52,270
Current liabilities	41,570	(135)	(353)	(1,94	-	39,135
Total net current assets	77,707	8,345	2,025	3,328	-	91,405
Net assets	83,850	8,345	2,058	3,568	-	97,821
Carrying amount of non-controlling interests (*)	**41,841**	**4,173**	**1,015**	**1,21**	**304**	**48,546**
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

2019

Thousand euro	Indra Philippines	Inmize Sistemas	Electrica Soluziona	Metrocall	Normeka	Procesadora Medios de Pago	Other immaterial interests	**Total**
% non-controlling interest	49.9%	50%	49.3%	47.5%	34%	20%		
Statement of financial position information								
Non-current assets	7,612	-	55	8,442	289	1,925	-	18,323
Non-current liabilities	135	-	(5)	-	-	-	-	130
Total net non-current assets	7,747	-	50	8,442	289	1,925	-	18,453
Current assets	31,211	8,498	2,879	3,864	7,102	2,164	-	55,718
Current liabilities	(16,139)	(381)	(888)	(1,347)	(4,626)	(1,069)	-	(24,450)
Total net current assets	15,072	8,117	1,991	2,517	2,476	1,095	-	31,268
Net assets	22,819	8,117	2,041	10,959	2,765	3,020	-	49,721
Carrying amount of non-controlling interests (*)	**11,387**	**4,059**	**1,006**	**5,206**	**940**	**604**	**605**	**23,806**
Income statement information								
Total comprehensive income	3,359	146	505	1,506	575	342	-	6,433
Consolidated profit/(loss) allocated to non-controlling interests	**1,676**	**73**	**249**	**715**	**196**	**68**	**-**	**2,977**

(*) 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 2020 and 2019

2020	A4 Essor	Saes Capital	IRB Riesgo Operational	Euromids	Global Training Aviation	Eurofighter Simulation Systems	Iniciativas Bio-energéticas	Societat Catalana per la Mobilitat	Tagsonomy	Tess Defence	Other immaterial interests	Total
Thousand euro												
% non-controlling interest	23%	49%	33%	25%	35%	26%	20%	24%	29%	25%		
Non-current assets	-	4,020	84	153	32,117	336	32,945	100,468	3,392	-	-	173,515
Current assets	830	1,141	500	33,997	5,736	32,012	14,592	10,716	1,675	123	247	101,569
Non-current liabilities	(160)	(4,052)	(448)	(3,800)	(38,760)	(20,343)	(26,334)	(95,527)	(5,675)	(123)	887	(194,335)
Current liabilities	(662)	(5)	(24)	(31,221)	(3,538)	(5,902)	(15,416)	(15,895)	(588)	-	(656)	(73,907)
Revenue	(932)	(1,122)	(224)	(15,634)	(3,950)	(14,650)	(89,513)	(8,557)	(265)	-	(685)	(135,532)
Subcontracting and other	924	18	112	16,505	8,395	8,547	83,726	8,795	1,461	-	207	128,690
Total	-	-	-	-	-	-	-	-	-	-	-	-

2019	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	(31)	153	36,327	336	40,445	60,130	13	141,393
Current assets	819	804	364	33,497	4,885	28,909	8,871	15,729	8,139	102,017
Non-current liabilities	(152)	(4,052	(470)	(3,257)	(38,024)	(24,211)	(28,841)	(52,283)	(8,502)	(159,792)
Current liabilities	(621)	(2)	-	(31,542)	(2,296)	(3,860)	(19,804)	(24,070)	(29)	(82,224)
Revenue	(943)	(780)	(182)	(6,487)	(9,252)	(8,531)	(63,539)	(5,414)	(3,046)	(98,174)
Subcontracting and other expenses	897	10	319	7,636	8,360	7,357	62,868	5,908	3,425	96,780
Total	-	-	-	-	-	-	-	-	-	-

This Appendix should be read together with Note 18 to the consolidated annual accounts, of which it forms an integral part.

1) Key highlights of year 2020

Net order intake grew +8.4% in local currency in 2020, pushed by Transport & Defence.

Revenues in 2020 decreased by -1.6% in local currency (-5.0% in reported terms).

EBITDA (earnings before interest taxes, depreciation and amortisation) in 2020 was €77M vs €346M in 2019, equivalent to 2.5% margin in 2020 vs 10.8% in 2019.

EBIT (earnings before interest taxes) in 2020 amounted to €-33M vs €221M in 2019.

Cash generation reached €83M vs €8M in 2019, improving significantly by the positive contribution of working capital.

Net debt fell to €481M in December 2020 vs €552M in 2019.

Main Figures	2020 (€M)	2019 (€M)	Variation (%) Reported / Local currency
Net Order Intake	3,858	3,686	4.7 / 8.4
Revenues	3,043	3,204	(5.0) / (1.6)
Backlog	5,229	4,511	15.9
Gross Operating Result (EBITDA)	77	346	(77.6) / (75.0)
EBITDA Margin	2.5%	10.8%	(8.3) pp
Operating Margin	168	257	(34.8)
Operating Margin %	5.5%	8.0%	(2.5) pp
Operating Result (EBIT)	(33)	221	(114.9) / (111.6)
EBIT margin	(1.1%)	6.9%	(8.0) pp
Net Profit	(65)	121	(153.7)
Net Debt Position	481	552	(12.8)
Free Cash Flow	83	8	NA
Basic EPS (€)	(0.370)	0.688	NA

2) Analysis of the consolidated financial statements

Income statement

CONSOLIDATED INCOME STATEMENT (€M)	2020	2019
Revenue	3,043	3,204
Own work capitalised	51	70
Other operating income	18	21
Change in inventories of finished goods and work in progress	40	68
Materials consumed and other supplies	(735)	(795)
Staff costs	(1,878)	(1,758)
Other operating expenses	(413)	(462)
Other gains/(losses) on fixed assets	(50)	(2)
Depreciation and amortisation	(110)	(125)
Operating profit/(loss)	**(33)**	**221**
Financial income	6	5
Financial expenses	(47)	(48)
Other financial results	(0)	(1)
Net financial income/(expense)	**(41)**	**(44)**
Results of companies carried under the equity method	2	1
Profit/(loss) before tax	**(72)**	**178**
Corporate income tax	15	(51)
Profit/(loss) for the year	**(57)**	**126**
Profit/(loss) attributed to the parent company	**(65)**	**121**
Profit/(loss) attributed to non-controlling interests	8	5
Basic earnings per share (euro)	(0.3697)	0.6883
Diluted earnings per share (euro)	(0.3249)	0.6396

- 2020 revenues in the T&D division decreased -4.5% in local currency (-5.8% in reported terms) explained by the delays due to Covid and lower activity, affecting both in Defence & Security (-7.8% in local currency) and Air Traffic Management (-5.9% in local currency). 2020 revenues in Minsait remained stable (+0.1% in local currency and -4.5% in reported terms, affected by the strong FX impact in Latin America). On the one hand, revenues went up in Telecom & Media (+5.2% in local currency, share increase in other operators vs Telefonica) and Financial Services (+2.7% in local currency). On the other hand, revenues declined in Energy & Industry (-2.9% in local currency; affected by tourism, airlines and retail sectors) and Public Administrations & Healthcare (-2.7% in local currency, affected by the worst comparison in the Election business).
- Own work capitalised in 2020 amounted to €51 million compared to €70 million in 2019.
- Personnel expenses, which includes the workforce transformation plan provision registered in the fourth quarter, increased by +7% in 2020. Excluding this impact, personnel expenses would have increased by +2% in 2020, in line with the increase of the average workforce.
- Consumption and other supplies (€735 million vs. €795 million in 2019; -8% decrease), as well as Other operating expenses (EUR 413million vs. EUR 462 million in 2019; -11 decrease) showed a decline.
- EBITDA (Operating result plus depreciation and amortisation) stood at €77m in 2020 vs €346m in 2019, implying a reduction of the margin to 2.5% in 2020 from 10.8% in 2019.
- Depreciation stood at €110 million in 2020 compared to €125 million in 2019.
- Net financial income/(expense) was €-41m 2020 vs €-44m in 2019, due to lower financial costs associated to currency hedges. Gross debt borrowing costs was 1.9% vs 1.8% in 2019.
- Tax income stood at €+15m in 2020, mainly explained by the tax income registered in Spain because of the losses registered (vs tax expenses of €-51m in 2019).
- Net profit of the group stood at €-65m vs €121m in 2019.

Statement of Financial Position and Cash Flow Statement

CONSOLIDATED CASH FLOW STATEMENT (€M)	2020	2019
Operating profit before changes in working capital	191	317
Cash from operating activities	43	(131)
Corporate income tax paid	(38)	(36)
Payments for acquisition of fixed assets (including financial assets)	(66)	(95)
Receipts on sale of fixed assets (excluding financial assets)	-	-
Interest received	4	4
Grants collections	27	19
Interest paid	(41)	(34)
Other flows of investing activities	(37)	(35)
Free Cash Flow (FCF)	***83***	***8***

- 2020 Free cash flow reached €83 million vs €8 million in 2019, improving significantly by the positive contribution of working capital.
- Operating profit before changes in working capital in 2020 stood at €191 million compared to €317 million in 2019.
- Cash from operating activities amounted to €43 million vs. (€-131 million in 2019).
- Corporate income tax payable amounted to €38 million, similar figure as in 2019.

- Expenditure on the acquisition of fixed assets (excluding financial assets) amounted to €-66 million vs €-95 million in 2019, due to the lower investment derived from the action plan announced by the company.

3) Human Resources

Final Workforce	2020	%	2019	%	Variation (%) vs 2019
Spain	27,476	57	28,713	57	(4.3)
America	16,094	34	17,252	34	(6.7)
Europe	2,333	5	2,292	5	1.8
Asia, Middle East & Africa	2,077	4	2,092	4	(0.7)
Total	**47,980**	**100**	**50,349**	**100**	**(4.7)**

Average Workforce	2020	%	2019	%	Variation (%) vs 2019
Spain	28,281	58	27,607	58	2.4
America	15,921	33	15,671	33	1.6
Europe	2,336	5	2,159	5	8.2
Asia, Middle East & Africa	2,121	4	1,972	4	7.6
Total	**48,659**	**100**	**47,409**	**100**	**2.6**

(*) Does not include SmartPaper workforce

At the end of 2020, total workforce amounted to 47,980 professionals, implying a decrease of -4.7% vs December 2019 (2,369 less employees). Average headcount increased by +2.6% vs 2019, reducing the gap vs the first half of the year and vs the first nine months of the year.

4) Analysis by vertical market

TRANSPORT AND DEFENCE

Transport & Defence	2020 (€M)	2019 (€M)	Variation (%)	
			Reported	Local currency
Net Order Intake	1,800	1,476	21.9	23.2
Revenues	1,120	1,189	(5.8)	(4.5)
- Defence & Security	521	566	(7.9)	(7.8)
- Transport & Traffic	599	623	(3.9)	(1.5)
- Transport	*323*	*323*	*(0.2)*	*2.5*
- Air Traffic	*276*	*300*	*(7.8)*	*(5.9)*
Book-to-bill	1.61	1.24	29.4	
Backlog / Revs 12m	3.25	2.54	28.2	

Transport & Defence revenues in 2020 went down -5% in local currency, affected by the decrease in Defence & Security (-8% in local currency), as well as in Transport & Traffic (-2% in local currency).

2020 order intake grew +23% in local currency, pushed by the strong order intake registered in Defence & Security (+37% in local currency).

Backlog/Revenues of the last 12 months ratio continued to grow and stood at 3.25x vs 2.54x in 2019. Book-to-bill ratio was 1.61x vs 1.24x in 2019.

Defence & Security

- 2020 Defence & Security sales decreased by -8% in local currency, explained by the delays due to Covid and the lower contribution of Simulation (A320 simulator in Latin America and NH90 helicopter in Spain that took place last year), Platforms, as well as by the worst comparison in the Eurofighter program vs 2019.
- All geographies in 2020 registered revenue falls except for Europe, which grew close to mid-single-digit (electronic defence systems for the K130 Corvettes of the German Navy, Radars in UK and the Galileo project in Space). For its part, sales in Spain declined, mainly due to the lower contribution of Platforms and Simulation.
- Most of the activity of the vertical in 2020 was concentrated in Europe and Spain.
- 2020 order intake increased by +37% in local currency, bolstered by Spain (electronic defence systems and the surveillance radar for F110 Frigates, WCV 8x8 program, NH90 helicopter and the upgrades in the Chinook simulator). Furthermore, it is worth highlighting the double-digit growth registered in Europe due to the order intake registered in the Eurofighter program (MK1 Radar).

Transport & Traffic

- 2020 Transport & Traffic sales went down -2% in local currency (-4% in reported terms) due to the declines showed in Air Traffic Management.
- In the Transport segment, 2020 sales increased +2% in local currency, reaching €323M. The positive activity in Spain (railway signalling systems and interurban transport projects) and in America (tolling systems for the I-66 in USA) has compensated the decline registered in AMEA (lower contribution from the urban project in Riyadh and the railway project in Saudi Arabia).
- In the Air Traffic segment, 2020 sales (€276M) fell -6% in local currency, mainly dragged by the double-digit decline in the International Programs and, to a lesser extent, due to the fall of the European Programs (below mid-single-digit decrease).
- Region wise, most of the activity of the vertical in 2020 was mainly distributed among Spain, AMEA and Europe.
- 2020 order intake increased by +5% in local currency, pushed by the strong growth posted in Spain (interurban transport railway project) and Europe (Air Traffic in Poland and control centers for rail transport in Ireland). Furthermore, it is also worth noting the strong order intake registered in Air Traffic Management in the International Programs in Middle East (India, Bahrain and Oman). On the contrary, order intake in the Transport segment decreased in AMEA.

INFORMATION TECHNOLOGY

Minsait	2020 (€M)	2019 (€M)	Variation (%)	
			Reported	Local currency

Net Order Intake	2,058	2,210	(6.9)	(1.5)
Revenues	1,924	2,015	(4.5)	0.1
- Energy & Industry	587	635	(7.7)	(2.9)
- Financial Services	680	697	(2.5)	2.7
- Telecom & Media	249	251	(0.8)	5.2
- PPAA & Healthcare	409	432	(5.4)	(2.7)
Book-to-bill	1.07	1.10	(2.4)	
Backlog / Revs 12m	0.83	0.74	11.3	

2020 Minsait sales remained stable in local currency and decreased -5% in reported terms. Revenues up in Telecom & Media (+5% in local currency) and Financial Services (+3% in local currency), while decreased in Energy & Industry and PPAA & Healthcare (-3% in local currency in both cases).

2020 order intake in Minsait fell -1% in local currency. All the verticals registered declines in local currency except for Telecom & Media (+17% in local currency).

Backlog/Revenues of the last 12 months ratio improved to 0.83x vs 0.74x in 2019. Book-to-bill ratio slightly declined and stood at 1.07x vs 1.10x in 2019.

Energy & Industry

- 2020 Energy & Industry revenues fell -3% in local currency, dragged by the mid-single-digit decrease in the Industry segment (higher exposure to the Covid impact), while the Energy segment showed similar levels as in 2019.
- Sales in the Energy segment in 2020 remained stable. It is worth highlighting the positive performance in America (Utilities sector in Brazil), while the biggest declines were concentrated in Europe (Italian subsidiary) and Spain. In respect to Industry, America (Retail sector in Brazil) and Spain (Retail and Hotels sector) showed declines.
- By geographies, most of the activity is concentrated in Spain and America.
- 2020 order intake went slightly down -2% in local currency, affected by the worst evolution in the Industry segment in Spain (Retail and Hotels sector).

Financial Services

- 2020 Financial Services sales increased by +3% in local currency, pushed by the positive performance in America (payments systems and the insurance sector).
- The Banking Sector concentrated most of the activity of the vertical vs the Insurance Sector.
- Region wise, Spain and America concentrated most of the activity of the vertical in 2020.
- 2020 order intake fell -5% due to the increasing pressure in the Spanish market.

Telecom & Media

- 2020 Telecom & Media revenues grew by +5% in local currency, with almost all geographies showing growth, except for America.
- By geography, most of the activity of the vertical in 2020 was concentrated in Spain and America,

- 2020 order intake grew +17% in local currency, mainly driven by the renewal of relevant contracts with the main operators in America.

Public Administrations & Healthcare

- 2020 Public Administrations & Healthcare sales decreased by -3% in local currency, mainly dragged by the Election business.
- By geography, most of the vertical activity in 2020 was concentrated in Spain, America and Europe.
- 2020 order intake down -5% in local currency, mainly affected by the Election business.

5) Analysis by geographical area

Revenues by Region	2020 (€M)	2019 (€M)	Variation (%)	
			Reported	Local currency
Spain	1,581	1,591	(0.6)	(0.6)
America	593	665	(10.8)	4.7
Europe	565	549	3.0	3.5
Asia, Middle East & Africa	303	399	(24.0)	(23.4)
Total	**3,043**	**3,204**	**(5.0)**	**(1.6)**

(*) Revenue reported in the "Europe" area in the notes to the accounts and in this Management Report differs from the sales figure in the annual report to the CNMV in the "European Union" area, since the latter only includes the Member States of the European Union.

By geographies, it is worth mentioning the growth registered in 2020 in America (+5% in local currency) and Europe (+3% in local currency). On the contrary, sales in Spain slightly decreased (-1%) and AMEA registered declines (-23% in local currency).

2020 Order intake showed strong growth in Spain (+16%), Europe (+17% in local currency), and to a lesser extent in America (+4% in local currency). However, AMEA registered strong declines (-25% in local currency).

Spain

- Revenues in Minsait remained almost stable in 2020, mainly due to the lower activity in the Election business vs last year.
- 2020 T&D revenues decreased slightly, mainly affected by the fall registered in Defence & Security (lower activity in Platforms and Simulation). However, it is worth mentioning the positive performance posted in Transport & Traffic, pushed by Transport (railway signalling systems and interurban transport projects).
- 2020 order intake increased +16%, pushed by the strong order intake registered in Defence & Security (electronic defence systems and the surveillance radar for F110 Frigates, WCV 8x8 program, NH90 helicopter, and the upgrades in the Chinook simulator).

America

- 2020 revenues increased by +5% in local currency, registering growth both Minsait and T&D.
- The main countries in the region registered growth in local currency: Brazil sales posted +3% revenue growth in local currency in 2020, thanks to the positive performance in Energy & Industry and Financial Services. For its part, Mexico showed +2% revenue growth in local currency pushed by the contribution of Financial Services. Likewise, it is worth highlighting the double-digit growth registered in USA (Transport & Traffic), Chile (Transport & Traffic and Public Administrations & Healthcare), and Peru (Public Administrations & Healthcare and Financial Services).
- The activity in America is mostly concentrated in Minsait. 2020 revenues went up close to mid-single-digit growth in local currency, driven by Financial Services and Energy & Industry.
- 2020 T&D revenues registered double-digit growth, bolstered by the growth registered in Transport & Traffic (tolling systems for the I-66 in USA).
- 2020 order intake grew by +4% in local currency (-13% in reported terms), helped by the growth registered in Minsait (mainly driven by the order intake singed in Mexico, Brazil, and Peru).

Europe

- 2020 revenues increased by +3% in local currency, with both Minsait and T&D showing growth.
- 2020 T&D sales increased, mainly aided by Defence & Security (Platforms and Integrated Systems) and despite the fall posted in Air Traffic Management (below mid-single-digit).
- 2020 Minsait revenues showed mid-single-digit growth, substantially helped by the positive contribution of Public Administrations & Healthcare and Telecom & Media.
- 2020 order intake went up +17% in local currency, pushed by Transport & Traffic (control centers for rail transport in Ireland and Air Traffic in Poland) and Defence & Security (MK1 Radar of the Eurofighter program).

Asia, Middle East & Africa

- 2020 revenues in AMEA decreased by -23% in local currency, chiefly affected by the Transport & Defence division and, to a lower extent, by the Election business.
- 2020 Transport & Defence sales posted strong declines due to the delays caused by Covid, showing both Transport & Traffic (urban project in Riyadh and railway project in Saudi Arabia) and Air Traffic Management (lower activity in International Programs) double-digit declines.
- 2020 Minsait revenues showed double-digit decrease, penalized by the worst comparison in the Election business in Iraq vs 2019.
- 2020 order intake decreased -25% in local currency, due to the falls registered in Transport & Defence and by the difficult comparison vs 2019 in both verticals, Transport & Traffic (order intake of the urban and interurban ticketing maintenance phase in Riyadh), and Defence & Security (order intake of the defence systems in Oman and Vietnam).

6) Research and development activities and innovation

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 dedicated to research, development and technological innovation activities was €265,270 thousand, which is equivalent to 9% of the Group's total sales in that year (€225,315 thousand, equivalent to 7% 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:

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

The data for the Spanish companies for 2020 and 2019 are as follows:

	2020	**2019**
	Days	**Days**
Average supplier payment period	56	59
Ratio of transactions paid	56	60
Ratio of transactions pending payment	54	55
	Amount € th	**Amount € th**
Total payments made	1,019,339	1,112,655
Total payments pending	178,842	259,298

The group has at the disposal of its suppliers confirming lines that allow them, at their option, to advance the collection of their invoices as specified in the Company's annual report.

8) Main business risks

The risks associated with the Group, its activity, the sector in which it operates and the environment in which it operates, which could adversely affect the achievement of the Group's objectives, are listed below.

These are not the only risks that the Group could face in the future. It could occur that future financial or non-financial risks, currently unknown or not considered to be relevant, might have an effect on the Group's business, results or financial or economic situation or on the market price of its shares or other securities issued by the Group.

It should also be borne in mind that these risks could have an adverse effect on the price of the parent company's shares or other securities issued by the Group, which could lead to a partial or total loss of the investment made due to various factors, as well as harming its reputation and image.

(A) FINANCIAL RISKS

The Group is exposed to various financial risks, including credit and liquidity risk, market risk (including foreign exchange risk and interest rate risk) and other specific risks arising from its financing structure. The Group's risk management model seeks to anticipate and minimise the adverse effects that the materialisation of such risks could have on the Group's financial profitability.

However, the management model might not operate adequately, or could even be insufficient. The Group is also subject to external risks that are beyond its internal control and that may adversely affect the Group's business, results or financial situation.

Market risks

o *Foreign exchange risk*

The Group's international presence, with projects in over 135 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 2020, approximately 48% of the Group's total sales derived from international markets (the same percentage as in the previous year).

The main transactions carried out by the Group in currencies other than the euro during 2020 and 2019 are detailed below:

	Thousand euro	
	2020	**2019**
Sales	918,533	1,006,607
Purchases	503,987	574,656

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 2020, the Group does not have 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 2020 and 2019 of the Group's equity and results, expressed in million euros, to changes of +/-5% in the exchange rate against the euro of the foreign subsidiaries' main functional currencies.

Variation in equity 2020

+5%	Thousand euro
Saudi riyal	1,300
Mexican Peso	1,342
Brazilian real	1,715

Variation in equity 2019

+5%	Thousand euro
Saudi riyal	1,007
Mexican Peso	1,403
Brazilian real	1,875

Variation in results 2020

+5%	Thousand euro
Saudi riyal	(851)
Mexican Peso	260
Brazilian real	453

Variation in results 2019

+5%	Thousand euro
Saudi riyal	428
Mexican Peso	481
Brazilian real	557

At 31 December 2020 and 2019, 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 and the Brazilian real. 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 2020 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 other 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 135 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 higher risk countries where the Group would operate.

o *Interest rate risk*

A considerable part of the cost of the group's financing is linked to variable interest rates, which are updated on a quarterly, half-yearly or annual basis depending on the contract in question and on changes in the reference rates on the interbank markets (normally the Euribor rate for the reference term). Therefore, a rise in the associated reference rates implies a higher cost of financing for the Group, with the consequent impact on the Group's profitability.

To partially limit this impact, the Group issues fixed-rate debt instruments and periodically assesses the advisability of arranging derivative financial instruments with financial institutions to manage these risks and hedge against interest rate fluctuations when market conditions so require.

At 31 December 2020, 43% of the Group's gross debt bears interest at fixed rates, including €640 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 million euro, to changes in interest rates at 31 December 2020 and 2019:

	2020		**2019**	
	Interest rate fluctuation		Interest rate fluctuation	
Impact on profits	+0.5%	-0.5%	+0.5%	-0.5%
before taxes	(3.84)	0.17	(1.73)	0.05

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 2020, trade and other receivables in the consolidated balance sheet totalled €893 million (€1,051 million in 2019), of which €34 million (€42 million in 2019) is outstanding for over 12 months. The above amount recorded under trade and other receivables includes trade provisions amounting to €96 million (€80 million in 2019) 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 2020, the Group's gross borrowing position was €1,666 million (€1,406 million in 2019), 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 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 2020, these loans represented 10% (12% in 2019) 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 2020 and 2019, the Group's long-term gross borrowings amounted to €1,373 million and €1,379 million, respectively (82% and 98% of the Group's gross borrowings, respectively), while short-term gross borrowings stood at €293 million and €27 million, respectively (18% and 2% of the Group's gross borrowings, respectively). The Group's cash and cash equivalents at 31 December 2020 amounted to €1,185 million (€855 million in 2019). As a result, at 31 December 2020 the Group's net borrowings amounted to €481 million (€552 million in 2019). 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 €187 million in 2020 (€133 million in 2019).

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 2020, positive free cash flow of €83 million was generated (€8 million in 2019). 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 2020, 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 €1,006 million (€1,010 million in 2019).

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 2020, 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 5% 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. In particular, in the current period, the management of the Group has implemented the processes in order to fulfil with the European Single Electronic Format (ESEF) required by the European Union (Directive 2001/109/CE and Regulation 2018/815).

- *Risks derived from the presentation of non-financial information*

The absence or lack of the application of internal control criteria, as well as the lack of stable and defined processes, may lead to report non-financial information that is not accurate, balanced, understandable, free of errors or biased towards interested parties.

(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, 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*

Additional costs compared to those planned or delays versus the initial project planning due to, among other reasons, case of force majeure, failures in the coordination and project management derived from the lack of experience from the required resources, inadequate planning of the required resources, difficulty in the role and responsibilities definition of the people involved, communication failures, non-compliance with standards, procedures and methods, and failures in the project management systems of the Group .

A lack of good planning and organisation of project resources, of risk identification and evaluation based on the taxonomy defined for project risk management, of management of the relevant contract or experience of the manager, and the absence of a suitable risk and monitoring plan, could mean that deviations are not detected in time.

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*

The lack of knowledge of the client and complex or unstable organisation could imply, inadequate client management, which translates into the demand of additional or the not acceptance of the product/service, lack of implication, resistance or lack of interest by the client, delays in the internal duties of the client that are necessary for the project, higher client expectations than those initially established, among others, that could lead to payment and execution delays of the project, penalties, additional costs, loss of contracting or client dissatisfaction.

- *Design and planning risks*

High project complexity could lead to errors in product design or difficulties in the planning tasks after acceptance of the proposal. This could lead to delays, cost overruns, additional work, redesigns, etc., as well as affecting compliance with product and deliverable requirements, with the consequent negative impacts for the Group.

- *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 subject 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, economic or equity 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 250 Temporary Consortia (UTEs) in different geographical areas (mainly Spain). Carrying out projects with Temporary Consortia or Association, which implies risks that could materialise due to 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 Consortia 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 Authorities 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. Should this risk materialise, the competent competition authority could initiate penalty proceedings which could eventually lead to fines being imposed on the Group.

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 Authorities 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 Public Authorities could lead to the Group's disqualification from contracting with the Public Authority 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 in the property and assets of the Company in any stage of the project, caused by any type of cause: weather / natural phenomenons, accidents in the Group operations, attacks by third parties or inadequate actions over manoeuvring elements that could affect with cost overruns, unplanned additional investments or require repairs, replacements or even jeopardise business continuity.

- *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*

The absence of mechanisms for the approval, evaluation and operational monitoring of suppliers could lead to operational deviations, penalties for delays, dependencies, and risks associated with technological obsolescence and legal compliance. Quality shortcomings or non-compliance with the conditions of supply or delivery of the products or services provided externally could lead to additional work and delays, adversely affecting the margin and the Group's ability to meet its commitments with its customers.

In its social aspect, it implies not to have the best suppliers through business processes that guarantee 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*

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 workers' legal representatives, could lead to not support collective or the Group's interest, lawsuits, greater conflicts, strikes or impacts in the news media with negative effects for the Group.

- *Health and safety risk*

The deficient application of the Occupational Risk Prevention management system in installations, machines, equipment and chemical products, activities and professionals (e.g. blackmail, kidnapping, extortion, etc.) could lead to significant economic and/or legal contingencies between the Group and its workers. In addition, the emergence of infectious diseases on a global scale could jeopardise professionals' health.

In its social aspect, the lack of the promotion of sedentary prevention associated with office work and, on the other hand, the possible risk associated with stress (traditionally linked to professional services), due to demanding deadlines from clients and high quality standards required, could affect the safety and health of the employees, Group's reputation and the stakeholders expectations: employees and society.

Productivity related risks

o *Risk related to productive efficiency*

Lack of efficiency/effectiveness in manufacturing or software development processes (e.g. interruptions due to lack of information, lower level of flexibility in the management of resources/ professional pyramids, possible troubleshooting, or due to low rate of work) or in the support processes of the Group (e.g. lack of synergies or standard processes), could lead to negative impacts (mainly overruns) on the Group. In the T&D division, it has a high relationship with the procurement strategy risk, being both key for its competitiveness.

o *Strategy and resource planning risk*

Inadequate resource planning, higher personnel expenses than initially expected (e.g. higher hiring costs), rigid labour market, business losses due to non-availability of the human resources required to start the work, absence of subcontracting strategy or inefficient planning that does not allow to encompass the resources needs with its availability, could lead to 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.

o *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.

o *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

o *Risk related to undesired turnover*

Inadequate management of key personnel could result in a loss of talent. This could adversely impact the generation of value opportunities or specific offerings, or could significantly increase the costs of attracting substitute resources. Other factors that could lead to undesired turnover are the misjudgement of the working climate or an inadequate compensation and benefits policy which is not in line with the market, professional development and Group objectives. The Group's capacity to attract, retain and train the right professionals at all times is therefore of key importance, avoiding turnover in certain professional groups whose replacement costs are high. In this context, the Group cannot guarantee that it will be able to retain such key personnel in the future or that it will succeed in attracting the talent it needs in the market.

In its social aspect, the lack of capacity to develop the potential of the professionals of the Group, lack of effective, customized and comprehensive evaluation models oriented to growth and development, could diminish the capacity to innovate, create solutions and offer the best customer service.

During 2020, undesired turnover stood at 8%.

o *Risk derived from a lack of talent*

Group's lack of attractiveness or the lack of profiles required for a specific job in the market could make it difficult to attract resources with the resulting adverse impact on the Group.

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.

In its social aspect, it is related to the lack of internal and external strategy to manage the diversity that helps to eliminate stereotypes and promotes technological vocation, the business foundation of the Group.

- *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 can affect the Group. These are key factors in assessing sustainability, the achievement of sustainable development objectives (SDAs) and ethical impact from the viewpoint of a business's investment.
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 more information, see the Sustainability report.

(C) COMPLIANCE RISKS

- *Legislative, regulatory and tax compliance risks*

As part of its ordinary activity, the Group is exposed to litigation and claims, whether from employees, subcontractors, third parties, suppliers, tax authorities, competition agencies, or customers, among others. Uncertainty about the outcome of litigation and claims carries the risk that a negative outcome will adversely affect the Group's business and reputation, as well as its results or its financial, economic or equity position.

The Group carries out a process for quantifying and rating these risks on a recurring basis, based on the best information available at a given time. There is a risk that this impact may be underestimated or that events may occur that cause the classification and quantification of a dispute or claim to change significantly, with a greater impact than initially anticipated.

The Group provides for 100% of the amount involved in proceedings in which it is a defendant and whose risk of occurrence has been classified as "probable" (i.e. the risk of the Group being found liable, or its claim being dismissed, is greater than 50%). At 31 December 2020, the Group is a defendant in litigation totalling €39 million (€40 million in 2019). Provisions at 31 December 2020 amounted to €39 million (€40 million in 2019). 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 risks of regulatory compliance 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 offense) being committed on behalf of the legal entity and for its direct or indirect benefit, could involve a possible disbarment from contracting with Public Administrations, leading to an economic and reputational impact on the Group.

In addition, the Group's activities are subject to the tax legislation of each country and to the double taxation treaties between the countries in which it operates, and it must therefore comply with successive amendments to such legislation. With regard to tax benefits in favour of the Group, potential tax reforms in the countries in which it operates may lead to the cancellation of such benefits, resulting in additional costs for the Group and therefore adversely affecting its business and financial position.

Also worth noting are the effects of any changes in Spanish tax legislation, which could have an impact on the Group's consolidated results as a result of possible adjustments to deferred taxes at the relevant tax rates, or limitations on deductions, as well as on cash flows, as a result of the need to bring forward payments and defer recoveries of tax credits.

- *Risk of non-compliance with Corporate Governance recommendations*

Possible non-compliance with the recommendations and best practices in the area of Corporate Governance or non-alignment with the guidance 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.

In its social aspect, the lack of communication and adequate reporting could affect stakeholders' trust and commitment.

- *Employment and Social Security regulation risk*

Inadequate personnel management for employment and Social Security purposes (e.g. illegal assignment of employees), non-compliance with Social Security administrations in the countries where the Group operates, or changes in the different geographies and markets in which the Group operates, could lead to overruns and/or income losses to adapt to the regulation, non-compliance with legislation (regulations and case law) and resulting in significant economic and/or legal contingencies between the Group and its employees, trade unions and central government. It could also involve a possible disbarment from contracting with Public Administrations

In this respect, the Group operates in markets with specific regulations for certain groups of professionals (for example, the Brazilian labour legislation relating to professionals from subcontracted companies) that may involve significant labour risks and contingencies. Even though the Group has a consistent human resources policy, it is inevitable that it will have to adapt to the local situations of each country, which may lead to risk situations related to such legislation.

- *Intellectual and industrial property risks*

Failure by the Group to comply with current legislation in relation to intellectual property or industrial property rights could lead to penalties or indemnities.

- *Integrity risk*

Non-compliance with the Group's internal policies (including the Code of Ethics) by employees or third parties, as well as unethical use of the technology, 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 (ecosystems, water, air, soil) or indirect damage to people and goods; decreased protection of the environment and difficulty ensuring a sustainable environmental impact; and non-compliance with environmental regulations with the resulting risk of legal penalties and liability.

In its non-financial aspect, environmental risk refers to the lack of a strategy aimed to minimize the energy consumption of the Group and initiatives that reinforce eco-efficiency (e.g. in the Group's centres or to promote a more rational mobility) and ongoing improvement in environmental management.

- *International business risk*

Non-compliance with current international trade legislation in any country where the Group operates could lead to international sanctions with the associated negative impacts.

- *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 to a possible disbarment from contracting with Public Administrations

- *Non-compliance in relation to product quality and safety*

Non-compliance with laws and regulations on product and service safety could affect the level of quality offered to customers and may result in financial penalties and reputation loss 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 Authorities, 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. During 2020, 52% of total sales in 2020 and 50% in 2019 derived from Spain.

- *Relevance of the global economic, socio-political and employment situation to the business*

The economic, socio-political and employment situation and global macroeconomic trends affect the Group's business, given its international presence.

On the one hand, budgetary constraints resulting, inter alia, from the problems caused by high public deficits (for instance, in Europe) result in a direct (public customers) and indirect decline in business for the Group.

The Group is also affected by the slowdown in emerging economies in recent years. Exposure to these economies represents a significant risk for the Group's business in these markets.

Additionally, geopolitical tensions, international uncertainty, terrorist actions, the growth of populist and/or nationalist political parties opposed to globalisation or the uncontrolled spread of infectious diseases, mobility restrictions, among other matters, undermine investor confidence and could considerably affect the economic situation in those countries in which the Group operates, either through budgetary restrictions on sensitive areas for the Group's operations (such as defence, transport, etc.), changes in regulations in sensitive sectors (e.g. the banking sector), increased dependence on local suppliers to the detriment of multinationals such as the Group, interruptions in supply chains, possibility of default or decreased productivity, which might even jeopardise business continuity. Any of these circumstances, as well as any other that could affect the world economy, could have a significant impact on the Group's business.

- *Technological risks*

The Group is exposed to a number of technological risks that could have a significant impact on the Company in economic terms and from a credibility and image viewpoint. Technological risks are those associated with constant change in technology, as well as those derived from IT Security and, particularly, those that could lead to a loss of information belonging to the Group or its customers.

- *Technological competition risks*

Some of the sectors in which the Group operates are in a constant process of evolution and innovation, which means that the technologies used or developed by the Group may become obsolete, making it necessary to make a considerable effort to maintain the Group's technological development. The lack of flexibility, effective investment and knowledge to take on technological changes from disruptive technologies could place the Group at a disadvantage with respect to its competitors and loss of opportunities. Innovation is the key differentiation in the solutions and services of the Group. 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*

Increments 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.

o *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.

o *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.

o *Climate change risk*

The lack of an adaptation and communication strategy in relation to climate change, negative impacts derived from physical risks (damages to installations derived from the higher frequency of extreme atmospheric phenomena), transitional risks (regulations, legal, market, technological or reputational), loss of opportunities or higher costs, could have an impact on the business strategy due to the economical and reputational direct impact.

o *Risk arising from the execution of Strategic Plans*

The Group defines medium-term plans that entails 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 medium-term plans are based on estimates and forecasts for 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

o *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 2020 and 2019 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/divestment*

Failure to achieve the objectives set out in the investment/divestment projects could entail a risk of reduced profitability for the Group. In addition, non-compliance with business plans for intangible assets recorded in the balance sheet and goodwill, or the emergence of liabilities that were concealed or unknown at the time of acquisition, could oblige the Group to adjust their value with the resulting financial impact.

Taking advantage of inorganic growth opportunities is essential in sectors with a strong technology base and which require the incorporation of new technologies to complement internal development, as well as in sectors where scale is a crucial factor in competing companies' profitability and competitive positioning.

The success of the inorganic growth strategy will depend on the ability to find suitable acquisition targets on favourable terms, and on the ability to finance and complete these transactions successfully. The integration of new businesses also involves risks inherent to the acquisition process itself and subsequent integration.

In addition, the acquisition of certain businesses could be subject to the fulfilment of certain requirements (e.g. competition, defence, etc.) which could limit the attractiveness of the assets to be acquired or even preclude their acquisition.

There is a risk that the Group will encounter difficulties in integrating the acquired businesses, such as the failure to achieve cost reductions or the expected commercial synergies, which could result in the acquisitions not being as advantageous in financial terms as would have been expected. There is also a risk that the expected operational, tax and/or financial synergies will not be achieved as a result of possible legislative changes. There are also risks associated with the increase in the Group's debt or even the emergence of liabilities not identified in the prior due diligence processes, or the possible impact of impairment of the assets acquired.

Certain specific risks relating to acquisitions are set out below:

- *Emergence of liabilities that were concealed or unknown at the time of acquisition.*
- *Risks arising from integration.*
- *The resulting group may not be able to retain key managers and professionals, or to manage the workforce efficiently.*

At 31 December 2020, the Group recorded net intangible assets (excluding goodwill) totalling €279 million (€373 million in 2019).

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 2020, the Group recorded goodwill totalling €891 million (€885 million in 2019).

o *Risk derived from the organisational and operational structure*

An organizational and operative structure with lack of optimization and agility caused by an inadequate integration of acquisitions (not able to capture efficiencies and synergies), decrease or interruption in demand, incorrect execution of the segregation of businesses (not necessary additional contracting or errors in the commercial and project management), or errors in the design or execution of organizational restructuring (that will not lead to obtain the expected efficiencies/productivity improvement/quality), could generate negative impacts in expenses (higher level of expenses compared to initially expected of planned).

o *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.

o *Planning and forecasting risk*

Errors in planning or elaborating the budget due to lack of integrated vision of the business, uncertainty or changes in the market, lack of business optimization (e.g. lack of global vision in the establishment of common plans to different businesses) or appropriate monitoring , could lead to negative impacts (e.g. loss of a business opportunity, higher expenses, etc).

9) Impacts and uncertainties related to Covid19 pandemic

The emergence and rapid spread of Covid-19 around the globe at the beginning of 2020 triggered a sudden, deep health, social and economic crisis. All economic sectors, including those in which Indra operates, were affected to a greater or less extent and face structural challenges raised by the repercussions of the pandemic, but which had arisen previously and will remain once it is over. There is still considerable uncertainty surrounding the time it will take to deploy the vaccines or effective medical treatments able to decisively mitigate the effects and expansion of the pandemic. In these circumstances, it is difficult to estimate crisis recovery times, so the consequences for the Group’s operations are as yet uncertain. The impact will depend largely on the evolution of the pandemic in the upcoming months as well as on the way and the speed with which the economy returns to normal following the health emergency.

The main effects of the pandemic on the financial statements are described below:

1. In general, the coronavirus crisis has had a significant impact on the Group's operations, causing a fall in revenue and profitability. The Group's directors and managers are continuously monitoring the effects the pandemic is having on activities in each country and business. The changing, unpredictable course of events could still have adverse impacts. The following effects were observed during the year:

    a. Delays in the handover of projects and tenders, as well as associated cost overruns.

    b. Delays and in some cases scope reductions in projects secured.

    c. Pressures on prices and project scopes.

2. Due to the economic, production and organisational factors that have weighed down the Group's business results and are structural in nature, though aggravated by the pandemic, the Group has reached the following labour agreements with the employees' legal representatives so as to transform the workforces of the two main companies (Indra Sistemas, S.A. and Indra Soluciones Tecnologías de la Información, S.L.U.), thereby cutting staff costs and mitigating the adverse effects of the decline in business and income. These agreements are part of the planned actions announced by Indra in July to overcome the difficulties generated by structural changes in the industries in which the two companies have operations, adapt to the new market and demand conditions, eliminate inefficiencies and enhance competitiveness.

    This general action plan is grounded in cost efficiency and the prioritisation of investments and resources, and entails proactive management of new demand, stimulation of revenue, use of technological capabilities and acceleration of business transformation. The main lines of action include cutting non-staff costs, improving internal processes and new working models, redirecting CAPEX investments and balance sheet adjustments, together with the workforce transformation.

    a. <u>Lay-off proceedings</u> in the Spanish subsidiary Indra Soluciones Tecnologías de la Información, S.L., consisting of the termination of 580 employment contracts, suspension of 125 contracts and pay cuts for 100 employees. The suspensions and cuts could lead to termination, however. The lay-off period ended on 31 January 2021.

        This agreement has 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.

        This resulted in the recognition of staff costs totalling €63.6 million (€37.7 million settled at the year end)

    b. <u>Collective agreement on early retirement and voluntary redundancy</u> in the parent company Indra Sistemas, S.A. This agreement will affect 220 employees, of whom a maximum of 135 will take early retirement and 85 will agree to voluntary redundancy. The agreement will run to 30 June 2021.

        This will avoid traumatic measures that could have a serious adverse impact on employment and on the Company's stability by replacing collective dismissals with a process of early retirements and voluntary redundancies, which will also achieve the purpose of reducing and adjusting the workforce so as to improve competitiveness.

        Staff costs recognised in this respect amounted to €21.6 million.

    c. <u>Other agreements reached with the employees' legal representatives in 2020.</u> The Group also reached various agreements with employee representatives in the following countries: home working and flexible working hours in Germany in response to Covid-19; framework regulations in Algeria; a wage review in Argentina and Brazil; workforce restructuring in Norway; and a wage review, workforce restructuring and flexible working hours in Romania.

3. Asset impairment.

   IAS 36 “Impairment of assets” requires entities to assess assets for indications of impairment at the end of each reporting period and to estimate the recoverable amount, if applicable.

   In general, the factors resulting from the pandemic entail indications of impairment such as the decline in demand and tightening of margins on products or services with respect to pre-health crisis levels, as well as different rates of recovery, among others.

   In addition, the new scenario will drive deep structural changes for the Group’s customers affecting their business and operating models, and their technology needs, which will bring demand for different technology solutions coupled with high-speed transformation and considerable pressure to enhance efficiency, while digitalisation will gain pace in all industries. As a result, the company has analysed and estimated returns from each of its products following the impact of Covid-19 so as to redirect investments by grouping them into the following four categories: products to drive, stimulate/bolster, transform/change the value proposal, and to deprioritise.

   Impairment losses on intangible assets as a result of deprioritising products and transforming the value proposal amount to €86 million, of which €84 million is recognised in impairment losses (Note 9) and €2 million in other current liabilities. €31 million of this amount is recognised by the parent company.

4. Due to certain delays, increased risk of default and deterioration of customers’ financial position, the expected credit loss rose by €6.1 million during the year.

5. The equity impact of balance sheet consolidation of countries with a currency other than the euro amounted to €(62,241) thousand at the year end. In addition, the accounting effect on net borrowings amounted to €(13,320) thousand. A part of this effect is explained by the depreciation of certain currencies due to the global health crisis.

6. The Group has assessed the recoverable amount of the CGUs based on projections made using the best prospective information available for the upcoming five years, taking into account investment plans in each business and conditions in the Group’s markets. No impairment has been recognised in the business segments as a result of the analyses.

7. In order to be able to offset the adverse effects of the pandemic, the Group partially closed work centres and cut back services. This entailed cancelling leases and recognising an impairment loss of €6 million on property, plant and equipment (€0.8 million in the parent company).

8. The transformation of the working model, mainly through home working, required considerably improvements to IT and IT security infrastructures: continuous monitoring of information security indicators and boosting of remote connections; increase in the capacity for remote connection to Indra’s systems; assurance of the supply of equipment such as laptop computers, terminals and modems; increase in hardware infrastructures; migration to Office 365 plans and improvement of collaborative tools to support home working.

9. In the case of work performed at Indra’s headquarters, the Group put in place the necessary hygiene measures, incurring the associated costs.

10. Despite these adverse circumstances, thanks to Group management’s monitoring of liquidity needs to assure that the necessary financial resources are available for operations, an FCF of €83.1 million was generated during the year.

The Group's net debt decreased by €71 million (€109 million setting aside payments under the lay-off proceedings described in point 3). Group management took steps to adapt project collection and payment schedules and to improve the liquidity position. For this purpose, long-term bank financing was increased by €218 million. In addition, a private issue of simple bonds maturing in the long term was completed in July 2020 in the amount of €35 million, maturing on 31 December 2020. Through these measures, the Group's liquidity at the issuance date of the financial statement stands at €1,185 million in cash and cash equivalents and €186 million in short-term undrawn credit lines, entailing a liquidity position of €1,371 million.

The Group also has no relevant debt maturities until 2023, although the convertible bond issue for a nominal €250 million maturing in 2023 includes a put option in favour of the bondholders that may be exercised in October 2021.

Except for a loan of €80 million from the European Investment Bank, none of the Group's existing forms of financing is subject to the fulfilment of covenants that could entail early maturity. The loan includes a shareholders' funds to total capital covenant that has been fulfilled since the loan was arranged.

11. The Group has availed itself of government aid programmes relating to the Covid-19 crisis outside Spain (mainly in America). This aid consists of the deferred payment of tax liabilities amounting to €6 million and loans convertible into subsidies in the amount of €1.5 million. The impact of government aid on the income statement is minimal (€0.5 million).

Although the uncertainty surrounding Covid-19 may affect results for the following year, there are positive signs allowing us to expect a better performance.

10) Capital structure

At 31 December 2020 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. All share capital is made up of ordinary shares belonging to the same class and therefore conferring the same rights and obligations; there are no restrictions on the transfer of these shares or on voting rights.

The parent company's main shareholders at 31 December 2020, holding an interest of over 3%, are SEPI (18.7%); Corporación Financiera Alba (10.5%); Fidelity Management & Research LLC (9.8%); State Street Corporation (3.2%); Norges Bank (3.2%); T.Rowe Price (3.1%); Santander Asset Management (3.0%).

11) Other corporate information

The additional information traditionally contained in this section relating to (i) rules applicable to the amendment of the Company's Bylaws; (ii) restrictions on the transfer of shares and any restrictions on voting rights; (iii) powers of the members of the Board of Directors and, in particular, those relating to the possibility of issuing or repurchasing shares; (iv) significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control in the company following a takeover bid; and (v) agreements between the company and its directors, managers or professionals which provide for compensation when they resign or are dismissed without due cause or if the employment relationship ends as a result of a takeover bid, is set out in the Annual Corporate Governance Report (sections B.3, A.10, C.1.9, C.1.38 and C.1.39 respectively) in accordance with the provisions of Article 540 of the Spanish Companies Act. Said report, as mentioned in section 12 below, forms an integral part of this Management Report.

12) Shareholder remuneration

No dividends were paid by the parent company in 2020.

The parent company's Board of Directors will propose to the shareholders in general meeting that the losses that amounted to €28,835,364.64 will be fully applied as negative results from previous years.

The Board of Directors of the Parent Company will propose to its General Shareholders' Meeting that losses of € 28,835,364.64 be fully applied to negative results from previous years.

The proposal for the application of the 2020 results in the companies of Group companies has been formulated by their respective Administrators and is pending to the approval by the corresponding General Shareholders' Meetings.

13) 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.

14) Annual Corporate Governance Report

The Annual Corporate Governance Report is attached here to as an integral part of this report, in accordance with the provisions of Article 538 of the Spanish Companies Act. The Annual Corporate Governance Report has been drawn up in accordance with the model approved by Circular 2/2018 of the National Securities Market Commission.

The Annual Corporate Governance Report can be found on the CNMV website (www.cnmv.es), to which it has been sent by the Company and on the corporate website (www.indracompany.com).

15) Treasury shares

Making use of the delegated authority conferred by the General Shareholders' Meeting, the Company directly holds 546,555 shares (0.31% of total shares) at 31 December 2020 for a total of €3,768 thousand, for more detail see note 19 of the annual accounts.

During 2020, the Company acquired 13,131,865 of its own shares on the stock exchange (7.43% of total shares) and (5.35% of total annual volume) and sold 12,867,316 of its own shares (7.28% of total shares) and (5.45% of total annual volume). For more details see note 19 of the annual accounts.

16) Foreseeable Evolution

2021 expectations of the Group are revenues to be above €3,200 million in constant currency, reported EBIT above €200 million and Free Cash Flow above €120 million (before the cash out of 2015 and 2020 workforce transformation plans).

17) Non-financial information

The Sustainability Report/Non-Financial Information Statement forms part, as an appendix, of the Management Report and is therefore subject to the same rules for approval, filing and publication as the Management Report, having been drawn up by the Board of Directors together with the Management Report at its meeting on 23 March 2021. The Sustainability Report includes the necessary information to understand the Company's performance, results and situation and the impact of its business activities with respect to, at least, environmental and social issues, as well as those related to personnel, respect for human rights and the struggle against corruption and bribery, among others. The Sustainability Report can also be found 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 the greater reliability with respect to the Group's performance.

EBITDA

- Definition/Reconciliation: EBITDA stands for earnings before interest, tax, depreciation and amortization.
- Explanation of use: It 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 criteria applied: There is no change in criteria with respect to the previous year.

CONSOLIDATED INCOME STATEMENT (€M)	2020	2019
EBIT	(33)	221
Depreciation and amortization	110	125
EBITDA	***77***	***346***

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 criteria applied: There is no change in criteria with respect to the previous year.

2020

€M	T&D	Minsait	Total
Total sales	1,120	1,924	3,043
Contribution margin	159	133	291
Contribution margin (%)	*14.2%*	*6.9%*	*9.6%*
EBIT	55	(88)	(33)
EBIT margin (%)	4.9%	(-4.6%)	(-1.1%)

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 criteria applied: There is no change in criteria with respect to the previous year.

CONSOLIDATED BALANCE SHEET (€M)	2020	2019
Cash and cash equivalents	**1,185**	**855**
Non-current liabilities	**(1,373)**	**(1,380)**
Bank borrowings	(986)	(785)
Financial liabilities due to the issuance of debentures and other marketable securities	(387)	(595)
Current liabilities	**(293)**	**(27)**
Bank borrowings	(39)	(18)
Financial liabilities due to the issuance of debentures and other marketable securities	(254)	(9)
Net borrowings	***(481)***	***(552)***

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 criteria applied: There is no change in criteria with respect to the previous year.

Contribution margin

- Definition: Difference between sales and direct and indirect costs in the Group's various segments or business units. Direct costs are those directly attributable to sales recognised in a specific period and include the cost of own or subcontracted resources used in projects as well as any costs incurred necessary for the development and completion of a project: cost of materials, project travel expenses, etc. Indirect costs are those that, while linked to a Group segment or business unit, are not directly attributable to billable projects or to sales recognised in a given period. Indirect costs include, among others, commercial costs, costs of preparing proposals, cost of management of a certain segment, etc. The contribution margin does not take into account corporate costs, as these are not directly attributable to a particular segment or business.

  This parameter could also be calculated on the basis of operating results, summing corporate costs (rent, structural personnel, general services, etc.) as well as impairment and provisions.

- Explanation of use: The contribution margin measures the operating profitability of a particular Group segment or business unit without taking into account corporate costs, as these are costs not directly attributable to a particular segment or business.

  Additionally, in order to facilitate comparison between segments with a different relative importance in the Group's total sales, the contribution margin to sales ratio of a certain segment or business unit is used, which is interpreted as the contribution margin for each euro of sales in a specific segment.

- Consistency of the criteria applied: There is no change in criteria with respect to the previous year.

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 criteria applied: There is no change in criteria with respect to the previous year.

Order backlog

- Definition: This is the accumulated order intake less sales made plus/minus exchange rate and contract renegotiation adjustments, among others. It reflects the amount of a sale remaining until the completion of a project to complete the order intake figure.
- Explanation of use: As it reflects the amount of contracts obtained pending implementation, this figure is an indicator of the future performance of the Group's business.
- Consistency of the criteria applied: There is no change in criteria with respect to the previous year.

19) Significant events after the reporting date

- 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"

  On 19 January 2021, the CNMC issued a Reclassification Decision modifying the Resolution Proposal in order to redirect all the cartel 3 conducts (which disappear, as such, including IBC's conduct) to those of cartel 2 or cartel 1, as applicable. Specifically, IBC's conduct is in cartel 1 ("Red Colaboración Norte").

On 11 February 2021, IBC presented allegations to the Reclassification Decision. In addition, IBC received a notification requesting financial information, which was furnished on a timely basis.

The CNMC recently notified the lifting of the stay of proceedings and has set 7 April 2021 as the deadline for resolving the case.

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

  On 17 February 2021, Section Four of the National Court's Criminal Chamber issued a decision disallowing the appeal lodged by the Department of Public Prosecutions against the decision of 26 October 2020 issued by the Court, confirming that the parent company does not have to furnish additional documents in relation to the request made by the department during the current investigation stage.

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

  On 10 February 2021, the parent company replied to the request for arbitration. The arbitrators are currently being designated.

- On 1 March 2021, the parent company arranged a share buy-back scheme with Banco Sabadell to fulfil the share delivery commitments under the prevailing remuneration scheme, acquiring 650,000 shares. The buy-back scheme ended on 11 March 2021.