indra

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+34.91.480.98.00
irindra@indra.es
www.indracompany.com

1Q22 Results

Indra posted double-digit growth in all items of its income statement, with 1Q22 EBIT growing +54% and net profit 76%

- **Revenues in 1Q22 grew +13.3% vs 1Q21. Minsait revenues went up +17.3% while Transport and Defence registered +6.0% growth.**
- **EBIT up +54% year-on-year, bringing the EBIT margin to 7.0% in 1Q22 vs 5.2% in 1Q21, with both divisions improving their margins.**
- **Net Profit reached €39m in 1Q22, +76% higher than in 1Q21.**
- **Free Cash Flow in 1Q22 was €13m vs €-17m in 1Q21, bringing Net Debt/EBITDA ratio down to 0.7x compared to 2.4x in March 2021.**
- **Backlog reached €6bn (+13%), achieving a new record high, while order intake recorded +43% growth in 1Q22 vs 1Q21.**

Madrid, April 29th, 2022 – Ignacio Mataix, Chief Executive Officer of Indra:

"The results of the first quarter of 2022 are characterized by the positive commercial momentum of our two divisions, which is also reflected in a significant revenues acceleration and in a clear improvement in profitability compared to the levels of the first quarter last year.

Regarding the commercial activity, once again we set a new record high in our backlog, which approached to €6bn, with a particularly strong first quarter of the year in terms of order intake, and in an environment in which we continue to perceive sustained demand in our main businesses.

Indra's revenues grew at double-digit rates over again. For its part, operating profitability (EBIT) grew 54% and outpaced revenue growth, with a clear improvement in margins in both Transport and Defence and Minsait. All this finally resulted in a 76% net profit growth.

It is also worth noting the positive evolution of the cash generation in the first quarter, which was the best in the last six years, allowing us to continue reducing our financial leverage, which stands at 0,7x.

In summary, these quarterly results represent a very solid start of the 2022 financial year, in line with our annual targets and our 2021-2023 Strategic Plan, although the international macroeconomic environment remains characterized by significant uncertainties"

Main Figures 1Q22 vs 1Q21

Main Figures	1Q22 (€m)	1Q21 (€m)	Variation (%) Reported / Local currency
Net Order Intake	1,344	937	43.5 / 42.4
Revenues	851	751	13.3 / 12.3
Backlog	5,987	5,322	12.5 / 11.6
EBITDA	87	63	36.6 / 35.8
EBITDA Margin %	10.2%	8.4%	1.8 pp
Operating Margin	72	52	38.5
Operating Margin %	8.5%	6.9%	1.6 pp
EBIT	60	39	53.6 / 52.6
EBIT margin %	7.0%	5.2%	1.8 pp
Net Profit	39	22	76.0
Net Debt Position	215	505	(57.4)
Free Cash Flow	13	(17)	NA
Basic EPS (€)	0.223	0.127	69.2

Transport and Defence (T&D)	1Q22 (€m)	1Q21 (€m)	Variation (%) Reported / Local currency
Revenues	279	263	6.0 / 5.5
EBITDA	38	28	35.7 / 35.4
EBITDA Margin %	13.7%	10.7%	3.0 pp
Operating Margin	30	24	25.2
Operating Margin %	10.7%	9.1%	1.6 pp
EBIT	27	19	45.2 / 44.9
EBIT margin %	9.8%	7.2%	2.6 pp

Minsait	1Q22 (€m)	1Q21 (€m)	Variation (%) Reported / Local currency
Revenues	573	489	17.3 / 16.0
EBITDA	48	35	37.4 / 36.0
EBITDA Margin %	8.5%	7.2%	1.3 pp
Operating Margin	42	28	49.8
Operating Margin %	7.4%	5.8%	1.6 pp
EBIT	33	20	61.5 / 59.8
EBIT margin %	5.7%	4.1%	1.6 pp

Indra acquired six companies of the IT business in 2021 (Flat 101, Managed Security Services, Consultoría Organizacional, Net Studio, The Overview Effect, Credimatic), with a contribution in sales of €10m in 1Q22.

Main Highlights

Backlog achieved a new record high and stood at €5,987m in 1Q22, implying +13% growth in reported terms vs 1Q21. Transport & Defence backlog amounted to €3,970m and increased by +10% in 1Q22 vs 1Q21, standing out Defence & Security, which amounted to €2,558m. For its part, Minsait backlog went up +17% in 1Q22 vs 1Q21 and totaled €2,018m. Backlog/Revenues LTM ratio stood at 1.72x vs 1.74x in 1Q21.

Order intake in 1Q22 registered +42% increase in local currency (+43% in reported terms):

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- **Order intake in the Transport & Defence division in 1Q22** was up +37% in local currency, backed by the strong performance of Defence & Security (+98% in local currency), highlighting the contract of the MK1 Radar of the Eurofighter project in Germany and Spain.

- **Order intake in the Minsait division in 1Q22** increased +44% in local currency, backed by the double-digit growth showed in all its verticals. It stood out the growth showed in Public Administration & Healthcare (+110% in local currency), mainly helped by the order intake of the Elections project in Angola.

1Q22 revenues grew +12% in local currency (+13% in reported terms) vs 1Q21:

- **1Q22 revenues in the T&D division** increased by +6% both in local currency and in reported terms, pushed by the growth registered in Transport & Traffic (+11% in local currency), with double-digit growth both in Air Traffic (+13% in local currency, due to the higher activity with Enaire in Spain, and the European programs in Sweden and Belgium) and in Transport (+10% in local currency, mainly explained by the higher activity in rail projects in Spain, Interurban System in Riyadh and Control Systems and Ticketing in Egypt). For its part, Defence & Security sales remained stable (-0.6% in local currency), taking into account the strong growth (+21%) achieved in 1Q21 vs 1Q20 and the lack of contribution from the FCAS project in 1Q22.

- **1Q22 revenues in the Minsait division** increased by +16% in local currency (+17% in reported terms), in an environment of growing demand and with all the verticals registering double-digit growth, standing out the strong growth posted in Public Administration & Healthcare (+28% in local currency).

FX impact contributed positively with €7m in 1Q22, mainly due to the appreciation of Latin American currencies (Colombian and Mexican peso).

Organic revenues in 1Q22 increased +11% (excluding the inorganic contribution of the acquisitions and the FX impact). By divisions, Minsait showed +14% organic growth and Transport & Defence recorded +6% in 1Q22.

Minsait Digital revenues reached €158m (28% of Minsait sales) in 1Q22, which implied +22% increase vs 1Q21.

1Q22 reported EBITDA stood at €87m vs €63m in 1Q21, showing +37% growth in reported terms, equivalent to 10.2% EBITDA margin in 1Q22 vs 8.4% in 1Q21.

Operating Margin improved to €72m in 1Q22 vs €52m in 1Q21 (equivalent to 8.5% operating margin in 1Q22 vs 6.9% in 1Q21), thanks to the operating leverage and the improvement in profitability in both divisions:

- **1Q22 Operating Margin in the T&D division** reached €30m vs €24m in 1Q21, equivalent to 10.7% margin vs 9.1% last year same period. This improvement was explained by the increase in profitability in Transport & Traffic (both in Air Traffic and in Transport).

- **1Q22 Operating Margin in Minsait** stood at €42m vs €28m in 1Q21, equivalent to 7.4% operating margin in 1Q22 vs 5.8% in 1Q21, with a generalized improvement of margins in all verticals.

Total workforce restructuring costs amounted to €-6m in 1Q22 vs €-7m in 1Q21.

1Q22 reported EBIT was €60m vs €39m in 1Q21, growing +54% in reported terms, equivalent to 7.0% EBIT margin in 1Q22 vs 5.2% in 1Q21.

- **EBIT margin in the T&D division** grew to 9.8% in 1Q22 vs 7.2% in 1Q21.
- **EBIT margin in Minsait** reached 5.7% in 1Q22 vs 4.1% in 1Q21.

Net profit of the group stood at €39m vs €22m in 1Q21.

1Q22 Free Cash Flow was €13m vs €-17m last year same period (€-6m excluding the €-11m cash out of the workforce transformation plan).

Net Debt declined to €215m in March 2022 vs €505m in March 2021 and vs €240m in December 2021. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the capital gain from the sale of San Fernando de Henares' facilities and the provision of the Real Estate Plan) stood at 0.7x in March 2022 vs 2.4x in March 2021 and vs 0.8x in December 2021.

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Outlook 2022

The company reiterates its 2022 targets:

- **Revenues in constant currency: > €3,550m.**
- **EBIT reported: > €270m.**
- **Free Cash Flow reported: > €170m.**

Human Resources

At the end of March 2022, total workforce amounted to 53,287 professionals implying an increase of +8.8% vs March 2021 (4,308 additional employees). This increase was concentrated in America (2,572 more employees) and in Spain (1,664 more employees). Compared to December 2021, total workforce increased +2.3% (1,203 more employees), with this increase also concentrated in America (693 more employees) and in Spain (530 more employees).

The average headcount in 1Q22 increased by +6.8% vs 1Q21.

Final Workforce	1Q22	%	1Q21	%	Variation (%) vs 1Q21
Spain	28,944	54	27,280	56	6.1
America	18,833	35	16,261	33	15.8
Europe	3,502	6	3,372	7	3.9
Asia, Middle East & Africa	2,008	4	2,066	4	(2.8)
Total	**53,287**	**100**	**48,979**	**100**	**8.8**

Average Workforce	1Q22	%	1Q21	%	Variation (%) vs 1Q21
Spain	28,682	55	27,411	56	4.6
America	18,372	35	16,363	33	12.3
Europe	3,526	7	3,399	7	3.7
Asia, Middle East & Africa	2,009	4	2,069	4	(2.9)
Total	**52,589**	**100**	**49,241**	**100**	**6.8**

Other events over the period

On January 17th of 2022 Minsait Payments announced the acquisition of the Ecuadorian company Credimatic to enhance its leadership of payment methods in Latin America. Credimatic's value proposition is clearly aligned in industrial terms with the activity of Minsait Payments, focusing on the integrated management of payment methods.

On January 20th of 2022 Indra renewed its Top Employers Institute certificate, which includes Indra and Minsait among the companies providing the best working environment, achieving the highest ratings in terms of the workplace, ethics and values and making considerable progress in several aspects of its attractiveness.

On January 26th of 2022 Indra was included in the Bloomberg Gender Equality Index for the third consecutive year thanks to its commitment to equality, diversity, women's advancement and transparency in its gender-related information.

On February 22nd of 2022 the Council of Ministers of the Spanish Government authorized Sociedad Estatal de Participaciones Industriales (SEPI) to increase its stake in Indra's share capital to 28%.

On March 28th of 2022 Indra's Board of Directors appointed the independent director Mr. Enrique de Leyva Pérez as a new member of the Appointments, Remuneration and Corporate Governance Committee, following the report from this Committee, effective as of the same date.

At the same meeting, upon the proposal of the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors appointed Mr. de Leyva as Lead Independent Director and Vice-Chairman of the Board of Directors. This resolution shall be effective as of the date of the Ordinary General Shareholders' Meeting.

On March 31st of 2022 Indra's Board of Directors acknowledged the decision of the Corporate General Manager and CFO of the Company, Javier Lázaro, to leave his current position at the end of June to start a new professional stage outside Indra. The permanence of Javier Lázaro during these months will facilitate the transfer and orderly succession of his responsibilities in the Company.

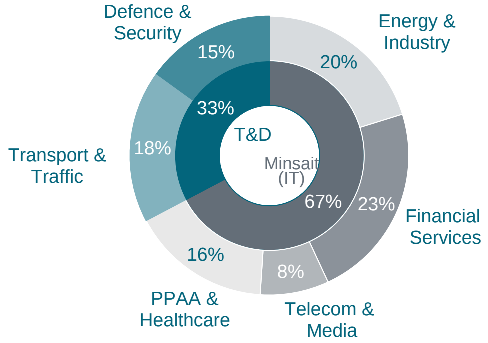
Events following the close of the period

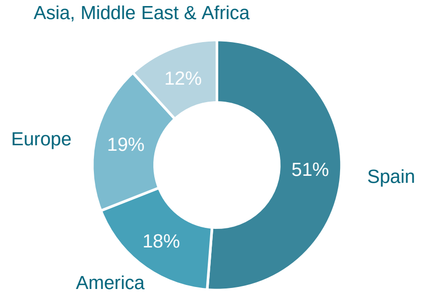
On April 21st of 2022 Indra's Board of Directors upon the proposal from the Appointments, Remuneration and Corporate Governance Committee adopted, as of the date hereof, the following resolutions:

- To terminate by mutual agreement with the Chief Executive Officer, Cristina Ruiz Ortega, the executive services contract that bound the parties and, consequently, to accept her resignation as director
- To appoint Luis Abril Mazuelas executive director (by co-option procedure) and IT managing director at Indra

On April 28th of 2022 the Board of Directors resolved to appoint Francisco Javier García Sanz as independent director, by co-option procedure, to fill the vacancy generated by the resignation tendered by Santos Martínez-Conde Gutiérrez-Barquín last December.

Revenues by divisions and regions:





Transport & Defence (T&D)

T&D	1Q22 (€m)	1Q21 (€m)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	375	272	37.9	37.4
Revenues	279	263	6.0	5.5
- Defence & Security	128	129	(0.6)	(0.6)
- Transport & Traffic	151	134	12.4	11.5
- Transport	*87*	*78*	*10.9*	*10.1*
- Air Traffic	*64*	*56*	*14.4*	*13.4*
Book-to-bill	1.35	1.03	30.1	
Backlog / Revs LTM	3.12	3.16	(1.3)	

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Transport & Defence revenues in 1Q22 went up +6% in local currency, pushed by the growth registered in Transport & Traffic (+11% in local currency).

Order intake in 1Q22 up +37% in local currency, mainly explained by the growth posted in Defence & Security (+98% in local currency).

Backlog/Revenues LTM ratio stood above 3 times (3.12x vs 3.16x in 1Q21). Book-to-bill ratio improved to 1.35x vs 1.03x in 1Q21.

Defence & Security

- 1Q22 Defence & Security sales remained stable (-0.6% in local currency), taking into account the strong growth (+21%) achieved in 1Q21 vs 1Q20 and the lack of contribution from the FCAS project in 1Q22. The FCAS Phase 1.b. contract is expected to be signed during the year.
- By businesses, 1Q22 sales grew in Platforms (Eurofighter and Naval Systems in Saudi Arabia) and in Security Systems (Kuwait project), while sales declined in Integrated Systems (Lanza 3D Radars in Spain, Air Defence in Azerbaijan and Vietnam).
- By geographies, Spain reduced its revenues mainly due to the lower contribution of certain multi-year projects in the quarter (Lanza 3D Radars and F110 Frigates). On the contrary, sales went up in Europe (Eurofighter) and AMEA (Platforms in Saudi Arabia and Security Systems in Kuwait).
- Most of the activity of the vertical in 1Q22 was concentrated in Europe (c. 45% of sales) and Spain (c. 35% of sales).
- Order intake in 1Q22 up +98% in local currency, pushed by the order intake registered in the MK1 Radar of the Eurofighter project in Germany and Spain.

Transport & Traffic

- 1Q22 Transport & Traffic revenues went up +11% in local currency, with double-digit growth both in Air Traffic and in Transport.
- Revenues in the Air Traffic segment in 1Q22 increased +13% in local currency, thanks to the positive performance registered in the European programs in Sweden and Belgium, as well as in Spain (higher activity with Enaire).
- In the Transport segment, sales in 1Q22 also grew by +10% in local currency, mainly explained by the higher activity in rail projects in Spain and AMEA (Interurban System in Riyadh and Control Systems and Ticketing in Egypt).
- Region-wise, most of the activity of the vertical in 1Q22 was concentrated in AMEA (c. 35% of sales), Spain (c. 30% of sales), and Europe (c. 20% of sales).
- Order intake in 1Q22 declined -13% due to the Transport segment, with lower activity in AMEA (Mecca-Medina high-speed project) and Spain (T-Mobilitat). However, order intake in Air Traffic up +3% in local currency aided by the positive performance showed in Spain with Enaire.

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Minsait

Minsait	1Q22 (€m)	1Q21 (€m)	Variation (%) Reported	Local currency
Net Order Intake	969	665	45.7	44.5
Revenues	573	489	17.3	16.0
- Energy & Industry	172	152	13.3	11.9
- Financial Services	195	169	15.3	13.5
- Telecom & Media	68	61	12.1	11.1
- PPAA & Healthcare	138	107	28.8	28.4
Book-to-bill	1.69	1.36	24.3	
Backlog / Revs LTM	0.91	0.90	1.3	

Minsait sales in 1Q22 grew by +16% in local currency, with all the verticals registering double-digit growth. It is worth mentioning the strong growth posted in Public Administrations & Healthcare (+28% in local currency).

Excluding the inorganic contribution of the acquisitions and the FX impact, Minsait sales in 1Q22 would have grown +14%.

1Q22 order intake in Minsait went up +44% in local currency vs 1Q21, boosted by the double-digit growth showed in all verticals, among which stood out Public Administrations & Healthcare (+110%).

Backlog/Revenues LTM stood at 0.91x vs 0.90x in 1Q21. Book-to-bill ratio improved and stood at 1.69x vs 1.36x in 1Q21.

Digital sales amounted to €158m (which represents 28% of Minsait sales) in 1Q22, implying an increase of +22% vs 1Q21.

Minsait	1Q22 (€m)	1Q21 (€m)	Variation (%) Reported
Digital	158	130	21.8
Proprietary solutions	56	40	41.6
Implementation of third party solutions & Others	90	78	14.6
Technological and Process Outsourcing	271	243	11.6
Eliminations	(2)	(2)	N/A
Total	**573**	**489**	**17.3**

Energy & Industry

- 1Q22 Energy & Industry revenues increased +12% in local currency, with both segments posting growth, although the Industry segment showed a better relative performance, which continued growing at double-digit rates.
- The Energy segment represented approximately 60% of the vertical sales vs 40% the Industry segment.
- Revenues in 1Q22 grew in its main geographies (Spain, Europe and America). It is worth noting the positive performance showed in Spain (chiefly in the retail sector of Industry) and Europe (higher activity in the Italian subsidiary both in Energy and Industry).
- By geographies, most of the activity was concentrated in Spain (c. 50% of sales), America (c. 25% of sales), and Europe (20% of sales).
- 1Q22 order intake went up +23% in local currency, mainly boosted by the growth achieved in Europe (in the Energy sector in the Italian subsidiary), America (Brazil in the Energy sector) and Spain (mainly in the Industry sector).

Financial Services

- 1Q22 Financial Services sales increased by +14% in local currency. Both the banking and the insurance sectors grew at double-digit rates.
- The Banking Sector (c. 85% of total sales) concentrated most of the activity of the vertical in 1Q22 in respect to the Insurance Sector (c. 15% of total sales).
- Sales in 1Q22 grew in all geographies. It is worth highlighting the strong growth achieved in America (Peru, Mexico, Chile and Ecuador) and in Spain (increase in activity with relevant clients, standing out the execution of a relevant user management contract with one of the country's main banking entities).
- Region-wise, Spain (c. 65% of the sales) and America (c. 30% of the sales) concentrated most of the activity of the vertical in 1Q22.
- Order intake in 1Q22 increased by +34% in local currency, pushed by Spain (positive activity with large clients and medium-sized banks) and America (Mexico, Ecuador, Peru and Chile, especially in the Payment Systems Processors business).

Telecom & Media

- 1Q22 Telecom & Media sales increased by +11% in local currency, due to the higher activity with the main operators in Telecom.
- The Telecom segment (c. 95% of total sales) concentrated most of the activity of the vertical in 1Q22 with respect to the Media segment (c. 5% of total sales).
- The increase in Telecom & Media sales in 1Q22 were bolstered by the double-digit growth posted in Spain (increased activity with the main operator, as well as with other operators) and America (with the main operators in Colombia and Brazil).
- By geography, most of the vertical activity in 1Q22 was concentrated in Spain (c. 50% of sales) and in America (c. 35% of sales).
- Order Intake in 1Q22 went up +23% boosted by Spain (renewal of relevant contracts with the main operator) and America (relevant contracts with the main operators in Brazil and Colombia).

Public Administrations & Healthcare

- 1Q22 Sales in Public Administrations & Healthcare increased by +28% in local currency, being the company’s vertical with the best performance in 1Q22.
- All the segments of the vertical (Public Administrations, Healthcare and Elections) showed solid growth in 1Q22. Excluding the Elections business, sales would have grown +18% in reported terms.
- The Public Administrations segment (c. 70% of sales) concentrated the highest vertical activity with respect to Healthcare (c. 20% of sales) and Elections (c. 10% of sales).
- All geographies showed growth, standing out the double-digit increase registered in Spain (strong growth registered in all segments: Public Administrations, Healthcare and Electoral Processes), and AMEA (Elections in Angola).
- By geography, most of the vertical activity in 1Q22 was concentrated in Spain (c. 65% of sales), Europe (c. 15% of sales) and America (c. 10% of sales).

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- Order intake in 1Q22 grew by +110% in local currency, mainly backed by the Election business (Elections in Angola). Likewise, both the Public Administrations and Healthcare businesses posted solid growth in order intake. Excluding the Elections business, order intake would have grown +9%.

Analysis by Region

Revenues by Region	1Q22 (€m)	1Q21 (€m)	Variation (%)	
			Reported	Local currency
Spain	436	388	12.6	12.6
America	152	138	9.6	5.2
Europe	163	144	13.1	13.0
Asia, Middle East & Africa	100	81	23.3	22.1
Total	**851**	**751**	**13.3**	**12.3**

All geographies reported sales growth in 1Q22, highlighting the double-digit growth showed in AMEA (+22% in local currency; 12% of total sales), Europe (+13% in local currency; 19% of total sales) and Spain (+13%; 51% of total sales). For its part, America (+5% in local currency; 18% of total sales) also showed solid growth.

Appendices

Consolidated Income Statement

	1Q22	1Q21	Variation	
	€m	€m	€m	%
Revenue	**851.4**	**751.4**	**100.0**	**13.3**
In-house work on non-current assets and other income	10.8	9.9	0.9	9.3
Materials used and other supplies and other operating expenses	(248.7)	(246.0)	(2.7)	1.1
Staff Costs	(526.2)	(451.8)	(74.4)	16.5
Other gains or losses on non-current assets and other results	(0.6)	0.0	(0.6)	NA
Gross Operating Result (EBITDA)	**86.7**	**63.5**	**23.2**	**36.6**
Depreciation and amortisation charge	(26.7)	(24.4)	(2.3)	9.5
Operating Result (EBIT)	**59.9**	**39.0**	**20.9**	**53.6**
EBIT Margin	***7.0%***	***5.2%***	***1.8 pp***	**40.0**
Financial Loss	**(7.8)**	**(10.2)**	**2.4**	**(23.3)**
Result of companies accounted for using the equity method	0.7	0.9	(0.2)	(16.1)
Profit (Loss) before tax	**52.9**	**29.7**	**23.2**	**77.8**
Income tax	(13.0)	(7.0)	(6.0)	86.1
Profit (Loss) for the year	**39.9**	**22.7**	**17.2**	**75.3**
Profit (Loss) attributable to non-controlling interests	(0.5)	(0.4)	(0.1)	32.5
Profit (Loss) attributable to the Parent	**39.3**	**22.3**	**17.0**	**76.0**

Earnings per Share (according to IFRS)	1Q22	1Q21	Variation (%)
Basic EPS (€)	0.223	0.127	69.2
Diluted EPS (€)	0.207	0.132	61.5

	1Q22	1Q21
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	453,402	580,812
Total shares considered	176,201,000	176,073,590
Total diluted shares considered	193,010,078	193,162,933
Treasury stock in the end of the period	440,181	491,235

Figures not audited

Basic EPS *is calculated by dividing net profit by the average number of outstanding shares during the period less the average treasury shares of the period.*

Diluted EPS *is calculated by dividing net profit (adjusted by the impact of the €250m convertible bond issued in October 2016 with a conversion price of €14.629, as well as the redemption of €4.1m of this amount on October 7th of 1Q22 following the exercise of the put option by bondholders), by the average number of outstanding shares during the period less the average treasury shares of the period and adding the theoretical new shares to be issued once assuming full conversion of the bonds.*

The average number of shares *used in the calculation of the EPS and dilutive EPS for treasury shares, total number of shares and theoretical shares to be issued related to the convertible bonds, are calculated using daily balances.*

- Revenues in reported terms grew by +13% in 1Q22.
- Other income stood at €11m in 1Q22, similar level than in 2Q21 (€10m). The increase was explained by the higher level of works for own non-current assets.
- Materials used and other supplies and other operating expenses in 1Q22 stood at similar levels than in 1Q21 (+1%). The increase in costs vs 1Q21 was due to higher subcontracting of staff and third parties, as well as higher operating costs (leases and royalties, supplies, etc.), which were offset by a higher variation in inventories compared to the same period last year.
- Personnel expenses increased by +16% in 1Q22 vs 1Q21, as a consequence of the workforce increase (linked to the higher activity in both divisions and to the acquisitions carried out) as well as by the salary inflation.
- 1Q22 EBITDA stood at €87m vs €63m in 1Q21, which implied +37% growth in reported terms.
- 1Q22 D&A stood at €27m, €2m more than in 1Q21, in line with the increase of the intangible investments (CAPEX).
- 1Q22 EBIT stood at €60m vs €39m in 1Q21, growing +54% in reported terms.
- Financial results was €-8m in 1Q22 vs €-10m in 1Q21, mainly explained by lower gross debt volume in 1Q22 than in 1Q21. Gross debt borrowing cost was 1.9% for both 1Q22 and 1Q21 periods.
- Tax income stood at €-13m in 1Q22 vs €-7m in 1Q21, derived from higher profit before tax registered in the period. Tax rate was 25% in 1Q22 vs 24% in 1Q21.
- Net profit of the group stood at €39m vs €22m in 1Q21.

Consolidated Balance Sheet

	1Q22 €m	2021 €m	Variation €m
Property, plant and equipment	80.2	78.1	2.1
Property investments	1.1	1.1	0.0
Assets for the rigth of use	93.2	98.8	(5.6)
Goodwill	927.5	921.4	6.1
Other Intangible assets	266.0	274.0	(8.0)
Investments using the equity method and other non-current financial assets	249.0	222.8	26.2
Deferred tax assets	179.9	182.5	(2.6)
Total non-current assets	**1,796.9**	**1,778.6**	**18.3**
Assets held for sale	11.5	9.8	1.7
Operating current assets	1,497.8	1,367.2	130.6
Other current assets	142.6	144.6	(2.0)
Cash and cash equivalents	967.0	1,235.0	(268.0)
Total current assets	**2,618.9**	**2,756.5**	**(137.6)**
TOTAL ASSETS	**4,415.9**	**4,535.1**	**(119.2)**
Share Capital and Reserves	890.4	825.0	65.4
Treasury shares	(4.4)	(4.9)	0.5
Equity attributable to parent company	**885.9**	**820.2**	**65.7**
Non-controlling interests	21.6	21.0	0.6
TOTAL EQUITY	**907.5**	**841.1**	**66.4**
Provisions for contingencies and charges	65.8	67.9	(2.1)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,150.0	1,436.0	(286.0)
Other non-current financial liabilities	383.5	386.4	(2.9)
Subsidies	26.0	27.4	(1.4)
Other non-current liabilities	0.5	0.4	0.1
Deferred tax liabilities	3.2	2.2	1.0
Total Non-current liabilities	**1,629.0**	**1,920.4**	**(291.4)**
Liabilities classified as held for sale	0.0	0.0	0.0
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	32.0	39.4	(7.4)
Other current financial liabilities	46.6	54.6	(8.0)
Operating current liabilities	1,409.1	1,329.1	80.0
Other current liabilities	391.6	350.5	41.1
Total Current liabilities	**1,879.3**	**1,773.6**	**105.7**
TOTAL EQUITY AND LIABILITIES	**4,415.9**	**4,535.1**	**(119.2)**
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(32.0)	(39.4)	7.4
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,150.0)	(1,436.0)	286.0
Gross financial debt	(1,182.0)	(1,475.5)	293.5
Cash and cash equivalents	967.0	1,235.0	(268.0)
Net Debt	***(215.0)***	***(240.4)***	***25.4***

Figures not audited

Consolidated Cash Flow statement

	1Q22 €m	1Q21 €m	Variation €m
Profit Before Tax	**52.9**	**29.7**	**23.2**
Adjusted for:			
- Depreciation and amortization charge	26.7	24.4	2.3
- Provisions, capital grants and others	(7.3)	(5.8)	(1.5)
- Result of companies accounted for using the equity method	(0.7)	(0.9)	0.2
- Financial loss	7.8	10.2	(2.4)
Dividends received	**0.0**	**0.5**	**(0.5)**
Profit (Loss) from operations before changes in working capital	**79.3**	**58.2**	**21.1**
Changes in trade receivables and other items	(49.1)	(44.2)	(4.9)
Changes in inventories	(50.5)	(19.9)	(30.6)
Changes in trade payables and other items	60.4	10.1	50.3
Cash flows from operating activities	**(39.2)**	**(54.0)**	**14.8**
Tangible (net)	(3.8)	(4.2)	0.4
Intangible (net)	(3.1)	0.4	(3.5)
Capex	**(6.9)**	**(3.8)**	**(3.1)**
Interest paid and received	**(3.8)**	**(7.7)**	**3.9**
Other financial liabilities variation (1)	**(8.3)**	**(8.2)**	**(0.1)**
Income tax paid	**(7.8)**	**(1.5)**	**(6.3)**
Free Cash Flow	**13.3**	**(17.0)**	**30.3**
Changes in other financial assets	0.0	0.0	0.0
Financial investments/divestments	(1.0)	1.1	(2.1)
Dividends paid by companies to non-controlling shareholders	0.0	0.0	0.0
Dividends of the parent company	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0
Changes in treasury shares	0.0	(4.9)	4.9
Cash-flow provided/(used) in the period	**12.3**	**(20.8)**	**33.1**

Initial Net Debt	**(240.4)**
Cash-flow provided/(used) in the period	12.3
Foreign exchange differences and variation with no impact in cash	13.1
Final Net Debt	***(215.0)***

Cash & cash equivalents at the beginning of the period	**1,235.0**	**1,184.9**	**50.1**
Foreign exchange differences	14.8	1.1	13.7
Increase (decrease) in borrowings	(295.1)	(8.2)	(286.9)
Net change in cash and cash equivalents	12.3	(20.8)	33.1
Ending balance of cash and cash equivalents	**967.0**	**1,157.0**	**(190.0)**
Long term and current borrowings	**(1,182.0)**	**(1,661.8)**	**479.8**
Final Net Debt	***(215.0)***	***(504.9)***	***289.9***

(1) The IFRS 16 effect is included in "other financial liabilities variation"

Figures not audited

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+34.91.480.98.00
irindra@indra.es
www.indracompany.com

- Operating Cash Flow before net working capital reached €79m in 1Q22 vs €58m in 1Q21, due to the higher operating profitability.

- Cash flow from operating activities (working capital) was negative due to the seasonality of the first quarter of the year and stood at €-39m in 1Q22 vs €-54m in 1Q21, improving thanks to the variation of Accounts payable in 1Q22 vs 1Q21.

  Working Capital from S/T and L/T stood at €11m in March 2022, equivalent to 1 DoS vs 12 DoS in March 2021. This improvement (11 DoS) compared to 1Q21 was mainly explained by the reduction of Inventories.

Working Capital S/T and L/T (€m)	1Q22	1Q21	Variation
Inventories	430	433	(3)
Accounts Receivable	1,068	903	164
Operating Current Assets	**1,498**	**1,336**	**161**
Inventories L/T	48	80	(32)
Accounts Receivable L/T	22	17	5
Total Operating Assets	**1,568**	**1,433**	**135**
Preypayments from clients	817	793	24
Accounts Payable	592	542	50
Operating Current Liabilities	**1,409**	**1,335**	**74**
Preypayments from clients L/T	148	0	148
Total Operating Liabilities	**1,557**	**1,335**	**222**
Working Capital S/T and L/T	**11**	**98**	**(87)**

Working Capital S/T and L/T (DoS)	1Q22	1Q21	Variation
Inventories	50	61	(11)
Accounts Receivable	13	15	(2)
Accounts Payable	(62)	(65)	3
Total	**1**	**12**	**(11)**

- Non-recourse factoring lines remained stable at €187m.

- 1Q22 CAPEX (net of subsidies) stood at €7m vs €4m in 1Q21, due to the higher intangible investment, as well as lower subsidies collections in 1Q22 vs 1Q21.

- Financial Results payment in 1Q22 was €4m vs €8m in 1Q21, mainly due to lower payments on financing explained by lower gross debt volume in 1Q22 than in 1Q21, together with the reduction of other financial costs.

- Tax payment stood at €8m in 1Q22 vs €2m in 1Q21, due to the company's higher results.

- 1Q22 Free Cash Flow was €13m vs €-17m last year same period (€-6m excluding the €-11m cash out of the workforce transformation plan).

- Net Debt declined to €215m in March 2022 vs €505m in March 2021 and vs €240m in December 2021. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the capital gain from the sale of San Fernando de Henares' facilities and the provision of the Real Estate Plan) stood at 0.7x in March 2022 vs 2.4x in March 2021 and vs 0.8x in December 2021.

Alternative Performance Measures (APMS)

Following the guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs), Group Management believes that certain APMs provide useful additional financial information that should be considered when assessing performance. In addition, Management uses these APMs when taking financial, operational and planning decisions, as well as in the assessment of Group performance. The Group presents the following APMs that it considers useful and appropriate for decision making by investors and which provide greater reliability with respect to the Group's performance.

Organic Revenues

Definition/Conciliation: revenues adjusted for the impact of exchange rates and changes in the consolidation scope due to acquisitions and divestitures. The exchange rate impact is adjusted by calculating income at the average exchange rate for the previous period. The change in the consolidation scope is adjusted by excluding the contribution of the acquisitions in both periods.

Explanation: this is an indicator that reflects the increase in sales excluding the impact of changes in the consolidation scope (acquisitions and divestitures) and the impact of currency exchange rates.

Coherence in the criteria applied: there is a change in the criteria applied compared to last year, in which the calculation was adjusted by considering acquisitions as if they had been consolidated in the previous period. For a better traceability and simplicity in its calculation, it is adjusted excluding the contribution of acquisitions in both periods, thus showing the underlying evolution of the company's revenues without the contribution of acquisitions.

Gross Operating Result (EBITDA):

Definition/Conciliation: EBITDA stands for earnings before interest, tax, depreciation and amortisation.

Explanation: metric that the Group uses to define its operating profitability, and widely used by investors when evaluating businesses.

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.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Operating Result (EBIT):

Definition/Conciliation: It is defined in the consolidated income statement.

Explanation: 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.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Operating Margin

Definition/Conciliation: oOperating profit (EBIT) plus personnel reorganisation costs, impairment, business consolidation and acquisition costs, amortisation of intangible assets from acquisitions, share-based remuneration and possible penalties.

Explanation: a financial indicator that the Company uses to determine its productive performance before certain extraordinary costs and which investors use for valuations of IT businesses.

The Group also uses the Operating Margin (%) as a performance indicator, which is the ratio of the Operating Margin to sales in a given period.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

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+34.91.480.98.00
irindra@indra.es
www.indracompany.com

Net Financial Debt:

Definition/Conciliation: 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: 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.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Free Cash Flow:

Definition/Conciliation: 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: 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.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Order Intake:

Definition/Conciliation: 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: 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.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

“Book to bill” Ratio:

Definition/Conciliation: the amount of the contracts successfully obtained over a period divided by the company's sales in the last twelve months.

Explanation: this is a financial indicator used by the Company to measure the amount of contracts obtained in relation to the Company's sales in the last twelve months.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Backlog:

Definition/Conciliation: this is the accumulated order intake less sales made plus/minus exchange rate and contract renegotiation adjustments, among others. It reflects the amount of a sale remaining until the termination of a project to complete the order intake figure.

Explanation: as it reflects the amount of contracts obtained pending implementation, this figure is an indicator of the future performance of the Group's business.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Backlog / Revenues in the Last Twelve Months

Definition/Conciliation: amount of the backlog less sales made plus/minus exchange rate and contract renegotiation adjustments, among others, and which represents the part of the sale pending until the finalisation of the project to complete the contract figure, divided by the company's sales in the last twelve months.

Explanation: a financial indicator used by the Company to measure the amount of contracts obtained pending execution in relation to its sales in the last twelve months.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Return on Capital Employed (ROCE)

Definition/Conciliation: profits before interest and after taxes, divided by the capital employed by the company.

Explanation: a financial indicator used by the Company to measure the efficiency with which it is using its capital to generate profits.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Working Capital (NWC)

Definition/Conciliation: the amount of current operating assets less current operating liabilities. It can also be calculated as the sum of accounts receivable plus inventories less trade debtors.

Explanation: a financial indicator used by the Company to measure the resources it has available to meet its current liabilities. Therefore, it measures the company’s insolvency risk.

Coherence in the criteria applied: there is no change in the criteria applied compared to last year.

Glossary

AMEA: Asia, Middle East and Africa.

ATM: Air Traffic Management.

BPO: Business Process Outsourcing.

Book-to-Bill: Order intake/Revenues ratio.

CAPEX: Capital Expenditure.

DoS: Days of Sales.

EBITDA: Earnings Before Interests, Taxes, Depreciations and Amortizations.

EBIT: Earnings Before Interests and Taxes.

EPS: Earnings Per Share.

IT: Information Technology

L/T: Long Term.

LTM: Last Twelve Months.

S/T: Short Term.

T&D: Transport & Defence.

Contacts

Ezequiel Nieto
T: +34.91.480.98.04
enietob@indra.es

Rubén Gómez
T: +34.91.480.57.66
rgomezm@indra.es

Fernando Ortega
T: +34.91.480.98.00
fortegag@indra.es

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