

Indra Sistemas, S.A.
Explanatory Notes to the Financial Statements

EXPLANATORY NOTES TO THE INDRA GROUP'S FINANCIAL STATEMENTS.

1. 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 crisis on the financial statements are described below:

1. In general, the crisis has had a significant impact on the Company's operations causing a fall in revenue and profitability. The Group's directors and managers are continuously monitoring the effects 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 its associated extra costs.
 - b. Delays and in some cases scope reductions in projects secured.
 - c. Pressures on prices and project scopes.
2. The Group's management is continuously monitoring liquidity needs to assure that the necessary financial resources are available for operations. During 2020, the Group generated a FCF of €83.1 million.

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 the amount of €35 million in July 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.

3. Due to the economic, production and organisational factors that have weighed down 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. Lay-off proceedings 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, although the suspensions and cuts could lead to termination. The lay-off period ended on 31 January.

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 €61.5 million (€37.7 million settled at the year end)

- b. Collective agreement on early retirement and voluntary redundancy 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. Other agreements reached with the employees' legal representatives in 2020

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.

4. 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 and €2 million in other current liabilities. €31 million of this amount is recognised by the parent company.

5. 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.
6. 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 currencies due to the global health crisis.
7. 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.
8. The parent company, on the basis of the impairment tests carried out, recognised impairment losses on ownership interests totalling €18.3 million during the year.
9. The new working model has led to the analysis and optimisation of the use of buildings by creating contingency headquarters and fogging infected areas, the partial closure of work centres and cutting back of services. The Group has therefore cancelled leases, entailing an impairment loss of €6 million on property, plant and equipment (€0.8 million in the parent company).
10. Working model transformation, mainly through home working, which has 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.
11. In the case of work performed at Indra's headquarters, the Group has put in place the necessary hygiene measures and the weekly monitoring of PCR test results.
12. 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 improved performance.

2. 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. There followed 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 has been 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 most 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.

3. Treasury shares

At 31 December 2020, the 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			
	Balance at 31.12.19	Additions	Disposals	Balance at 31.12.20
Used in:				
- Ordinary and extraordinary transactions	2,788	96,059	(95,079)	3,768

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

Treasury share movements in 2020 and 2019 are as follows:

		Number of shares						
	% of capital	31.12.19	Additions	% annual volume	Disposals	% annual volume	31.12.20	% of 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
	0.24	282,006	13,131,865	6.11	(12,867,316)	5.99	546,555	0.31

		Number of shares						
	% of capital	31.12.18	Additions	% annual volume	Disposals	% annual volume	31.12.19	% of capital
Used in:								
- Ordinary transactions (*)	0.18	315,458	8,035,267	4.55	(8,140,052)	4.61	210,673	0.12
- Extraordinary transactions	0.06	113,031	-	0.00	(41,698)	0.02	71,333	0.04
	0.24	428,489	8,035,267	4.55	(8,181,750)	4.63	282,006	0.16

(*) Includes the residual balance of 11,623 shares from the former treasury share account for ordinary transactions

The ordinary transactions in the tables above relate to the Company's liquidity agreement in force with Banco de Sabadell, S.A.

4. Share capital

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

Share capital is fully subscribed and paid up.

5. Changes in estimates

The accounting estimates and judgements have been applied consistently with the approach to the preparation of the 2019 financial statements.

6. Comparability

The effects of the pandemic described in Note 1 must be considered when comparing figures.

7. Dividends paid

No dividends were paid out in 2020.

8. Effect of changes to the Group's composition

The most significant aspects are disclosed below:

Name of company acquired or incorporated	Category	Effective date of transaction	% voting rights acquired	% total voting rights after acquisition
ALG Global Infrastructure Advisor, SL	Subsidiary	22/01/2020	100.00%	100.00%
Tagsonomy	Associate	05/03/2020	29.00%	29.00%
Tess Defence, S.A.	Associate	25/06/2020	25.00%	25.00%
SmartPaper, s.r.l. (Italy)	Subsidiary	30/12/2020	70.00%	70.00%
Smartest, s.r.l. (Italy)	Subsidiary	30/12/2020	100.00%	100.00%
Baltik IT (Latvia)	Subsidiary	30/12/2020	100.00%	100.00%

The Company also sold the subsidiary Metrocall, S.A. and liquidated the subsidiary Inertelco, S.A.

Name of company sold or spun off	Category	Effective date of transaction
Metrocall, S.A.	Subsidiary	25/09/2020
Inertelco, S.A.	Subsidiary	30/10/2020

9. Remuneration of directors and senior managers

In box **2310**, the difference between the amounts for both years relates to the voluntary 25% reduction in remuneration applied in the months of April, May and June 2020. In addition, for six months of 2020 the Board was formed by 12 members, as compared with 13 throughout 2019.

Box **2311** includes the amounts of fixed remuneration for the executive directors. The difference between the amounts for both years relates entirely to the voluntary 25% reduction in fixed remuneration applied in the months of April, May and June 2020.

Box **2312** includes the amounts corresponding to 70% of the annual variable cash remuneration accruing to the executive directors following the end of the respective financial year and the evaluation of their work by the Board, based on a report from the Appointments, Remuneration and Corporate Governance Committee.

Box **2313** includes the amounts corresponding to 30% of the annual variable share-based remuneration accruing to the executive directors following the end of the respective financial year.

The total amount (in cash and shares) of annual variable remuneration accrued in 2020 to the executive directors is 24% below the amount accrued in 2019.

It does not include the amount of executive directors' remuneration pertaining to the medium-term incentive, although this accrued once the applicable three-year period (2018-2020) had elapsed. At this date, the number of shares deliverable to each director based on the fulfilment of objectives is known, following the Board of Directors' evaluation based on a report from the Appointments, Remuneration and Corporate Governance Committee: 217,056 to the Executive Chairman, which at the average quoted price of Indra's stock in today's session, € 7.55, would be equivalent to an amount of € 1,639 thousand (as compared with 478,759 shares delivered in 2018, equivalent to €5,573 thousand) which number is 55% below the number accrued in 2018; 154,039 to the IT General Director and to the T&D General Director, respectively, which at the average quoted price of Indra's stock in today's session, € 7.55, would be equivalent to an amount of €1,163 thousand (as compared with 194,423 shares delivered in 2018 to the Chief Executive Officer at the time, equivalent to €2,263 thousand) which number is 21% below the number accrued in 2018. The amount of remuneration for this item will be determined based on the quoted price on 16 March, the scheduled delivery date. Full information will be provided in the Annual Report on Directors' Remuneration.

Box **2315** includes the contributions made in each period to the early retirement and long-term savings plan (PPALP), of which the executive directors are beneficiaries.

To this end, it is expressly stated that the PPALP is not a pension plan and **is receivable on a contingent basis**. The executive director will only be entitled to receive the balance accumulated in the PPALP on reaching 62 years of age, or earlier if he or she leaves office for reasons not attributable to the director, including a change of control of the Company. However, if the executive director is removed due to infringing his or her contractual obligations, leaves the Company voluntarily or passes away before 62 years of age, he or she will not receive the PPALP.

Box **2316** includes the executive directors' benefits in kind (€ 98 thousand in 2020 and €82 thousand in 2019). In 2019, it also includes compensation accrued during the period (€1,605 thousand) to Mr. De Andrés, the former Chief Executive Officer, under the non-compete agreement with the Company.

Box **2325** includes the amount of the above-mentioned remuneration items for all of the senior managers (Management Committee members) that are not executive directors, determined in exactly the same way. The information for 2020 and 2019 refers to the senior managers each year (13 in both cases). The senior managers voluntarily reduced their fixed remuneration in April, May and June 2020.

The figure for 2020 also includes the amounts received by Messrs. González and Figueroa as a result of the termination of their employment relationships, as envisaged in their respective contracts (€ 1,797 thousand) plus, in the case of Mr. Figueroa, the amount received during the year under his non-compete clause (€ 47 thousand). The 2019 figure includes €263 thousand under the non-compete agreement entered into with Mr. Suárez, a former senior manager.

Box **2325** does not include the amount of senior managers' remuneration pertaining to the medium-term incentive, although this accrued once the applicable three-year period (2018-2020) had elapsed. At this date, the number of shares deliverable to all of the senior managers based on the fulfilment of objectives is known, following the Board of Directors' evaluation based on a report from the Appointments, Remuneration and Corporate Governance Committee (214.015 shares). The amount of remuneration for this item will be determined based on the quoted price on 16 March, the scheduled delivery date. Full information will be provided in the Annual Corporate Governance Report.

10. Related-party transactions

See details in Chapter IV, paragraph 14.

All related-party transactions have been authorised in accordance with the Board Regulations and have been completed at arm's length in the ordinary course of the Group's operations. They do not represent, on an overall or standalone basis, a significant amount in relation to the Group's equity, financial situation and revenue, although it is the Company's policy to provide detailed information on all these transactions in this report.

11. Events after the reporting date

There is nothing to report other than the information included in the interim management report.

FY20 Results

Indra registered losses of €-65m in 2020 impacted by Covid Backlog increased (+16%) and debt was reduced to a 10-year low

- Order intake grew +8.4% in local currency in 2020, pushed by Transport & Defence.
- Backlog reached another new historic absolute high (€5,229m), implying 1.72x backlog/revenues LTM.
- Revenues in 2020 decreased by -1.6% in local currency (-5.0% in reported terms), although in 4Q20 have grown + 1.0% in local currency vs 4Q19.
- Strong impact of FX in 2020 (€-108m in revenues and €-7.3m in EBIT). The impact of FX in the fourth quarter was €-35m in revenues and €-3.6m in EBIT.
- Operating Margin amounted to €168m in 2020 (5.5% margin) vs €257m in 2019 (8.0% margin) affected by the accumulated delays and the lower activity. Operating Margin in the fourth quarter stood at 9.0%, helped by the first positive consequences of the action plan.
- 2020 EBIT reached €-33m vs €221m in 2019, affected by the delays and lower activity, the action plan provisions (€-189m) and the capital gain of Metrocall (+36m).
- Net Profit was €-65m in 2020 vs €121m in 2019.
- Cash generation was €83m (including the €38m cash out of the workforce transformation plan).
- Net Debt (€481m) reached its lowest level in 10 years. Net Debt / EBITDA LTM ratio (excluding the impact of IFRS 16, the action plan costs and the capital gain of Metrocall) stood at 2.5x in 2020 vs 1.8x in 2019.

Madrid, February 24, 2021 - Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra:

“The results of the 2020 financial year have been deeply affected in profitability by the global crisis caused by the Covid, mainly reflected on delays in ongoing projects and in our client’s decision-making, given the severe macroeconomic deterioration in the main countries where we operate. Profitability was also impacted by the action plan provisions that the company took in July to face the crisis and the structural changes in the needs of our clients.

The effect of the crisis on our businesses has been unequal. Our Transport & Defence business has suffered a greater impact on revenues and underlying profitability (excluding extraordinary impacts) due to the higher volume of delays, although the demand for new projects has had a very positive performance, as reflected in the order intake and the accumulated backlog. For its part, Minsait had a lower impact on revenues, but higher on its operating margin, also suffering some weakness in demand.

Despite this difficult environment, it is worth highlighting the good evolution of the order intake and cash generation during the year. The backlog reached its highest historical level, fundamentally due to the

order intake of Transport & Defence, while the cash generation has allowed us to reduce the net debt to its lowest level in 10 years.

With all this, and despite the considerable worsening of the pandemic during the second half of the year, we managed to meet the 2020 targets announced in July for revenue and EBIT in their lower range, while we have achieved a notable over delivery in cash generation.

Finally, I want to highlight the achievements in social, environmental, and corporate governance matters, reflected in the significant improvement in our ratings in the Dow Jones Sustainability (DJSI) and FTSE4Good indices, and our permanence in the Bloomberg Gender-Equality index. We also announced our ambitious emission reduction targets for the coming years and a roadmap for the complete decarbonization of Indra and its supply chain by 2050, in line with our firm commitment to the environment and against climate change.

In short, although the pandemic still affects the first months of this new year and continues to be a great source of uncertainty when budgeting for the year, we think that the starting level of our backlog and balance sheet, along with the savings that we should be able to materialize our action plan, should allow us to recover the pre-crisis levels this year, as reflected in our 2021 objectives, and to resume the shareholder remuneration policy this year”.

Indra acquired SIA (Sistemas Integrados Abiertos) on December 31st, 2019. SIA balance sheet and cash flow statement are consolidated in 2019 numbers, while the income statement has started to consolidate from January 1st, 2020.

Indra sold Metrocall on September 30th 2020, with €36m of capital gain.

Indra acquired SmartPaper on December 31st, 2020. SmartPaper balance sheet and cash flow statement are consolidated in 2020 numbers, while the income statement has started to consolidate from January 1st, 2021.

Main Figures	2020	2019	Variation (%) Reported / Local currency	4Q20	4Q19	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Net Order Intake	3,858	3,686	4.7 / 8.4	1,028	1,054	(2.5) / 0.9
Revenues	3,043	3,204	(5.0) / (1.6)	890	916	(2.9) / 1.0
Backlog	5,229	4,511	15.9	5,229	4,511	15.9
Gross Operating Result (EBITDA)	77	346	(77.6) / (75.0)	(2)	123	(101.9) / (98.3)
EBITDA Margin	2.5%	10.8%	(8.3) pp	(0.3%)	13.5%	(13.8) pp
Operating Margin	168	257	(34.8)	80	95	(15.7)
Operating Margin %	5.5%	8.0%	(2.5) pp	9.0%	10.4%	(1.4) pp
Operating Result (EBIT)	(33)	221	(114.9) / (111.6)	(24)	94	(125.2) / (121.4)
EBIT margin	(1.1%)	6.9%	(8.0) pp	(2.7%)	10.3%	(13.0) pp
Net Profit	(65)	121	(153.7)	(34)	57	(160.3)
Net Debt Position	481	552	(12.8)	481	552	(12.8)
Free Cash Flow	83	8	NA	158	246	NA
Basic EPS (€)	(0.370)	0.688	NA	NA	NA	NA

Transport and Defence (T&D)	2020	2019	Variation (%) Reported / Local currency	4Q20	4Q19	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Revenues	1,120	1,189	(5.8) / (4.5)	378	374	1.0 / 2.6
Operating Margin	99	160	(38.2)	42	64	(34.6)
% Revenues	8.8%	13.4%	(4.6) pp	11.0%	17.0%	(6.0) pp
Operating Result (EBIT)	55	145	(62.1)	12	64	(80.6)
EBIT margin	4.9%	12.2%	(7.3) pp	3.3%	17.0%	(13.7) pp

Minsait	2020	2019	Variation (%) Reported / Local currency	4Q20	4Q19	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Revenues	1,924	2,015	(4.5) / 0.1	512	542	(5.6) / (0.1)
Operating Margin	69	97	(29.3)	38	31	22.9
% Revenues	3.6%	4.8%	(1.2) pp	7.5%	5.8%	1.7 pp
Operating Result (EBIT)	(88)	76	(216.1)	(36)	30	(218.8)
EBIT margin	(4.6%)	3.8%	(8.4) pp	(7.1%)	5.6%	(12.7) pp

Main Highlights

Backlog reached its highest historical level and stood at €5,229m in 2020, implying +15.9% growth in reported terms. Transport & Defence backlog amounted to €3.6bn and increased by +20.7% in 2020, standing out Defence & Security, which amounted to €2.2bn. For its part, Minsait backlog totaled €1.6bn, growing +6.2% in 2020. Backlog/Revenues LTM also reached a new historic high and stood at 1.72x vs 1.41x in 2019.

Order intake in 2020 up +8.4% in local currency (+4.7% in reported figures) pushed by the strong growth registered in Transport & Defence:

- **2020 Order intake in T&D** up +23.2% in local currency, mainly driven by Defence & Security (+37.5% in local currency) both in Spain (defence electronics system for the F110 Frigates, WCV 8x8, NH90 Helicopter and the upgrades in the Chinook simulator), and Europe (MK1 Radar in the Eurofighter project) and other countries (Tunisia, South Korea, etc). Besides, Air Traffic Management registered positive performance (+17.3% in local currency) backed by some specific projects in Poland, India, Bahrain, and Oman.
- **2020 Order intake in Minsait** down -1.5% in local currency, showing all the verticals declines except for Telecom & Media (+16.7% growth in local currency). It is also worth noting Financial Services (-4.5% in local currency, due to the increasing pressure in the Spanish market and the difficult comparison vs last year when took place the renewal of relevant multi-annual contracts) and PPAA & Healthcare (-5.4% in local currency), due to the decline in the Election business.

2020 revenues decreased -1.6% in local currency (-5.0% in reported terms):

- **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, 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; increase in the relative weight of 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 vs 2019 of €-30m).

4Q20 revenues up +1.0% in local currency (-2.9% in reported terms):

- **4Q20 sales in the T&D division** went up +2.6% in local currency driven by the strong growth registered in Air Traffic Management (+8.2% in local currency), which recovered part of the delays of the third quarter in the European Programs. Transport also grew +9.0% in local currency, helped by certain projects in Spain (railway signaling systems and interurban transport projects) and America (tolling systems for the I-66 in USA).
- **4Q20 sales in the Minsait division** remained stable vs last year in local currency, but were highly affected by FX (-5.6% in reported terms). The strong growth in the quarter in Public Administrations & Healthcare (+15.2% in local currency, driven by the higher activity with Central and Regional Administrations in Spain, as well as specific projects in Europe) has offset the declines in Energy & Industry (-10.0% in local currency, being the Industry segment more exposed to the Covid impact).

FX impact contributed negatively with €-108m in 2020 and €-35m in the 4Q20, mainly dragged by the Latin-American currencies (Brazilian real and the Mexican and Colombian peso).

Organic revenues in 2020 (excluding the inorganic contribution of SIA and the FX impact) fell -3.5% (-1.2% in 4Q20). For its part, Minsait in the accumulated period posted -3.0% organic decline (-3.6% in 4Q20). Transport & Defence recorded -4.5% organic decline in 2020 vs 2019 (+2.6% in 4Q20).

Digital solutions revenues reached €506m (26% of Minsait sales) in 2020, which implies +11.0% increase vs 2019, mainly thanks to the inorganic contribution of SIA.

2020 reported EBITDA stood at €77m, affected by the delays and lower activity as well as by the impact of the action plan provisions (€-189m) and the capital gain of Metrocall (€+36m). **4Q20 EBITDA** was €-2m vs €123m in 4Q19.

Operating Margin amounted to €168 in 2020 vs €257m in 2019 (equivalent to 5.5% operating margin vs 8.0% in 2019) affected by the delays and the lower activity. 4Q20 Operating Margin was €80m vs €95m last year same period (equal to 9.0% margin vs 10.4% in 4Q19).

- **2020 Operating Margin in the T&D division** reached €99m vs €160m in 2019, equivalent to 8.8% margin vs 13.4% last year same period. The decline in profitability is due to the lower activity and the delays in milestone certifications, which in turn generate extra costs in some projects, and the worst comparison in the Eurofighter. **Operating Margin in 4Q20** stood at €42m vs €64m last year same period (equivalent to 11.0% in 4Q20 vs 17.0% in 4Q19) affected by the decline in profitability in all the verticals, being higher in Transport.
- **2020 Operating Margin in Minsait** stood at €69m vs €97m in 2019, equivalent to 3.6% operating margin vs 4.8% in 2019, due to the loss of operating leverage as a consequence of lower sales, raising pricing pressure from our clients, together with the higher personnel costs of a workforce sized for a sales growth year. On the positive side, **4Q20 Operating Margin** showed an improvement and stood at €38m vs €31m in last year same quarter (7.5% vs 5.8% in 4Q19) helped by the action plan measures put in place.

Total workforce restructuring costs which are not part of the action plan amounted to €-33m in 2020 vs €-19m in 2019.

	2020 (€M)	2019 (€M)	Variation (%)	4Q20 (€M)	4Q19 (€M)	Variation (%)
Operating Margin	168	257	(35)	80	95	(16)
EBIT guidance	120	221	(46)	70	94	(26)
Processes improvement and new workplace	-6	0	N/A	-6	0	N/A
Impairments of intangible assets & Others	-95	0	N/A	0	0	N/A
Workforce transformation plan	-88	0	N/A	-88	0	N/A
Metrocall capital gain	36	0	N/A	0	0	N/A
EBIT	(33)	221	(115)	(24)	94	(125)

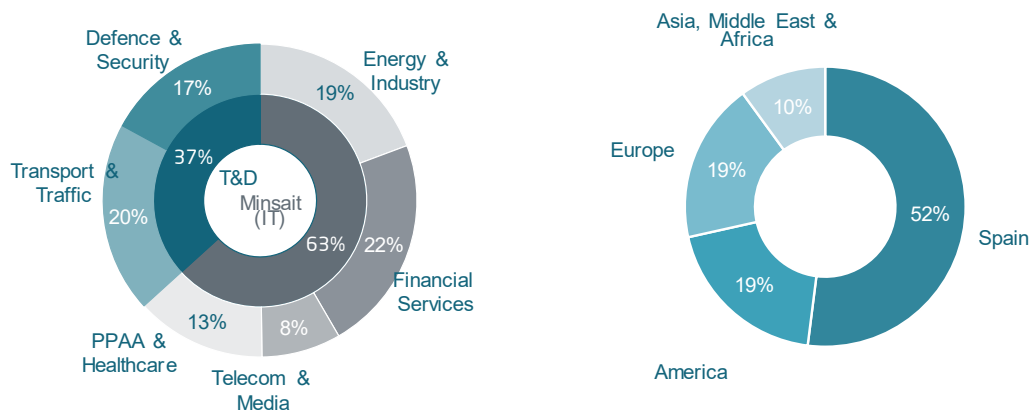
The impact of FX in EBIT was €-7.3m in 2020.

2020 reported EBIT was €-33m vs €221m in 2019 affected by the impacts above mentioned. Thus, 4Q20 EBIT amounted to €-24m vs €94m in 4Q19.

Net profit of the group stood at €-65m vs €121m in 2019.

2020 Free Cash Flow was €83m (€121m excluding the €38m cash out of the workforce transformation plan) vs €8m last year same period, improving significantly thanks to the better working capital performance. FCF in 4Q20 was €158m (€195m excluding the cash out of the workforce transformation plan).

Net Debt amounted to €481m in 2020 vs €552m 2019 and €626m in 9M20 and reached its lowest level since 2010. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the cost derivate from the action plan and the capital gain of Metrocall) stood at 2.5x in 2020 vs 1.8x in 2019 and 2.8x in 9M20.



Outlook 2021

Revenues 2021: > €3,200m in local currency.

EBIT reported 2021: > €200m.

FCF 2021: > €120m (excluding the cash outflows of the workforce transformation plans).

Human Resources

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). Total workforce at the end of December 2020 remained almost stable (58 more employees) compared to September 2020.

2020 average headcount increased by +2.6% vs 2019, reducing the gap vs the first half of the year (+8.2% in 1H20 vs 1H19) and vs the first nine months of the year (+4.7% in 9M20 vs 9M19).

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	2,336	5	2,292	5	1.9
Asia, Middle East & Africa	2,074	4	2,092	4	(0.9)
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	2,339	5	2,159	5	8.3
Asia, Middle East & Africa	2,118	4	1,972	4	7.4
Total	48,659	100	47,409	100	2.6

Note: The final 2019 workforce includes 742 employees of SIA, company acquired on December 31, 2019. The 2020 workforce does not include employees of SmartPaper, company acquired on December 31, 2020.

Other events over the period

On November 19th and December 2nd, Indra Soluciones Tecnológicas de la Información (ISTI) and Indra Sistemas, reached agreements of varying scope with a large majority of the legal representatives of their employees for the workforce transformation. These agreements put an end to the consultation process of the labor reorganization procedure initiated as part of an action plan announced by Indra last July to overcome the difficulties motivated by structural changes in markets where ISTI and Indra Sistemas operate and adapt to the current market demand, remove inefficiencies and improve the company's competitiveness.

On December 18th, The Board of Directors appointed Ms. Ana de Pro Gonzalo as independent director, by co-option procedure, to cover the vacancy generated in the last Annual General Meeting. Likewise, Ms. Ana de Pro was appointed as a member of the Audit and Compliance Committee.

On December 31st, Minsait strengthened its position in the Italian Business Process Outsourcing (BPO) market by acquiring 70% of the company SmartPaper. The agreement allows Minsait and SmartPaper to join forces in the BPO area of high value and technological complexity, completing the end-to-end digital transformation offering and enhancing the international projection of this business area, with a focus on Europe and Latin America. SmartPaper, based in Potenza (Basilicata), is a company specialized in high-value digital document management and back office solutions

Events following the close of the period

On January 14th, Indra announced its energy emissions reduction targets, committing itself to reduce its energy consumption emissions by 50% by 2030, reaching zero emissions in this area by 2040 and extending decarbonization throughout its supply chain to become completely carbon neutral by 2050. This environmental commitment meets the objectives set by the UN and forms part of Indra's new Sustainability Master Plan, which seeks to reinforce its responsible governance model, promote its technology with an impact on sustainable development and play an active part in combating climate change

On January 27th, Indra has been included for the second consecutive year in the Bloomberg Gender-Equality Index (GEI), which acknowledges the world's leading companies in terms of their transparency in issues related to gender and the promotion of equality and diversity. Indra, one of the 18 Spanish companies that appear in the Index, achieved a score of 89% in the disclosure of its practices and statistics and 87% in the quality of its data on equal pay and gender pay parity.

Analysis by division

Transport & Defence (T&D)

T&D	2020	2019	Variation (%)		4Q20	4Q19	Variation (%)	
	(€M)	(€M)	Reported	Local currency	(€M)	(€M)	Reported	Local currency
Net Order Intake	1,800	1,476	21.9	23.2	626	569	9.9	10.7
Revenues	1,120	1,189	(5.8)	(4.5)	378	374	1.0	2.6
- Defence & Security	521	566	(7.9)	(7.8)	169	177	(4.3)	(4.2)
- Transport & Traffic	599	623	(3.9)	(1.5)	209	197	5.8	8.7
- Transport	323	323	(0.2)	2.5	121	115	5.5	9.0
- Air Traffic	276	300	(7.8)	(5.9)	88	82	6.3	8.2
Book-to-bill	1.61	1.24	29.4		1.65	1.52	8.7	
Backlog / Revs LTM	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).

4Q20 sales increased +3% in local currency, pushed by the growth recorded in Transport & Traffic (+9% in local currency). On the opposite side, Defence & Security registered -4% decline 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 LTM 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 in Simulation (A320 simulator in Latin America and the 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 registered revenue declines except for Europe, which grew close to mid-single-digit (electronic defence systems for the German Navy's K130 corvettes, Radars in UK and the Galileo project in Space). For its part, Spain presented declines, mainly due to the lower contribution in Platforms and Simulation.
- 4Q20 revenues down -4% in local currency, the growth posted in Europe has not offset the declines showed in Spain and AEMA, due to the lower activity in Platforms and Simulation.
- Most of the activity of the vertical in 2020 was concentrated in Europe (c. 45% of sales) and Spain (c. 35% of sales).
- 2020 order intake increased by +37% in local currency, bolstered by Spain (electronic defence systems and the surveillance radar for the F110 Frigates, the WCV 8x8 program, the NH90 helicopter and the upgrades in the Chinook simulator). Furthermore, it is worth highlighting the double-digit growth posted 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, sales in 2020 increased +2% in local currency, reaching €323m. The positive activity in Spain (railway signaling 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 both in the urban project in Riyadh and the railway project in Saudi Arabia).
- In the Air Traffic segment, sales in 2020 (€276m) fell -6% in local currency; mainly dragged by the double-digit decline in the International Programs and, to lesser extent, due to the fall of the European Programs (below mid-single-digit decrease).
- 4Q20 sales went up +9% in local currency, registering close to double-digit growth in both, Air Traffic Management (+8% in local currency), recovering part of the delays of the third quarter in the European Programs and in Transport (+9 %in local currency), backed by the projects already mentioned in Spain and America.
- Region wise, most of the activity of the vertical in 2020 was concentrated in Spain (c. 35% of sales), AMEA (c. 30% of sales) and Europe (c. 20% of sales each region).
- 2020 order intake up +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.

Minsait

Minsait	2020 (€M)	2019 (€M)	Variation (%)		4Q20 (€M)	4Q19 (€M)	Variation (%)	
			Reported	Local currency			Reported	Local currency
Net Order Intake	2,058	2,210	(6.9)	(1.5)	402	484	(17.0)	(10.6)
Revenues	1,924	2,015	(4.5)	0.1	512	542	(5.6)	(0.1)
- Energy & Industry	587	635	(7.7)	(2.9)	144	171	(15.8)	(10.0)
- Financial Services	680	697	(2.5)	2.7	174	187	(7.0)	(0.9)
- Telecom & Media	249	251	(0.8)	5.2	61	65	(6.6)	0.2
- PPAA & Healthcare	409	432	(5.4)	(2.7)	133	119	12.1	15.2
Book-to-bill	1.07	1.10	(2.4)		0.79	0.89	(12.1)	
Backlog / Revs LTM	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 both, Energy & Industry and PPAA & Healthcare (-3% in local currency).

Excluding the inorganic contribution of SIA (Cybersecurity Company acquired on December 31st, 2019) and the FX impact, Minsait sales in 2020 would have decreased by -3,0%.

Digital solutions sales amounted to €506m (which represents 26% of Minsait sales), implying an increase of +11% vs 2019, mainly pushed by the inorganic contribution of SIA.

4Q20 revenues remained stable in local currency (-6% in reported terms). On the positive side, it is worth noting the strong growth in PPAA & Healthcare (+15% in local currency) and on the contrary, sales decreased in Energy & Industry (-10% in local currency). For its part, Financial Services and Telecom & Media remained stable.

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

Backlog/Revenues LTM 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 fall -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 vs 2019.
- The Energy segment represents 60% of the vertical sales vs 40% the Industry segment.
- 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.
- 4Q20 revenues went down by -10% in local currency, mainly due to the double-digit decline in both segments in Spain.
- By geographies, most of the activity was concentrated in Spain (c. 55% of sales) and America (c. 30% of sales).
- 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 (c. 85% of total sales) concentrated most of the activity of the vertical in respect to the Insurance Sector (c. 15% of total sales).
- 4Q20 revenues have slightly decreased -1% in local currency, affected by the increasing pressure in the Spanish market.
- Region wise, Spain (c. 70% of the sales) and America (c. 25% of the sales) 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.
- It stands out the higher activity registered in Spain in 2020 (increase in the relative weight of other operators vs Telefonica), Europe (Italian subsidiary) and AMEA (Philippine subsidiary).
- By geography, most of the activity of the vertical in 2020 was concentrated in Spain (c. 50% of sales) and America (c. 30% of sales).
- 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 (which declined -80% in reported terms in 2020 vs 2019).
- Excluding the Election business, sales in the Public Administrations & Healthcare vertical would have grown by +2% in reported terms. The positive performance posted in Europe and Spain showing double-digit growth has offset the falls in America (Public Administrations in Colombia).
- The Public Administrations segment (c. 85% of sales) concentrates the highest vertical activity with respect to Healthcare and Elections.
- 4Q20 revenues increased +15% in local currency, due to the strong activity registered in Spain, both with the central and regional administration and in Europe (European Union projects and the Italian subsidiary).
- By geography, most of the vertical activity in 2020 was concentrated in Spain (c. 65% of sales), America and Europe (c. 15% of sales in each).
- 2020 order intake down -5% in local currency, mainly affected by the Election business. Excluding the Election business, order intake would have slightly grown, chiefly helped by America (Healthcare sector).

Analysis by Region

Revenues by Region	2020	2019	Variation (%)		4Q20	4Q19	Variation (%)	
	(€M)	(€M)	Reported	Local currency	(€M)	(€M)	Reported	Local currency
Spain	1,581	1,591	(0.6)	(0.6)	449	443	1.2	1.2
America	593	665	(10.8)	4.7	160	181	(11.5)	7.0
Europe	565	549	3.0	3.5	187	159	17.3	17.6
Asia, Middle East & Africa	303	399	(24.0)	(23.4)	95	133	(28.8)	(27.9)
Total	3,043	3,204	(5.0)	(1.6)	890	916	(2.9)	1.0

By geographies, it is worth mentioning the growth registered in 2020 in America (+5% in local currency; 20% of total sales) and Europe (+3% in local currency; 18% of total sales). On the contrary, sales in Spain slightly decreased (-1%; 52% of total sales) and AMEA registered declines (-23% in local currency; 10% of total sales).

All geographies posted growth in local currency in 4Q20, except for AMEA: Spain (+1%), America (+7%), Europe (+18%) and AMEA (-28%), recording this region strong impact due to the fall registered in Transport & Traffic.

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

Spain

- 2020 revenues went slightly down (-1%). Sales in Minsait remained stable, while T&D showed small declines.
- Revenues in Minsait (c. 75% of total sales) remained almost stable in 2020, mainly due to the lower activity in the Election business vs last year same period. Excluding the Election business, sales in Minsait would have grown slightly, pushed by Public Administrations & Healthcare and Telecom & Media.
- 2020 T&D revenues (c. 25% of total sales in the region) 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 signaling systems and interurban transport projects).
- 4Q20 revenues went slightly up (+1%), showing all the verticals positive performance except for Energy & Industry and Defence & Security.
- 2020 order intake up +16%, pushed by the strong order intake registered in Defence & Security (electronic defence systems and the surveillance radar for the F110 Frigates, the WCV 8x8 program, the NH90 helicopter, and the upgrades in the Chinook simulator).

America

- 2020 revenues increased by +5% in local currency, registering both Minsait and T&D sales growth. FX depreciation in Latam took off -16 p.p of growth.
- The main countries in the region registered growth in local currency: Brazil sales, (c. 30% of total revenues in the region), posted +3% revenue growth in local currency in 2020, thanks to the positive performance in Energy & Industry and Financial Services. For its part, Mexico (c. 15% of total revenues in the region) 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 (c. 80% of total sales in the region). 2020 revenues went up close to mid-single-digit growth in local currency, driven by Financial Services and Energy & Industry.
- 2020 T&D revenues (c. 20% of total sales in the region) posted double-digit growth, bolstered by the growth registered in Transport & Traffic (tolling systems for the I-66 in USA).
- 4Q20 sales up by +7% in local currency, posting both Minsait and T&D sales growth. It is worth noting the positive performance showed in both, Financial Services and Transport & Traffic.
- 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 signed in Mexico, Brazil, and Peru).

Europe

- 2020 revenues increased by +3% in local currency, both Minsait and T&D showed growth.
- 2020 T&D sales (c. 65% of revenues in the region) 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 (c. 35% of total revenues in the region) showed mid-single-digit growth, substantially helped by the positive contribution of Public Administrations & Healthcare and Telecom & Media.
- 4Q20 revenues recorded +18% in local currency, registering both Minsait and T&D sales double-digit growth.
- 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 (AMEA)

- 2020 revenues in AMEA decreased by -23% in local currency, chiefly affected by the Transport & Defence division and, in lower proportion, by the Election business.
- 2020 Transport & Defence sales (c. 80% of total revenues in the region) 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 (c. 20% of total sales in the region) showed double-digit decrease, penalized by the worst comparison in the Election business in Iraq vs 2019.
- 4Q20 revenues fell -28% in local currency, mainly dragged by the decline in Transport & Traffic.
- 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).

Appendices

Consolidated Income Statement

	2020	2019	Variation		4Q20	4Q19	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Revenue	3,043.4	3,203.9	(160.5)	(5.0)	890.2	916.4	(26.2)	(2.9)
In-house work on non-current assets and other income	69.5	90.9	(21.4)	(23.6)	14.9	27.4	(12.5)	(45.7)
Materials used and other supplies and other operating expenses	(1,107.8)	(1,189.5)	81.7	(6.9)	(390.1)	(365.7)	(24.4)	6.7
Staff Costs	(1,877.9)	(1,757.7)	(120.2)	6.8	(514.7)	(455.6)	(59.1)	13.0
Other gains or losses on non-current assets and other results	(49.9)	(1.4)	(48.5)	NA	(2.5)	1.0	(3.5)	NA
Gross Operating Result (EBITDA)	77.4	346.2	(268.8)	(77.6)	(2.4)	123.4	(125.8)	(101.9)
Depreciation and amortisation charge	(110.3)	(125.2)	14.9	(11.9)	(21.4)	(29.2)	7.8	(26.7)
Operating Result (EBIT)	(32.9)	221.0	(253.9)	(114.9)	(23.8)	94.2	(118.0)	(125.2)
EBIT Margin	(1.1%)	6.9%	(8.0) pp	NA	(2.7%)	10.3%	(13.0) pp	NA
Financial Loss	(41.1)	(44.2)	3.1	(6.9)	(10.3)	(12.4)	2.1	(16.8)
Result of companies accounted for using the equity method	1.6	0.7	0.9	NA	0.2	0.1	0.1	NA
Profit (Loss) before tax	(72.4)	177.6	(250.0)	(140.8)	(33.8)	81.9	(115.7)	(141.3)
Income tax	14.9	(51.5)	66.4	(129.1)	0.6	(24.3)	24.9	(102.3)
Profit (Loss) for the year	(57.5)	126.1	(183.6)	(145.6)	(33.3)	57.6	(90.9)	(157.8)
Profit (Loss) attributable to non-controlling interests	(7.7)	(4.7)	(3.0)	NA	(0.9)	(0.9)	0.0	NA
Profit (Loss) attributable to the Parent	(65.2)	121.4	(186.6)	(153.7)	(34.2)	56.7	(90.9)	(160.3)

Earnings per Share (according to IFRS)	2020	2019	Variation (%)
Basic EPS (€)	(0.370)	0.688	(153.8)
Diluted EPS (€)	(0.325)	0.640	(150.8)

	2020	2019
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	421,506	331,005
Total shares considered	176,232,896	176,323,397
Total diluted shares considered	193,322,239	193,412,740
Treasury stock in the end of the period	546,555	282,006

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), 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 decreased by -5% in 2020 and -3% in 4Q20.
- Other income stood at €70m vs €91m in 2019. The decrease is explained by the lower level of works for own non-current assets (€-18m).
- Materials used and other supplies and other operating expenses decreased by -7%, due to the lower level of purchases and subcontracting as well as the reduction of other expenses like travels, supplies, etc. On the contrary, this item increased +7% in 4Q20, mainly due to reduction of inventories and the costs associated with the action plan announced in July.
- Personnel expenses increased by +7% in 2020. This line includes €88m of the provision of workforce transformation plan, registered in the fourth quarter. Excluding this impact, personnel expenses would have increased by +2% in 2020, in line with the increase in the average workforce. Excluding the costs of the workforce transformation plan, personnel expenses in the fourth quarter would have decreased -6%.
- 2020 EBITDA stood at €77m affected by the delays and lower activity, as well as by the impact of the action plan provisions (€-189m) and the capital gain of Metrocall (€+36m) vs €346m in 2019.
- 2020 D&A stood at €110m, €15m less than in 2019 as a consequence of the impairment of intangible assets that took place in the second quarter.
- 2020 EBIT stood at €-33m vs €221m in 2019 due to the same reasons as EBITDA.
- Financial results was €-41m 2020 vs €-44m in 2019, due to lower financial costs associated to the 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 loss before tax registered (vs tax payment of €-51M in 2019).
- Net profit of the group stood at €-65m vs €121m in 2019.

Income Statement by Division

2020					4Q20			
M€	T&D	IT	Eliminations	Total	T&D	IT	Eliminations	Total
Total Sales	1,120	1,924	-	3,043	378	512	-	890
Contribution Margin	159	133	-	291	53	52	-	104
<i>Contribution Margin (%)</i>	<i>14.2%</i>	<i>6.9%</i>	-	<i>9.6%</i>	<i>13.9%</i>	<i>10.1%</i>	-	<i>11.7%</i>
EBIT	55	(88)	-	(33)	12	(36)	-	(24)
<i>EBIT Margin (%)</i>	<i>4.9%</i>	<i>-4.6%</i>	-	<i>-1.1%</i>	<i>3.3%</i>	<i>-7.1%</i>	-	<i>-2.7%</i>

2019					4Q19			
M€	T&D	IT	Eliminations	Total	T&D	IT	Eliminations	Total
Total Sales	1,189	2,015	-	3,204	374	542	-	916
Contribution Margin	234	262	-	496	85	73	-	158
<i>Contribution Margin (%)</i>	<i>19.7%</i>	<i>13.0%</i>	-	<i>15.5%</i>	<i>22.7%</i>	<i>13.5%</i>	-	<i>17.3%</i>
EBIT	145	76	-	221	64	30	-	94
<i>EBIT Margin (%)</i>	<i>12.2%</i>	<i>3.8%</i>	-	<i>6.9%</i>	<i>17.0%</i>	<i>5.6%</i>	-	<i>10.3%</i>

Figures not audited

Consolidated Balance Sheet

	2020	2019	Variation
	€M	€M	€M
Property, plant and equipment	96.2	117.2	(21.0)
Property investments	1.2	1.3	(0.1)
Assets for the right of use	119.5	129.6	(10.1)
Other Intangible assets	278.9	372.6	(93.7)
Investments for using the equity method and other non-current financial assets	260.0	218.2	41.8
Goodwill	889.5	884.9	4.6
Deferred tax assets	199.1	151.1	48.0
Total non-current assets	1,844.4	1,874.9	(30.5)
Assets classified as held for sale	9.6	13.4	(3.8)
Operating current assets	1,292.0	1,445.4	(153.4)
Other current assets	132.2	128.3	3.9
Cash and cash equivalents	1,184.9	854.5	330.4
Total current assets	2,618.6	2,441.6	177.0
TOTAL ASSETS	4,462.9	4,316.5	146.4
Share Capital and Reserves	668.5	780.1	(111.6)
Treasury shares	(3.8)	(2.8)	(1.0)
Equity attributable to parent company	664.8	777.3	(112.5)
Non-controlling interests	19.1	23.5	(4.4)
TOTAL EQUITY	683.9	800.8	(116.9)
Provisions for contingencies and charges	65.9	55.2	10.7
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,372.8	1,379.6	(6.8)
Other non-current financial liabilities	224.5	202.5	22.0
Deferred tax liabilities	1.5	1.6	(0.1)
Other non-current liabilities	29.0	13.8	15.2
Total Non-current liabilities	1,693.8	1,652.7	41.1
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	293.4	26.7	266.7
Other current financial liabilities	75.0	85.2	(10.2)
Operating current liabilities	1,365.4	1,397.0	(31.6)
Other current liabilities	351.5	354.1	(2.6)
Total Current liabilities	2,085.2	1,863.0	222.2
TOTAL EQUITY AND LIABILITIES	4,462.9	4,316.5	146.4
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(293.4)	(26.7)	(266.7)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,372.8)	(1,379.6)	6.8
Gross financial debt	(1,666.2)	(1,406.3)	(259.9)
Cash and cash equivalents	1,184.9	854.5	330.4
Net Debt	(481.4)	(551.8)	70.4

Figures not audited

Consolidated Cash Flow statement

	2020	2019	Variation	4Q20	4Q19	Variation
	€M	€M	€M	€M	€M	€M
Profit Before Tax	(72.4)	177.6	(250.0)	(33.8)	81.9	(115.7)
Adjusted for:						
- Depreciation and amortization charge	110.3	125.2	(14.9)	21.4	29.2	(7.8)
- Provisions, capital grants and others	111.8	(29.6)	141.4	58.5	(19.2)	77.7
- Result of companies accounted for using the equity method	(1.6)	(0.7)	(0.9)	(0.2)	(0.1)	(0.1)
- Financial loss	41.1	44.2	(3.1)	10.3	12.4	(2.1)
Dividends received	2.2	0.3	1.9	1.5	0.3	1.2
Profit (Loss) from operations before changes in working capital	191.3	317.0	(125.7)	57.6	104.6	(47.0)
Changes in trade receivables and other items	186.3	36.9	149.4	92.3	119.8	(27.5)
Changes in inventories	(28.2)	(100.7)	72.5	77.1	23.8	53.3
Changes in trade payables and other items	(115.3)	(67.2)	(48.1)	(38.6)	82.6	(121.2)
Cash flows from operating activities	42.7	(131.0)	173.7	130.8	226.2	(95.4)
Tangible (net)	(19.3)	(30.8)	11.5	(0.7)	(12.5)	11.8
Intangible (net)	(20.0)	(45.2)	25.2	8.8	(9.3)	18.1
Capex	(39.2)	(76.0)	36.8	8.2	(21.9)	30.1
Interest paid and received	(36.6)	(30.6)	(6.0)	(12.1)	(11.4)	(0.7)
Other financial liabilities variation ⁽¹⁾	(36.9)	(35.4)	(1.5)	(9.8)	(35.4)	25.6
Income tax paid	(38.1)	(36.5)	(1.6)	(16.9)	(16.5)	(0.4)
Free Cash Flow	83.1	7.5	75.6	157.7	245.7	(88.0)
Changes in other financial assets	0.0	(5.5)	5.5	0.0	1.4	(1.4)
Financial investments/divestments	10.5	(68.5)	79.0	(11.9)	(67.7)	55.8
Dividends paid by companies to non-controlling shareholders	(5.5)	0.0	(5.5)	(5.4)	0.0	(5.4)
Dividends of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0	0.0	0.0	0.0
Changes in treasury shares	(2.3)	1.2	(3.5)	0.1	0.6	(0.5)
Cash-flow provided/(used) in the period	85.8	(65.4)	151.2	140.6	180.0	(39.4)
Initial Net Debt	(551.8)					
Cash-flow provided/(used) in the period	85.8					
Foreign exchange differences and variation with no impact in cash	(15.5)					
Final Net Debt	(481.4)					
Cash & cash equivalents at the beginning of the period	854.5	917.8	(63.3)			
Foreign exchange differences	(13.6)	0.1	(13.7)			
Increase (decrease) in borrowings	258.1	1.9	256.2			
Net change in cash and cash equivalents	85.8	(65.4)	151.2			
Ending balance of cash and cash equivalents	1,184.9	854.5	330.4			
Long term and current borrowings	(1,666.2)	(1,406.3)	(259.9)			
Final Net Debt	(481.4)	(551.8)	70.4			

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

Figures not audited

- Operating Cash Flow before net working capital reached €+191m in 2020 vs €+317m in 2019, due to the lower operating profitability.
- Cash Flow from operating activities (working capital) was €+43m in 2020 vs €-131m in 2019, improving thanks to the positive performance of clients (improvement of €+186m in 2020). In 4Q20 stands out the solid performance of the working capital (€131m), due to the contribution of clients (€+92m in 4Q20) and inventories (€+77m in 4Q20).
- Net Working Capital (Operating Current Assets – Operating Current Liabilities) stood at €-73m, equivalent to -9 DoS vs 6 DoS in December 2019 and vs 13 Dos in 9M19. This decrease was due to the positive evolution of Clients, which improved in 27 DoS, due to the higher collections in Transport & Defence (cash inflow of pending cash collections and higher level of advanced payments). On the contrary, Inventories increased in 4 DoS, mainly due to the difficulties in the certification of milestones and delays due to Covid, and Accounts Payable worsened in 9 DoS vs 2019, as a result of lower purchases vs last year.
- Non-recourse factoring lines remain stable at €187m.
- 2020 CAPEX (net of subsidies) stood at €39m, €-37 million less compared to 2019. This difference is explained by higher grant payments in the year (€27m in 2020 vs €19m in 2019, mainly concentrated in the Defense & Security vertical), as well as by the lower investment derived from the action plan announced by the company.
- Financial Results payment in 2020 was €37m vs €31m in 2019, explained by higher interest in the short and long-term loans, as well as by other financial expenses.
- Tax payment remained stable and stood at €38m vs 2019.
- 2020 Free Cash Flow was €83m (€121m excluding the €38m cash out of the workforce transformation plan) vs €8m last year same period, improving significantly thanks to the better working capital performance. FCF in 4Q20 was €158m (€195m excluding the cash out of the workforce transformation plan).
- Net Debt amounted to €481m in 2020 vs €552m 2019 and €626m in 9M20. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the cost derivate from the action plan and the capital gain of Metrocall) stood at 2.5x in 2020 vs 1.8x in 2019 and 2.8x in 9M20.

Alternative Performance Measures (APMS)

Due to the application of the Alternative Performance Measures (APM) published by the European Securities and Markets Authority (EMSA), Management of the Group considers that certain APMS provides useful financial information that should be considered to evaluate the performance of the Group by users. Additionally, Management uses these APMS for making financial, operating and strategic decisions, as well as to evaluate the Group performance. It should be noted that the amounts of the APMS have not been subject to any type of audit or review by the auditors of the Company.

Organic Revenues

Definition/Conciliation: Revenues adjusted by foreign exchange impact and perimeter changes of consolidation (acquisitions and divestments). Foreign exchange impact is adjusted by calculating the revenues with the average forex of the previous period. Perimeter changes are adjusted taken into account the acquisitions as if they had been consolidated in the previous period.

Explanation: Metric that reflects the revenue growth excluding the impacts coming from the perimeter changes (acquisitions and divestments) and the foreign exchange.

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

Likewise, the Group uses it as an indicator of the performance of the EBIT margin, which is the result of the ratio between EBIT and the amount of sales for the same period. This indicator is explained as the operating profit of the Group for each euro of sales.

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

Operating Margin

Definition/Conciliation: Represents the Operating Result (EBIT) plus staff reorganization costs, impairments, integration and acquisition costs, amortization of intangible assets from acquisitions, equity based compensation and possible fines.

Explanation: Metric that the Group uses to define its operating profitability before certain extraordinary costs and widely used by investors when evaluating Information Technology businesses.

Likewise, the Group uses it as an indicator of the performance of the Operating Margin (%) that is the result of the ratio between Operating Margin and the amount of sales for the same period.

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

Gross Operating Result (EBITDA):

Definition/Conciliation: It is calculated by adding the Depreciations and Amortizations to the "Operating Result (EBIT)" as indicated in the consolidated income statement

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

Likewise, the Group uses it as an indicator of the performance of the EBITDA margin, which is the result of the ratio between EBITDA and the amount of sales for the same period. This indicator is explained as the operating profit of the Group plus Depreciations and Amortizations for each euro of sales.

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

Net Financial Debt:

Definition/Conciliation: Represents Non-current Loans and Borrowings and Current Loans and Borrowings less Cash and Cash equivalents. Net Financial Debt is obtained by subtracting the balances corresponding to the headings of the Consolidated Balance Sheet, "Long and Current borrowings with Credit Institutions" and "Financial Liabilities for Issuance of Non-current and Other Marketable Securities", the amount of the heading "Cash and cash equivalents".

Explanation: Financial proxy that the Group uses to measure its leverage.

Likewise, the Group uses the ratio Net Financial Debt over EBITDA as an indicator of its leverage and repayment capacity of its financial debt. For that reason, the figure used to calculate the ratio for intermediate periods is made by taking into consideration the equivalent last twelve months EBITDA immediately preceding the calculation date 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 Company excluding dividend payment, net financial investments/divestments and others, and the investment in treasury stock. It is calculated starting from "Profit Before Tax" as indicated in the consolidated statement of cash flows; adding depreciation and amortization, deducting provisions, capital grants and others, adding result of companies accounted for using the equity method, adding financial losses, adding dividend received,

adding cash flow from operating activities, deducting capex, deducting interest paid and received and deducting income tax paid.

Explanation: It is the treasury made by the operations of the Group that is available to providers (shareholders and financial creditors) once the investment needs of the Group are already satisfied. It is an indicator used by investors when evaluating businesses.

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

Contribution Margin:

Definition/Conciliation: It is the difference between revenues and direct and indirect costs of the segments or businesses of the Group. Direct costs are those directly attributable to the sales recognized in a specific period of time and include the cost of the headcount or subcontractors used in the projects as well as any incurred costs related to the development and completion of the project; such as material costs, travel expenses of the project, among others. Indirect costs are those which, although are linked to a segment or businesses of the Group, are not directly attributable to billable projects or to revenues accounted for a specific period of time; such as, commercial costs, cost of making offers, the cost of management of a specific segment, among others. Contribution margin does not include overheads as these costs are not directly attributable to a particular segment or business.

Explanation: contribution margin measures the operating profitability of a segment or business of the Group excluding overheads, as these costs are not directly attributable to a particular segment or business.

Likewise, in order to ease the comparison between segments with different relative weight over the total revenues of the Group, it is used the contribution margin ratio over revenues of a segment or business. This indicator is explained as the contribution margin for each euro of sales of a specific segment.

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

Order Intake:

Definition/Conciliation: It is the amount of contracts won over a period of time. Order intake cannot be confused with revenues or the net amount of sales because the amount of a contract won in a specific period of time (and that computes as Order Intake in that period of time) can be executed over several years.

Explanation: Order intake is an indicator of the future performance of the Group because it is the amount of the contracts won over a period of time.

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

Backlog:

Definition/Conciliation: It is the amount of accumulated order intake less revenues executed, plus/minus forex adjustments and the renegotiation of the contracts, among others. It is the pending revenues figure until the completion of the project to complete the order intake figure.

Explanation: Backlog is an indicator of the future performance of the Group because it is the amount of the contracts won still to be executed.

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

LTM: Last Twelve Months.

MoD: Ministry of Defence.

R&D: Research & Development.

T&D: Transport & Defence.

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