REPORT BY THE BOARD OF DIRECTORS OF INDRA SISTEMAS, S.A. ON THE PROPOSED AUTHORIZATION OF THE SHARE CAPITAL INCREASE INCLUDED IN ITEM SEVEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS´ MEETING CONVENED ON 22 AND 23 JUNE 2022 AT FIRST AND SECOND CALL, RESPECTIVELY.

1. Purpose of this report

This report has been prepared by the Board of Directors of Indra Sistemas, S.A. (hereinafter, "Indra" or the "Company") in accordance with the requirements of Articles 286, 296.1, 297.1.b) and 506 of the Spanish Companies Act in support of the proposal to grant the Company's Board of Directors authorization to increase the share capital, over a period of five years, in an amount equal to half the share capital at the time of authorization, on one or more occasions, at the time and in the amount considered appropriate, with an express grant of powers to exclude pre-emptive subscription rights under the terms of Article 506 of the Spanish Companies Act.

2. Justification

The members of Indra's Board of Directors believe that this proposed delegation of powers will offer the flexibility required in order to carry out any share capital increases that may be required as a result of the normal operation of the Company's business, where this would be to the benefit of its interests, since it will avoid the costs involved in terms of both time and money in convening and holding the General Shareholders´ Meetings that would otherwise be necessary in order to carry out share capital increases. Such flexibility is important due to the demands that may arise from time to time as a result of market conditions and circumstances, and due to the capital requirements that the Company may experience in the future and that cannot, generally speaking, be anticipated. In addition, this flexibility is also important for the purposes of the proposal that is also being submitted for shareholder approval under item nine on the agenda, relating to authorization for the issue of bonds and other securities that can be converted into Company shares.

It is therefore in the Company's best interests to provide its Board of Directors with the most appropriate and versatile instruments to allow it to attend to the Company's capital requirements in a way that is consistent with normal practice in the majority of listed companies, followed by the Company itself, and to this end it is seeking the delegation of powers to make share capital increases, as provided for under the legislation in force. It is for this reason that a proposal is to be submitted to the Ordinary General Shareholders´ Meeting for renewal of the delegation of powers to the Company's Board of Directors, to allow it to increase the share capital on one or more occasions in the amount, on the dates, under the conditions and according to any other circumstances that it deems appropriate, up to a limit of half the share capital amount existing on the

date of delegation, over a maximum of five years, as provided for in Law, and to allow it to complete any steps that may be required in order to ensure that the new shares forming the subject of the share capital increase or increases are admitted for trading on the domestic and foreign stock markets, in accordance with the procedures provided for in each of these markets. Any increases made under the terms of this delegation of powers will be underwritten in all cases with monetary contributions in the corresponding value, as required under Article 297.1.b) of the Spanish Companies Act.

In addition, Article 506 of the Spanish Companies Act provides that, at listed companies, when the General Shareholders´ Meeting delegates the power to make share capital increases under the terms of Article 297.1.b), it may also grant the Board of Directors the power to exclude pre-emptive subscription rights when the circumstances provided for in the said Article arise. In the event that, due to certain necessities arising out of the corporate interest, the Board of Directors makes use of this power, the par value of the shares to be issued, plus any eventual issue premium, must correspond with the fair value of the Company's shares in the terms provided for under section 3 of Article 504 of the Spanish Capital Companies Act.

The Board of Directors believes that the power to exclude pre-emptive subscription rights as a supplement to the right to carry out a share capital increase considerably increases the room for manoeuvre and ability to respond afforded by the delegation of powers to increase the Company's share capital.

In any case, the potential exclusion of pre-emptive subscription rights may be justified for several reasons. In the first case, it generally results in a relative reduction in the costs associated with such operations (including, in particular, the fees charged by the financial institutions that take part in the issue), as compared with the costs associated with an issue that includes a pre-emptive subscription right. Secondly, it leads to a notable increase in the speed with which the Board of Directors can act and respond, meaning that the Company can take advantage of the moments in which market conditions are most favorable. In addition, suppression of pre-emptive subscription rights could allow the Company to optimize the operation's financial conditions and, in particular, the type of issue applied to the new shares, allowing it to match the issue more accurately to the expectations of the specialist investors at whom these share capital increases are usually directed while at the same time limiting transactional risk by reducing the operation's exposure to changes in market conditions. In addition, exclusion may become necessary when it is intended to raise financial resources on the international markets or through the use of accelerated book building techniques. Finally, it mitigates distortions in the trading of the Company's shares during the issue period, which is generally shorter than it would be for an issue that includes pre-emptive subscription rights.

It is, in short, a tool whose use in a specific capital increase operation could turn out to be crucial in terms of the operation's success, without which the Company could lack the necessary room for manoeuvre to take advantage of the increase and thus lose a significant advantage over the companies that compete with Indra in its attempts to raise funds on the primary markets.

In any case, the possibility of excluding the pre-emptive subscription right is a power that the General Shareholders´ Meeting delegates to the Board of Directors, and it is the latter's duty, bearing in mind the specific circumstances, the corporate interest and the relevant legal requirements, to decide whether it would be right to exclude that right or not to exclude it in each case.

In the event that the Board of Directors decides to make use of its power to exclude pre-emptive subscription rights in relation to any specific share capital increase that it may eventually agree to, using the authorization granted by the General Shareholders´ Meeting, it must prepare a report giving the directors' reasons, as required under Article 506 of the Spanish Capital Companies Act (in relation to Article 308 of the same Act), in which, among other issues, it must explain the specific corporate interest grounds that justify suppression of these rights. This report will be made available to shareholders via the Company's corporate website and communicated to the first General Shareholders´ Meeting held after the resolution to make a share capital increase is adopted. In addition, when provided for in Law or under any other circumstance deemed appropriate, the Company may obtain a report from an independent expert (who must be different from the Company's accounts auditor), on the fair value of Indra's shares, the theoretical value of the excluded pre-emptive right and the reasoning behind the information contained in the directors' report. This will also be made available to shareholders via the Company's corporate website and communicated to the first General Shareholders´ Meeting held after the resolution to make a share capital increase is adopted.

Furthermore, in accordance with internationally recognized best corporate governance practices, the authorization to exclude pre-emptive subscription rights either partially or completely will be restricted to the share capital increases made under the terms of this authorization up to a maximum amount equal to 10% of the Company's current share capital amount. This limit is, therefore, lower than the 20% maximum provided for in the Spanish Companies Act.

It should be pointed out that the maximum limits provided for in the proposal will be understood to include any share capital increases carried out by the Company in order to cover the conversion of bonds issued by the Company under the terms of the Sixth Resolution adopted by the General Shareholders Meeting held on 29 June 2017, the resolution to be submitted to the General Shareholders Meeting expected to be held on 23 June at second call under item nine on the agenda, or any other resolution that may be adopted by the General Shareholders Meeting in this regard in the future.

The proposal also includes a request, where applicable, for admission for trading, on the secondary official or unofficial markets, organized or otherwise, domestic or foreign, of any shares issued by the Company as a result of this delegation of powers, and the Board of Directors is granted the power to complete the processes and take the action required by the relevant domestic or international stock market bodies in order to allow the shares to be admitted for trading.

It is also proposed to grant the Board of Directors the express power in turn to delegate any of the powers afforded to it as a result of this proposed resolution, to the extent that the powers in question may be delegated.

Finally, it is herein recorded that the delegation of powers to the Board of Directors set out in the aforementioned proposed resolution renders without effect the unused portion of the resolution approved under point five on the Agenda of the General Shareholders Meeting held on 29 June 2017.

The PROPOSED RESOLUTION to be submitted for approval by the General Shareholders´ Meeting, is as follows:

DELEGATION TO THE BOARD OF DIRECTORS, WITH AN EXPRESS RIGHT OF SUBSTITUTION, OF THE POWER TO INCREASE THE COMPANY'S SHARE CAPITAL IN THE TERMS AND WITHIN THE LIMITS SET OUT IN ARTICLE 297.1.B) OF THE SPANISH COMPANIES ACT GRANT OF POWERS TO EXCLUDE PRE-EMPTIVE SUBSCRIPTION RIGHTS, PURSUANT TO THE PROVISIONS CONTAINED IN ARTICLE 506 OF THE SPANISH COMPANIES ACT, LIMITED IN THIS CASE TO A MAXIMUM PAR AMOUNT EQUIVALENT TO 10% OF THE SHARE CAPITAL AMOUNT. TO RENDER WITHOUT EFFECT THE DELEGATION OF POWERS THAT HAS BEEN IN EFFECT IN THIS REGARD UP TO THE PRESENT TIME, IN THE PORTION THAT HAS NOT BEEN MADE USE OF.

In accordance with the report prepared by the Board of Directors under the terms of Articles 286, 296.1, 297.1 and 506 of the Spanish Companies Act, to delegate the power to the Board of Directors to increase the Company's share capital, on one or more occasions, at any time and within the limits established in Article 297.1.b) of the Spanish Companies Act, i.e. within a period of five years from the date on which this resolution is adopted, in a maximum amount of up to half the share capital existing on the date of this resolution.

Any share capital increases carried out under the terms of this authorization shall be made by means of the issue and circulation of new shares, with or without premium, the value of which shall be underwritten by monetary contributions.

It is also agreed to give the Board of Directors the power to allow it, where not provided for in this delegation of powers, to establish the terms and conditions for share capital increases and the characteristics of the shares in question, and to allow it freely to offer any unsubscribed new shares within the term or terms allocated for the pre-emptive subscription right. The Board of Directors may redraft the relevant Article in the Bylaws relating to share capital and the number of shares.

As regards any share capital increases made under the terms of this delegation of powers, the Board of Directors is authorized to exclude pre-emptive subscription rights either partially or completely, pursuant to the provisions contained in Article 506 of the Spanish Companies Act, though this power will be restricted to share capital increases made under the terms of this authorization up to a maximum amount equal to 10% of the Company's share capital amount on the date of this resolution.

For the purposes of the maximum limits provided for in this resolution, calculations will include the amount of any share capital increases carried out in order to cover the conversion of bonds under the terms of the Sixth Resolution adopted by the General Shareholders Meeting held on 29 June 2017, the resolution to be proposed under item nine on the agenda for this Meeting, or any other resolution that may be adopted by the General Shareholders Meeting in this regard in the future.

The Company may also request, where applicable, the admission for trading, on the secondary official or unofficial markets, organized or otherwise, domestic or foreign, of any shares issued as a result of this authorization, and the Board of Directors is granted the power to complete the processes and take the action required by the relevant domestic or international stock market bodies in order to allow the shares to be admitted for trading.

The Board of Directors is expressly authorized so that, pursuant to the provisions of Article 249 *bis*, section l) of the Spanish Companies Act, it may in turn delegate any of the powers conferred in this resolution that may be delegated, including the powers of implementation, specification, execution, interpretation and correction.

This delegation of powers renders without effect the unused portion of the delegation of powers agreed under point five on the Agenda of the General Shareholders´ Meeting held on 29 June 2017.

May 2022

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.