

INDRA ACQUIRES A MAJORITY STAKE IN TESS DEFENCE AND BECOMES THE SPANISH FLAGSHIP FIRM FOR LAND DEFENCE PROGRAMMES

- **Indra's Board of Directors has approved the increase in its stake in TESS Defence to secure a majority position (51.001%) by means of an agreement to acquire an additional 26.33% of the company from the other partners (GDELS-Santa Bárbara Sistemas, SAPA and Escribano)**
- **The current configuration of TESS will shift towards an entrepreneurial model with a balance sheet, program management capability and responsibility, engineering, industrial property, manufacturing and delivery responsibility. TESS will have a new governance model and a Board made up of seven members, four of whom will be from Indra and the others from each of the other three shareholder companies.**
- **This change will convert TESS Defence into the benchmark for the Ministry of Defence's armoured land vehicle programs, including the 8x8 WCV and TSV programmes. It will also have natural responsibility for European armoured vehicle programmes such as the future Main Ground Combat System.**
- **With this operation Indra will substantially reinforce its operations in the land defence industry, a market worth over 120 billion euros per year worldwide. Indra will thus continue to implement the lines defined in its Leading the Future Strategic Plan**

Madrid, 29 October 2024.- On 30 September, Indra's Board of Directors approved the acquisition of a 51.001% majority stake in TESS Defence (TESS). This operation and the signing, in a single act, of a new shareholders' agreement with a new governance model will enable Indra to exert majority control over the company and consolidate its financial results.

The deal is a strategic acquisition for Indra that will position TESS as the prime contractor for the Army's current and future armoured vehicle programmes, including the 8x8 WCV (Wheeled Combat Vehicle), the TSV (Tracked Support Vehicle) and their derivatives and subsequent phases. This opportunity will be reflected in access to a potential portfolio in Spain amounting to over 10 billion euros in armoured land vehicles over the next 15 years, with more than 700 vehicles with firm orders and additional opportunities for over a thousand vehicles. It also includes modernizations and new platforms, as well as maintenance and sustainment throughout the life cycle. In total, in global terms, taking into account exports and including recurrent maintenance, the potential portfolio that TESS is seeking will exceed 30 billion euros over the next twenty years.

Moreover, the assumption of a majority stake in TESS will reinforce Indra's presence in the land defence industry, which has been limited to the field of mission systems until now. The operation will reinforce Indra's capacity to lead and manage large domestic and international programmes, boost its export potential and allow it to act as the national coordinator in major European terrestrial programmes. This responsibility will contribute to the creation and integration of Spanish technological capabilities into the development of advanced European solutions.

TESS will act as the prime contractor of the programmes, perform the synthesis engineering and vehicle integration and assume final assembly and delivery responsibility. For this purpose, TESS will be tasked with the definition and execution of the industrial management of the programmes, including (but not limited to) the programme management, economic management, dialogue with customers, subcontractor management and quality assurance and maintenance throughout the product's life.

In addition, in order to have the industrial and technological capabilities required to fulfil its mission, TESS intends to create a centre in Asturias to concentrate the industrial and design engineering resources. A commitment will be made at these facilities to attract talent and maintain and reinforce the employment with high quality, added value and a technological impact that is generated.

This new configuration of TESS will comply with Spain's industrial strategy of gaining sovereignty and strategic autonomy in Spain and Europe and provide the Ministry of Defence with a body to centralise the development of land defence vehicles. It will also optimise the operation of the programmes currently in TESS's portfolio and ensure the effective traction of strategic national projects in a more seamless manner.

The consolidation of TESS will be articulated by means of Indra's acquisition of an additional 26.33% of the company from the other partners to secure a 51.001% stake with a new governance model and responsibilities. The founding companies (GDELS-Santa Bárbara Sistemas, SAPA and Escribano) will continue to be shareholders and board members of TESS. A specific plan to transfer knowledge to TESS for the assembly, integration, verification and approval activities has been defined as part of the agreement to ensure business continuity.

This operation forms part of the Leading The Future strategic plan announced by Indra in March, in which it established its aim to become the national coordinator leading the Spanish defence ecosystem. Neighbouring countries such as the United Kingdom, Italy and France have already executed this consolidation towards a national defence champion. Becoming the majority partner in TESS constitutes a major step for Indra.

This operation will be completed once the usual regulatory approvals have been obtained.

Furthermore, it is important to highlight that this consolidation is aligned with the principles of the Defence Industrial Strategy sanctioned by the Secretary of State for Defence, axis four of which envisages promoting and fostering the joint participation of companies in defence programmes. The new configuration of TESS will mitigate the barriers posed by business fragmentation to growth and competitiveness. It will also promote and encourage a greater presence and leadership in international projects.

About TESS Defence

TESS Defence (<https://tess-defence.es/>) is a Spanish consortium based in Madrid (Spain) that was set up in 2020 by the Indra, GDELS-Santa Bárbara Sistemas, SAPA and Escribano defence firms with the aim of developing and supplying advanced military vehicles such as the 8x8 Wheeled Combat Vehicle (WCV) and the Tracked Support Vehicle (TSV) for the Spanish Army.

About Indra Group

Indra Group is a holding company promoting technological progress that comprises Indra, one of the main global defence, air traffic and space companies, and Minsait, a leader of the digital transformation and information technologies in Spain and Latin America. Indra Group drives a safer and better-connected future through innovative solutions, trusted relationships and the finest talent. Sustainability is part of its strategy and culture, in order to respond to present and future social and environmental challenges. In the 2023 financial year, Indra Group posted revenues totalling €4.343 billion, with more than 57,000 employees, a local presence in 46 countries and business operations in over 140 countries.

Communication Contact

Toñi García Carballal
magcarballal@indra.es
+34 648 10 29 48