

**Audit Report on Consolidated Annual Accounts
issued by an Independent Auditor**

**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. AND SUBSIDIARIES
Consolidated Annual Accounts and
Consolidated Directors' Report
for the year ended
December 31, 2020**



AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.:

Audit report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flow, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2020 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated annual accounts in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Tax, labor, and legal provisions and contingencies

Description At December 31, 2020, the Group is involved in lawsuits of different nature, and it is exposed, in the course of its business, to possible claims, primarily of a tax and labor nature.

The assessment of the contingencies related to these lawsuits and claims and, when applicable, the valuation of possible related provisions, requires complex estimates by Group Management, which entails the application of judgements in determining the assumptions considered in relation to these estimates, which are, in turn, impacted by the specificities of the legislation and regulatory requirements in force in the different countries in which the Group operates.

From a tax perspective, at December 31, 2020, the Group has recognised, on the headings current and non-current provisions of the consolidated statement of financial position, provisions amounting to 72 million euros, primarily related to ongoing claims in Brazil, Spain and Argentina. Additionally, on the heading current tax liabilities of the consolidated statement of financial position, the estimate of uncertainties related to corporate tax contingencies has been recognised, in accordance with the interpretation set forth in IFRIC 23 for an amount of 61 million euros, as well as the estimation of the risk derived from ongoing lawsuits from records of non-acceptance tax assessments of previous years amounting to 37 million euros. Finally, the Group discloses contingencies for tax records not provisioned for an amount of 29 million euros.

As regards labour matters, which primarily affect Brazil, due to the size of his workforce, are referred mainly to claims lodged by employees and former employees. At December 31, 2020, the Group has recognised, under non-current provisions in the consolidated statement of financial position, provisions amounting to 43 million euros related to occupational risks.

Additionally, at December 31, 2020, the Group has recognised provisions for legal risks amounting to 27 million euros, corresponding mainly to civil lawsuits and sanctioning files in Brazil and Spain.

We have considered this a Key Audit Matter, due to the complexity of the inherent judgements in assigning value to the main assumptions considered, and because changes in such judgements could result in material differences in the amounts recognised to date, with a significant effect on the consolidated statement of financial position and the consolidated income statement.

Disclosures for the recognition and valuation criteria, as well as the breakdown of these provisions and contingencies, which are recognised in the long and short term, are included in Notes 35.17, 23, 27 and 28 of the accompanying consolidated annual accounts.

**Our
Response**

Our Audit procedures include, among others, the following:

- ▶ Understand the processes established by Group Management to estimate provisions and contingencies, including assessment of the design and implementation of relevant controls.
- ▶ Obtain confirmation letters from the internal and external legal and tax advisors of the Group, with their representation regarding the current status of the ongoing lawsuits and claims, as well as the assessment of the risk related to them.
- ▶ Involve our legal and tax specialists to analyze the reasonableness of the conclusions reached by Group Management.
- ▶ Review disclosures included in the consolidated annual accounts in accordance with the applicable financial reporting framework.

Impairment of non-financial non-current assets

Description At December 31, 2020, the Group has recognised non-current tangible and intangible assets amounting 1,566 million euros, of which 591 million euros, correspond to goodwill.

For the purpose of assessing the impairment of non-current non-financial assets, the Group allocates such assets to the corresponding cash-generating units (CGU), which are defined in accordance with their respective country of operation and business segment: Cash, Security, Alarms and Cybersecurity.

The group estimates, at least at year-end, or earlier in the case of impairment indicators being identified, the recoverable amount of each cash-generating unit. For the Cash, Security and Cybersecurity businesses, the recoverable amount has been determined considering their value in use, while for the Alarms business, it has been determined for its fair value.

The determination of the recoverable amount of the assets, requires complex estimations, which entails the application of judgements in establishing the assumptions considered by Group Management in relation to those estimates.

We have considered this a Key Audit Matter due to the significance of the amounts involved, and the inherent complexity of the estimation process in determining the recoverable amount of the assets.

The main aspects on which the Group applies judgements in determining the related assumptions are the following:

- ▶ In the Cash, Security and Cybersecurity businesses, future margins estimate, working capital evolution, discount and growth rates, as well as the economic and regulatory conditions in the different markets in which it operates.
- ▶ In the Alarms business, the recurrent monthly revenues per connection, and the multiple of such monthly revenues in the estimation of fair value.

Disclosures for the recognition and valuation criteria as well as the main assumptions used by Group Management in assessing the impairment of non-financial non-current assets, are included in Notes 35.10, 11, 12, 13 and 14 of the accompanying consolidated annual accounts.

Our

Response

Our Audit procedures include, among others, the following:

- ▶ Understand the processes established by Group Management to determine impairment of the value of non-financial non-current assets, including assessment of the design and implementation of relevant controls.
- ▶ Assessment of the analysis of impairment indicators of the cash generating units performed by Group Management.
- ▶ Regarding the Cash, Security and Cybersecurity businesses, review of the models used by Group Management, in collaboration with our valuation specialists, encompassing its mathematical coherence, reasonableness of the projected cash flows, discount rates and long-term growth rates, as well as the consistency of these models with the business plans approved by the Group's governing bodies. Throughout the performance of our work, we held interviews with those responsible for the preparation of the models and using renowned external sources and other available information to contrast data.
- ▶ With respect to the Alarms business, review, with the assistance of our valuation specialists, the reasonableness of the judgments applied in the determination of the main assumptions considered for the fair value estimate, in particular, the recurrent monthly revenues per connection and the market multiples applied on such revenues, which was obtained based on the latest transactions observed.
- ▶ Review of the sensitivity analysis performed by Group Management regarding the estimates performed in determining the recoverable amount in the event of changes in the relevant assumptions considered.
- ▶ Review disclosures included in the consolidated annual accounts in accordance with the applicable financial reporting framework.

Sale of 50% stake in Prosegur Alarmas España, S.L.

Description On February 28, 2020, and after obtaining the corresponding regulatory approvals, Prosegur Group formalized the sale of 50% of its stake in Prosegur Alarmas España S.L. for an amount of 305 million euros.

The full amount was paid through the delivery of 49,545,262 shares in Telefónica, S.A., with the Prosegur Group agreed to accept certain restrictions on the transferability of these shares. The recognition of these shares at fair value, as well as the discount associated with the restrictions on their transferability, led to a reduction in the final valuation at the time of formalization of the transaction, to a final amount of 261 million euros.

This sale, together with the shareholders' agreement signed with Telefónica, S.A., has resulted in the loss of control over Prosegur Alarmas España S.A., which has been accounted at year end using the equity method.

The sale has generated, at a consolidated level, a total profit of 498 million euros before taxes, by the direct capital gain obtained from the sale, as well as from the impact of the recognition at fair value using the equity method of Prosegur Alarmas España S.L.

We considered this a Key Audit Matter due to the significance of the amounts involved, the accounting impacts arising from the transaction, and because it is a transaction outside the normal course of the Group's business, and it is, therefore, one of the most significance matters in the audit of the consolidated annual accounts for 2020.

Disclosures for the recognition and valuation criteria of this transaction, as well as the information related to it, are included in Notes 35.2, 6 and 16 of the accompanying consolidated annual accounts.

Our

Response

Our Audit procedures include, among others, the following:

- ▶ Understand the processes established by Group Management related to the sale of shares and the consolidation principles, including assessment of the design and implementation of relevant controls.
- ▶ Meetings with Group Management to obtain an understanding of the transaction, the conditions established in the shareholders' agreement, and the assessment made by Group Management regarding the accounting impacts derived from the agreements reached.
- ▶ Review the sale contract, the shareholders' agreement, as well as the rest of the contracts and supporting documentation related to the transaction.
- ▶ Assessment and evaluation of the accounting impacts derived from the transaction, including the analysis of the shareholders' agreement and the change of control over the entity, the recognition of capital gains derived from the sale, and the impact derived from recognising at fair value of the 50% of the shares held by Prosegur Group in the entity using the equity method.
- ▶ Review disclosures included in the consolidated annual accounts in accordance with the applicable financial reporting framework.

Other matters

On February 27, 2020 other auditors issued their audit report on the consolidated annual accounts for the year ended December 31, 2019, where they expressed an unmodified opinion.

Other information: consolidated directors' report

Other information refers exclusively to the 2020 consolidated directors' report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated directors' report. Our responsibility for the consolidated directors' report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that the consolidated statement of Non-financial information and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

- b. Assessing and reporting on the consistency of the remaining information included in the consolidated directors' report with the consolidated annual accounts, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated directors' report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated directors' report is consistent with that provided in the 2020 consolidated annual accounts and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors and the audit committee for the consolidated annual accounts

The directors of the parent company are responsible for the preparation of the accompanying consolidated annual accounts so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 25, 2021.

Term of engagement

The ordinary general shareholders' meeting held on June 4, 2019 appointed us as auditors for 3 years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors
under No. S0530)

(Signed on the original version in Spanish)

Ana María Prieto González
(Registered in the Official Register of Auditors
under N°.18888)

February 25, 2021

Consolidated Annual Accounts and Directors' Report for the year ended 31 December 2020

Preparing in accordance with International Financial Reporting Standards adopted by the European Union (IFRS-EU)

(Free translation for the original in Spanish. In the event of discrepancy, the Spanish-language version prevails).

Prosegur Compañía de Seguridad, S.A. and Subsidiaries.

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I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(In thousands of Euros)

| | Note | 2020 | 2019 |
|---|-------------|----------------|------------------|
| Revenue | 3 | 3,570,421 | 4,198,212 |
| Cost of sales | 4 | (2,760,724) | (3,167,993) |
| Gross Profit/(Loss) | | 809,697 | 1,030,219 |
| Other income | 6 | 541,861 | 27,828 |
| Administration and sales expenses | 4 | (657,073) | (712,196) |
| Other expenses | 6 | (143,270) | (14,206) |
| Participation in profits / (losses) of the year, regarding investments accounted for using the equity method | 16 | (1,781) | (1,164) |
| Operating profit/(loss) (EBIT) | | 549,434 | 330,481 |
| Financial income | 7 | 30,531 | 21,082 |
| Financial expense | 7 | (96,229) | (86,696) |
| Net financial expenses | | (65,698) | (65,614) |
| Profit/(loss) before tax | | 483,736 | 264,867 |
| Income tax | 27 | (148,861) | (104,641) |
| Post-tax profit of ongoing operations | | 334,875 | 160,226 |
| Consolidated profit/(loss) for the year | | 334,875 | 160,226 |
| Attributable to: | | | |
| Owners of the parent | | 331,254 | 113,862 |
| Non-controlling interests | 22 | 3,621 | 46,364 |
| Proceeds per share from ongoing activities attributable to the owners of the parent company (Euro per share) | | | |
| - Basic | 8 | 0.6013 | 0.1918 |
| - Diluted | 8 | 0.6013 | 0.1918 |

The Notes on pages 10 to 133 form an integral part of the Consolidated Annual Accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 December 2020 AND 2019

(In thousands of Euros)

| | <u>Note</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|---------------------|-----------------------|
| Profit/(loss) for the year | | 334,875 | 160,226 |
| Other comprehensive income: | | | |
| Items that are not going to be reclassified to profit/(loss) | | | |
| Changes in the fair value of equity instruments(Note 18) | | (101,472) | — |
| Actuarial gains/(losses) on defined benefit schemes | 5.2 | (639) | (6,323) |
| | | <u>(102,111)</u> | <u>(6,323)</u> |
| Items that are going to be reclassified to profit/(loss) | | | |
| Translation differences for foreign operations | 22 | (227,653) | (16,257) |
| | | <u>(227,653)</u> | <u>(16,257)</u> |
| Total comprehensive income for the year, net of tax | | <u><u>5,111</u></u> | <u><u>137,646</u></u> |
| Attributable to: | | | |
| - Owners of the parent | | 35,429 | 94,792 |
| - Non-controlling interests | | (30,318) | 42,854 |
| | | 5,111 | 137,646 |

The Notes on pages 10 to 134 form an integral part of the Consolidated Annual Accounts.

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 December 2020 AND 2019

(In thousands of Euros)

| | Note | 2020 | 2019 |
|---|------|------------------|------------------|
| ASSETS | | | |
| Property, Plant and Equipment | 11 | 596,896 | 716,427 |
| Rights of use | 12 | 82,903 | 120,519 |
| Goodwill | 13 | 590,672 | 634,027 |
| Other intangible assets | 14 | 295,611 | 349,923 |
| Property investments | 15 | 44,351 | 44,110 |
| Investments accounted for using the equity method | 16 | 268,047 | 9,452 |
| Non-current financial assets | 18 | 190,845 | 21,004 |
| Deferred tax assets | 27 | 99,238 | 94,769 |
| Non-current assets | | 2,168,563 | 1,990,231 |
| Inventories | 19 | 46,526 | 64,846 |
| Clients and other receivables | 20 | 675,685 | 914,989 |
| Current tax assets | | 105,709 | 155,721 |
| Other financial assets | 21 | 150,000 | 319,621 |
| Cash and cash equivalents | 21 | 767,011 | 530,677 |
| Current assets | | 1,744,931 | 1,985,854 |
| Total assets | | 3,913,494 | 3,976,085 |
| EQUITY | | | |
| Share capital | 22 | 32,916 | 35,921 |
| Share premium | 22 | 25,472 | 25,472 |
| Own shares | 22 | (14,550) | (107,927) |
| Translation differences | 22 | (805,584) | (187,965) |
| Retained earnings and other reserves | 22 | 1,456,951 | 1,060,609 |
| Equity attributed to holders of equity instruments of the Parent | | 695,205 | 826,110 |
| Non-controlling interests | 22 | 22,912 | 72,230 |
| Total equity | | 718,117 | 898,340 |
| LIABILITIES | | | |
| Financial liabilities | 24 | 1,584,737 | 1,364,942 |
| Lease liabilities | 12 | 64,627 | 86,848 |
| Deferred tax liabilities | 27 | 66,834 | 45,950 |
| Provisions | 23 | 186,520 | 224,466 |
| Other non-current liabilities | 26 | 20,846 | 28,807 |
| Non-current liabilities | | 1,923,564 | 1,751,013 |
| Suppliers and other payables | 25 | 714,941 | 833,058 |
| Current tax liabilities | | 168,053 | 138,583 |
| Financial liabilities | 24 | 325,300 | 256,996 |
| Lease liabilities | 12 | 27,889 | 45,173 |
| Provisions | 23 | 4,962 | 2,277 |
| Other current liabilities | 26 | 30,668 | 50,645 |
| Current liabilities | | 1,271,813 | 1,326,732 |
| Total liabilities | | 3,195,377 | 3,077,745 |
| Total equity and liabilities | | 3,913,494 | 3,976,085 |

The Notes on pages 10 to 134 form an integral part of the Consolidated Annual Accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(In thousands of Euros)

| | Equity attributed to holders of equity instruments of the Parent | | | | | Non-controlling interests (Note 22) | Total equity |
|--|--|-------------------------|----------------------|-----------------------------------|--|-------------------------------------|------------------|
| | Capital (Note 22) | Issue premium (Note 22) | Own shares (Note 22) | Translation differences (Note 22) | Retained earnings and other reserves (Note 22) | | |
| Balance at 31 December 2018 | 37,027 | 25,472 | (52,777) | (174,397) | 1,162,402 | 68,730 | 1,066,457 |
| Transition adjustments (Note 35.1) | — | — | — | — | (60,133) | (9,682) | (69,815) |
| Balance at 1 January 2019 | 37,027 | 25,472 | (52,777) | (174,397) | 1,102,269 | 59,048 | 996,642 |
| Total comprehensive income for the year | — | — | 0 | (13,568) | 108,360 | 42,854 | 137,646 |
| Purchase of own shares | — | — | (107,937) | — | — | — | (107,937) |
| Adjustments for hyperinflation | — | — | — | — | (20,684) | (7,247) | (27,931) |
| Exercise of share incentives by employees | — | — | 349 | — | 102 | — | 451 |
| Regular dividend on account | — | — | — | — | (79,026) | — | (79,026) |
| Dividends Prosegur Cash S.A. | — | — | — | — | — | (23,966) | (23,966) |
| Capital reduction | (1,106) | — | 52,438 | — | (51,332) | — | — |
| Other changes | — | — | — | — | 920 | 1,541 | 2,461 |
| Balance at 31 December 2019 | 35,921 | 25,472 | (107,927) | (187,965) | 1,060,609 | 72,230 | 898,340 |
| Translation differences reclassified to reserves (Note 35) | — | — | — | (423,772) | 423,772 | — | — |
| Balance at 1 January 2020 | 35,921 | 25,472 | (107,927) | (611,737) | 1,484,381 | 72,230 | 898,340 |
| Total comprehensive income for the year | — | — | — | (193,847) | 229,276 | (30,318) | 5,111 |
| Purchase of own shares | — | — | (108,052) | — | — | — | (108,052) |
| Programme of interim dividend reinvestment 2019 | — | — | 53,113 | — | (19,081) | — | 34,032 |
| Exercise of share incentives to employees | — | — | 641 | — | (267) | — | 374 |
| Regular dividend on account | — | — | — | — | (68,027) | — | (68,027) |
| Capital increase Prosegur Cash S.A. | — | — | — | — | — | 1,842 | 1,842 |
| Prosegur Cash S.A. dividend | — | — | — | — | — | (14,994) | (14,994) |
| Capital reduction | (3,005) | — | 147,675 | — | (144,670) | — | — |
| Other changes | — | — | — | — | (24,661) | (5,848) | (30,509) |
| Balance at 31 December 2020 | 32,916 | 25,472 | (14,550) | (805,584) | 1,456,951 | 22,912 | 718,117 |

The Notes on pages 10 to 134 form an integral part of the Consolidated Annual Accounts.

V. CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(In thousands of Euros)

| | Note | 2020 | 2019 |
|---|----------------|-----------------|------------------|
| Cash flows from operating activities | | | |
| Profit / (Loss) of the year | | 334,875 | 160,226 |
| <i>Adjustments for:</i> | | | |
| Depreciation and amortisation | 11, 12, 14, 15 | 184,830 | 205,911 |
| Loss for impairment of non-current assets | 6 | 93,535 | — |
| Impairment losses on trade receivables and inventories | 6, 19, 20 | 11,130 | 6,905 |
| Other income and expenses | | (483,184) | — |
| Changes in provisions | 23 | 13,980 | 34,236 |
| Financial income | 7 | (30,531) | (21,082) |
| Financial expense (excludes hyperinflation effect in EBIT) | | 83,107 | 84,858 |
| (Profit)/loss from disposals and sales of fixed assets | 6 | 15,304 | 8,883 |
| Participation in profits / (losses) regarding investments accounted for using the equity method | 16 | 1,781 | 1,164 |
| Income tax | 27 | 148,861 | 104,641 |
| Changes in working capital, excluding the effect of acquisitions and translation differences | | | |
| Inventories | 19 | (1,907) | 4,508 |
| Clients and other receivables | | 55,666 | (102,335) |
| Suppliers and other payables | | 19,692 | 56,133 |
| Payments of provisions | 23 | (16,209) | (31,684) |
| Other liabilities | | (2,446) | 7,176 |
| Cash generated from operations | | | |
| Interest payments | | (25,778) | (27,526) |
| Income tax paid | | (78,398) | (125,285) |
| Net cash generated from operating activities | | 324,307 | 366,729 |
| Cash flows from investing activities | | | |
| Proceeds from the sale of property, plant and equipment | 11 | 6,005 | 600 |
| Sale of subsidiaries, net of cash and cash equivalents | | (17,606) | 26,721 |
| Proceeds from the sale of joint ventures | | — | 19,755 |
| Dividend collection | | 15,050 | — |
| Proceeds from the sale of financial assets | | 170,000 | 171,650 |
| Interest received | | 4,384 | 12,315 |
| Purchase of subsidiaries, net of cash and cash equivalents | 30 | (30,910) | (106,077) |
| Payments for the purchase of property, plant and equipment | 11 | (113,985) | (171,761) |
| Payments for the purchase of intangible assets | 14 | (30,396) | (33,094) |
| Payments for the purchase of non-controlling interests | 22.4 | (19,800) | (1,183) |
| Purchase and capitalisation of joint ventures | 16 | — | (1,179) |
| Payments for the purchase of financial assets | 18 | (4,060) | (2,880) |
| Net cash generated from investing activities | | (21,318) | (85,133) |
| Cash flows from financing activities | | | |
| Payments from lease liabilities | | (41,395) | (51,744) |
| Payments from the rescue of own shares and other own equity instruments | 24 | (125,400) | (107,588) |
| Proceeds from debts with credit institutions | 24 | 946,997 | 434,149 |
| Payments from debts with credit institutions | 24 | (632,010) | (408,947) |
| Payments from other financial liabilities | 24 | (74,155) | (27,489) |
| Paid dividends | | (55,656) | (107,286) |
| Net cash generated from financing activities | | 18,381 | (268,905) |
| Net increase (decrease) in cash and cash equivalents | | 321,371 | 12,691 |
| Cash and cash equivalents at the beginning of the year | | 530,677 | 558,623 |
| Effect of exchange differences on cash and changes to the scope | | (85,037) | (40,637) |
| Cash and equivalents at the end of the year | | 767,011 | 530,677 |
| - Cash and cash equivalents at the end of the period of ongoing operations | 21 | 767,011 | 530,677 |

The Notes on pages 10 to 134 form an integral part of the Consolidated Annual Accounts.

VI. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2020

1. General Information

Prosegur is a business group composed of Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company) and its subsidiaries (jointly, Prosegur) which is present in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Spain, the United States, the Philippines, Guatemala, Honduras, India, Indonesia, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, United Kingdom, Singapore, South Africa and Uruguay.

Prosegur is mainly organised into the following business lines:

- Security;
- Cash;
- Alarms.

Prosegur is controlled by Gubel, S.L., a company incorporated in Madrid which, after the capital reduction approved in the Shareholders General Meeting held on 29 October 2020, owns 59.368% of the shares of Prosegur Compañía de Seguridad, S.A., which consolidates Prosegur in its consolidated financial statements.

Prosegur Compañía de Seguridad, S.A. is a public limited Company that is listed on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia whose shares are traded on the Spanish Stock Exchange Interconnection System (SIBE). The Company was incorporated in Madrid on 14 May 1976 and is entered in the Mercantile Register of Madrid. The registered offices of Prosegur Compañía de Seguridad, S.A. are at Calle Pajaritos, 24, Madrid (Spain).

The corporate purpose is described in Article 2 of its Articles of Association. The main services and activities provided by the Company by means of its subsidiaries are as follows:

- Security patrol and protection of premises, goods and individuals.
- The transportation, storage, safekeeping, counting and classification of coins and bank notes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- The installation and maintenance of security equipment, devices and systems.

These Consolidated Annual Accounts were authorised for issue by the Board of Directors on 24 February 2021 and are pending approval by the shareholders at their Shareholders General Meeting. However, the directors consider that these Consolidated Annual Accounts will be approved with no changes.

Structure of Prosegur

Prosegur Compañía de Seguridad, S.A. is the Parent Company of the Group formed by subsidiaries (Appendix I). In addition, Prosegur has Joint Arrangements (Note 16, 17 and Appendix II).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 18).

Details of the principles applied to prepare the Prosegur consolidated annual accounts and define the consolidation scope are provided in Note 35.2.

2. Basis for Presentation

2.1. Basis for presentation of the Consolidated Annual Accounts

The accompanying Consolidated Annual Accounts have been prepared on the basis of the accounting records of Prosegur Compañía de Seguridad, S.A. and the consolidated entities. The Consolidated Annual Accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter IFRS-EU) and other applicable financial reporting regulations to present fairly the consolidated equity and consolidated financial position of Prosegur Compañía de Seguridad, S.A. and subsidiaries at 31 December 2020, as well as the consolidated profit and loss from its operations and consolidated cash flows for the year then ended. The Consolidated Annual Accounts are filed yearly in the Mercantile Register of Madrid.

Note that these Annual Accounts omit such information or breakdowns that, not requiring details because of their qualitative importance, have been considered not material or not relatively important in accordance with the concept of Materiality or Relative Importance defined in the conceptual framework of IFRS-EU.

2.2. Changes in the consolidation scope

The following companies were incorporated or wound up in 2020:

- In February 2020, Prosegur Consumer Finance Perú S.A.C. was incorporated in Peru.
- In February 2020, Prosegur Global BSI International S.L. was incorporated in Spain.
- In February 2020, Prosegur Custodia de Activos Digitales, S.L. was incorporated in Spain.
- In February 2020, Prosegur BSI Internacional, S.L. was incorporated in Spain.
- In March 2020, Gelt Brasil Consultoria em Tecnologia da Informação Ltda. was incorporated in Brazil.
- In June 2020, Spike GmbH was incorporated in Germany.
- In June 2020 Prosegur EAS USA LLC was incorporated in the United States.
- In July 2020 Prosegur Security USA Inc was incorporated in the United States.
- In July 2020, Prosegur Servicios Integrales en Seguridad Privada SA de CV was incorporated in Mexico.
- In October 2020, Prosegur Servicios Administrativos S.A. was wound up in Peru.
- In December 2020, Prosegur Cash Servicios S.A.C was incorporated in Peru.
- In December 2020 Prosegur Security UK Limited was incorporated in United Kingdom.

The following mergers took place between subsidiaries in 2020:

- In January 2020, the takeover merger of Transfederal Transporte de Valores Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- In March 2020, the takeover merger of Transvip Transporte de Valores e Vigilância Patrimonial Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- In December 2020, the takeover merger of Tevsur Cia Ltda. by Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. was formalised in Ecuador.
- In December 2020, the takeover merger of BaS Solution GmbH by Prosegur Cash Services Germany GmbH was formalised in Germany.

Sale of a 50% stake in Prosegur's Alarms business in Spain

Once the pertinent regulatory approvals had been obtained, Prosegur sold on February 28, 2020, 50% of Prosegur's Alarms business in Spain to the Telefónica Group for a final price of 305,345 thousand euros.

Prosegur sold all its stake in the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo SA de CV, Prosegur Servicios de Seguridad Privada Electronica SA de CV and Grupo Tratamiento y Gestión de Valores SAPI de CV:

On 14 February 2020 Prosegur sold all its stake in the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo S.A. de CV, Prosegur Servicios de Seguridad Privada Electronica S.A. de CV and Grupo Tratamiento y Gestión de Valores SAPI de CV for a total sum of EUR 3,598 thousand.

The cash and cash equivalents that were sold with the companies amounted to EUR 6,710 thousand.

The net assets of the Mexican companies at the time of sale amounted to EUR 4,734 thousand. The sale entailed an expense for Prosegur of EUR 1,041 thousand included under the heading Other expenses. Additionally, an amount of EUR 1,197 thousand was reclassified to income, which corresponds to the translation differences of the Mexican companies sold.

Sale of 100% of the company Command Security Honduras S.A.:

On 24 August 2020, Prosegur sold 100% of the Honduran company Command Security Honduras S.A. for EUR 386 thousand.

The cash and cash equivalents that were sold with the companies amounted to EUR 51 thousand.

The net assets of the Honduran company at the time of sale amounted to EUR 614 thousand. The sale entailed an expense for Prosegur of EUR 228 thousand included under the heading Other expenses. Additionally, an amount of EUR 29 thousand was reclassified to income, which corresponds to the translation differences of the Honduran company sold.

The sale of 100% of security operations in France:

On 1 October 2020, Prosegur signed the agreement to sell 100% of the security operations in France to Fiducial for a total amount of EUR 1.

The cash and cash equivalents that were sold with the companies amounted to EUR 12,031 thousand.

The net assets of the French companies at the time of sale amounted to EUR 13,221 thousand. The sale entailed a total expense for Prosegur of EUR 41,820 thousand in 2020, which was recorded under the heading of goodwill impairment for EUR 22,849 thousand, under the heading of impairment of intangible assets for EUR 4,159 thousand, under the heading of impairment of property, plant and equipment for EUR 1,591 thousand and under the heading of other expenses for EUR 13,221 thousand.

Acquisition of Alicercer Duradouros Unipessoal Ltda. and Dinero Gelt S.A.

Furthermore, in March 2020, the inactive Portuguese company Alicerces Duradouros Unipessoal Ltda. was purchased, and in October 2020 the inactive company Dinero Gelt, S.A. was acquired in Argentina.

Other changes to the consolidation scope in 2020 are acquisitions of subsidiaries, details of which are provided in Note 30.

2.3. Comparative information

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the notes to the consolidated financial statements for 2020 include comparative figures for the previous year.

As a consequence of the IFRIC decision agenda taken in 2020, the Prosegur Group changed the presentation it had previously made of the translation differences of the business in Argentina, which had been considered reserves. In its decision agenda, the IFRIC clarified that the effects of inflation corrected by IAS 29 in the country's equity affected by hyperinflation (excluding the part of the net monetary position that directly affects profit/(loss)) have a currency effect similar to which occurs when converting the country's financial statements into presentation currency, so both items must be reflected within translation differences.

Likewise, the IFRIC clarified that in the first application of IAS 29, the treatment should be the same as that explained above and with retroactive effect and therefore present the effects in accumulated translation differences, though separating the part of inflation corresponding to the net monetary position, which should be presented in reserves.

In application of all the above, the Group has proceeded to reclassify the treatments that it had carried out directly against reserves in previous years for an amount of EUR 423,772 thousand between translation differences and reserves in the year 2020 and cumulatively, without modifying the comparative presentation of said periods.

2.4. Estimates, assumptions and relevant judgements

The preparation of the Consolidated Annual Accounts in accordance with IFRS-EU requires the application of relevant accounting estimates and the undertaking of judgements, estimates and assumptions in the process for application of the Prosegur accounting policies and valuation of the assets, liabilities and profit and loss.

Although estimates are calculated by Prosegur's Directors based on the best information available at year end, future events may require changes to these estimates in subsequent years. Any effect on the consolidated annual accounts of adjustments to be made in subsequent years would be recognised prospectively, where appropriate.

Accounting estimates and assumptions

Information on relevant accounting estimates and assumptions that pose a significant risk of causing material adjustments in the year ended on 31 December 2020 are included in the following notes:

- Business combinations: determination of the interim fair values (Notes 30 and 35.2).

- Impairment of property, plant and equipment, intangible assets, goodwill, right-of-use assets and held-for-sale non-current assets: assumption for the calculation of recoverable amounts (Notes 11, 12, 13, 14, 15, 35.6, 35.7, 35.8, 35.9, 35.10 and 35.23).
- Equity instruments: assumptions used to determine fair values (Notes 18 and 35.11).
- Impairment of financial assets: calculated based on the expected loss (Note 20, 35.11 and 35.13).
- Recognition and valuation of provisions and contingencies: assumptions to determine the probability of occurrence and the estimate amounts of resource outflows (Notes 23, 28 and 35.17).
- Recognition and valuation of the defined benefit schemes for employees: actuarial hypotheses for the provision of defined benefit schemes for employees (Notes 5.2, 23 and 35.20).
- Recognition and valuation of deferred tax assets: estimates and assumptions used to measure the recoverability of tax credits (Notes 27 and 35.19).
- Revenue recognition: determination of the degree of progress for construction contracts (Note 35.21).

Relevant judgements

Information on judgements made in applying Prosegur accounting policies with a significant impact on the amounts recognised in the consolidated financial statements is included in the following notes:

- Consolidation: control determination (Note 35.2).
- Leases: lease classification (Note 35.7).
- Non-current assets held for sale (Note 35.23)

Determination of fair values

Certain Prosegur accounting policies and details require the determination of fair values for assets and liabilities, financial as well as non-financial.

Prosegur has established a control framework with respect to determining fair values. This framework includes a valuation team, reporting directly to Financial Management, with general responsibility over the supervision of all relevant fair value calculations. On a regular basis the financial team reviews significant unobservable criteria and valuation adjustments. If third-party information is utilised in determining fair values, such as price-fixing or broker quotations, the valuation team verifies the fulfilment of such information with the IFRS-EU and the level of fair value in which such valuations should be classified. Significant valuation issues are reported to the Prosegur Audit Committee.

In determining the fair value of an asset or liability, Prosegur uses observable market data to the greatest extent possible. Fair values are classified into different levels of fair value on the basis of the input data used in the measurement techniques, as follows:

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If such input data that are used to measure the fair value of an asset or liability may be classified into different levels of fair value, the fair value measurement is classified in its entirety into the same level of fair value, corresponding to the significant input data level for the complete measurement presented by the lower Level.

Prosegur recognises transfers among levels of fair value at the end of the period in which the change has taken place.

The following Notes contain more information on the assumptions used in determining fair values:

- Note 18: Equity instruments.
- Note 30: Business combinations.
- Note 32.3: Financial instruments and fair value.

COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic, after spreading rapidly around the world, having affected over 150 countries. The majority of Governments have taken restrictive measures to contain the propagation which include: isolation, lockdown, quarantine and restrictions to the free movement of people, closing public and private establishments except for those used for basic needs and healthcare, closed borders and a drastic reduction of transport by air, sea, rail and road.

This situation had a significant effect on the world economy due to the interruption or slowing down of the supply chains and the significant increase of economic uncertainty which is evidenced by a greater volatility in the price of assets, exchange rates and reduced long-term interest rates.

The measures adopted by the different governments to combat the spread of COVID-19 and the circumstances arising from the coronavirus crisis have limited access to the market in which Prosegur Group operates. This is due to the closures of business, successive multiple temporary ceases of activity due to the impact of COVID-19 and restrictions on the free movement of people.

With this panorama, characterised by a drastic drop in the different sectors of the economy, and absolute uncertainty for the future, the main impacts have been the following:

- Payment of tax liabilities was deferred in 2020 where local laws allow so (Germany, Portugal, Australia, Peru, Guatemala, Chile, Paraguay, Singapore, China, Colombia and Brazil). At 31 December 2020 the balance drawn down from this credit amounted to EUR 3,063 thousand.
- In the United States, Australia and Singapore, government aid was received for continuing to employ workers. For this reason, an income of EUR 33,826 thousand was recorded on 31 December 2020, which is mainly included in the Other Income item (Note 6).
- A financial loan was received in Peru at a reduced rate. At 31 December, the balance drawn down amounts to EUR 6,033 thousand.
- Staff have been temporarily laid-off to try and adapt the organisational structure, production and costs to the new levels of activity.
- Exemption from Social Security payments associated with the temporary workforce reduction plan (ERTE) in Spain, Portugal, Germany, Argentina and Colombia amounting to EUR 3,102 thousand at 31 December 2020.
- With respect to safeguarding employee health, the working method of structural personnel has been adapted, who have been working remotely since the declaration of the pandemic.
- Net turnover and profit before tax has gone down compared to the previous year. To reduce this impact in much as possible, non-essential expenses have been limited in providing services to clients, such as travel expenses, consultancy fees and other professional fees.

Prosegur has adopted a series of measures to mitigate these effects in the countries in which it operates. The following aspects stand out from the results of these measures:

- Liquidity risk: The situation of uncertainty generated by the COVID-19 pandemic has led to greater liquidity constraints in the economy as a whole, as well as reduced access to credit.

For this reason, the Group has drawn down EUR 40,000 thousand and EUR 155,000 thousand from all lines of credits associated with the syndicated financing facilities for the amount of EUR 200,000 thousand and EUR 300,000 thousand, respectively (Note 24).

Prosegur has complied with the applicable Covenants at the end of 2020.

- Risk of measurement of assets and liabilities on the balance sheet: The Company has carried out an analysis and made a series of calculations associated with the accounting valuation of certain assets (goodwill, tax credits and non-current assets), detecting signs of impairment mainly in goodwill, intangible assets and tax credits recorded in certain countries associated with the Security business (Note 13 and 27).
- Credit risk: In the 2020 financial year, Prosegur suffered no significant increases associated with the credit risk due to insolvency of its clients.
- Operational risk: Private security has been declared an essential activity by the governments in almost all the countries in which the Group operates. Therefore, our security business was not stopped in 2020, and the drop in volume was partially offset by the increase in certain public services such as operations classified as essential activities.

The alarms business is that mainly affected by this pandemic crisis, as a consequence of lockdown. The Alarms commercial network has not been able to carry out its activity during the months of lockdown.

Therefore the sales growth targets have not been reached.

The Cash business, due to retailer closures, has also been strongly impacted, suffering a fall in the volumes of the ordinary activity of the business, with a consequent drop in sales.

- Going concern risk: in light of the aspects mentioned above, the Company considers that at 31 December 2020, no risk associated with the application of the going concern principle was detected.

3. Revenue

Details of revenue are as follows:

| | Thousands of Euros | |
|--------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| Provision of services | 3,415,334 | 4,023,399 |
| Sale of goods | 12,662 | 13,343 |
| Proceeds from operating leases | 142,425 | 161,470 |
| Total revenue | 3,570,421 | 4,198,212 |

Revenue registered a fall of 14.95% as a result of the drop in volumes caused by the COVID-19 outbreak and the negative impact on the evolution of Latin American currencies.

Operating lease income are generated by alarm system rentals. As explained in Note 35, when a client rents an alarm system, the Company receives an initial amount which is taken to the income statement over the average contract duration and a regular payment for the rental of the equipment and the service provided.

For a description of the Group's revenue recognition policy see Note 35.21. See Note 10 for further information on revenue by segment and geographical area.

4. Cost of sales and administration and sales expenses

The main expenditure items composing cost of sales and administration and sales expenses are as follows:

| Thousands of Euros | | 2020 | 2019 |
|--------------------------------|-----------|------------------|------------------|
| Supplies | | 146,277 | 203,372 |
| Employee benefits expenses | (Note 5) | 2,147,568 | 2,422,765 |
| Operating leases | (Note 12) | 23,412 | 27,545 |
| Supplies and external services | | 218,361 | 258,530 |
| Depreciation and amortisation | | 75,567 | 89,922 |
| Other expenses | | 149,539 | 165,859 |
| Total cost of sales | | 2,760,724 | 3,167,993 |

| Thousands of Euros | | 2020 | 2019 |
|--|-----------|----------------|----------------|
| Supplies | | 6,554 | 8,174 |
| Employee benefits expenses | (Note 5) | 345,137 | 361,512 |
| Operating leases | (Note 12) | 11,088 | 11,813 |
| Supplies and external services | | 121,087 | 137,561 |
| Depreciation and amortisation | | 109,263 | 115,988 |
| Other expenses | | 63,944 | 77,148 |
| Total administration and sales expenses | | 657,073 | 712,196 |

The general drop in the items is due to the impact of COVID-19.

Total supplies in the consolidated income statement for 2020 amount to EUR 152,831 thousand (2019: EUR 211,456 thousand).

Under the heading of employee benefits expenses, included under total cost of sales, employee benefits expenses corresponding to new business combinations (Note 30) as well as expenses relating to endowments for occupational risks (Note 23) are included.

Additionally the heading of other expenses, included under total administration and sales expenses, includes indirect taxation costs mainly in Argentina and Brazil for the amount of EUR 27,397 thousand (2019: EUR 33,537 thousand).

The heading on supplies and external services includes the costs for the repair of items of transport, bill-counting equipment, operating subcontracts with third parties and other advisors such as lawyers, auditors and consultants.

The heading on operating leases includes the lease costs that are not recognised as a right of use because they are exempt from that recognition as short-term contracts and contracts whose underlying asset is insignificant, as well as the expenses associated with those leases (Note 35.7).

5. Employee benefits

5.1. Employee benefits expense

Details of the employee benefits expense are as follows:

| | Thousands of Euros | |
|---|--------------------|------------------|
| | 2020 | 2019 |
| Salaries and wages | 1,874,226 | 2,096,348 |
| Social Security expenses | 482,185 | 534,304 |
| Other employee benefits expenses | 60,009 | 88,269 |
| Indemnities | 76,285 | 65,356 |
| Total employee benefits expenses | 2,492,705 | 2,784,277 |

The generalised drop in all items is due to the impact of COVID-19, with the exception of compensations, which increased as a result of the need to adapt organisational structures to the new situation posed by COVID-19.

Due to the impact of the COVID-19 pandemic on the Group's results, it is foreseeable that the objectives set for the liquidation of the entire 2020 Plan will not be achieved. Consequently, the Group has adjusted the provision based on a new settlement, recording a positive impact on the income statement for the year amounting to EUR 7,275 thousand (Note 23). During the year, provisions to profit/(loss) amounted to EUR 5,674 thousand (Note 23)

The heading on indemnities includes the provision for occupational risks (Note 23).

5.2. Employee benefits

The Prosegur Group contributes to various defined benefit schemes in Germany, Brazil, Honduras, Nicaragua, El Salvador, Ecuador and Mexico. The defined benefit scheme comprising post-employment healthcare offered to employees in Brazil is compliant with local legislation (Act 9656). The Mexico defined benefit scheme consists of seniority bonuses; the defined benefit schemes in Germany and Ecuador consist of retirement awards; while the pension plans in Nicaragua, El Salvador and Honduras consist of severance compensation.

During the 2020 period, the amount recognised as a lower expense in the income statement under the heading of personnel costs amounts to EUR 344 thousand (a higher expense of EUR 1,206 thousand in 2019).

The movement of the current value of the obligations is shown in the following table:

| | Thousands of Euros | |
|--|--------------------|---------------|
| | 2020 | 2019 |
| Balance at 1 January | 20,744 | 14,918 |
| Net Expense for the year | (344) | 1,206 |
| Contributions to scheme | (1,132) | (323) |
| Actuarial Loss/(Profit) | 639 | 7,572 |
| Business combination (Note 30) | 7,157 | — |
| Disposal of the scope of consolidation | (5,906) | (1,844) |
| Translation differences | (3,863) | (785) |
| Balance at 31 December | 17,295 | 20,744 |

During 2020 the negative impact on equity arising from actuarial losses amounted to EUR 638 thousand, (negative impact of EUR 6,236 thousand in 2019) (Note 23).

The breakdown by country of actuarial losses at 31 December is the following:

| | Thousands of Euros | |
|---|--------------------|---------------|
| | 2020 | 2019 |
| Brazil | 7,911 | 11,926 |
| France | — | 4,729 |
| Germany | 372 | 624 |
| Mexico | 1,627 | 3,377 |
| Ecuador | 7,276 | — |
| Central America | 109 | 88 |
| Total liabilities for employee benefits expenses | 17,295 | 20,744 |

At 31 December 2020 the defined benefit schemes in Brazil had 20,735 employees (18,978 employees in 2019). In France the scheme had 3,953 employees in 2019. The Germany plan involved 3 employees at 31 December 2020 (3 employees in 2019). In Mexico the scheme had 2,840 employees in 2020 (3,402 employees in 2019). The Central America plan involved 819 employees in 2020 (922 employees in 2019). The Ecuador plans involved 1,576 employees at 31 December 2020.

The breakdown of actuarial assumptions used for calculating the current value of the main obligations of the defined benefit schemes in Germany, Brazil, Ecuador, Mexico and Nicaragua, Honduras and El Salvador is as follows:

| | Brazil | | France | | Germany | | Mexico | | Nicaragua | | Honduras | | El Salvador | | Ecuador |
|----------------------|--------|-------|--------|-------|---------|-------|--------|-------|-----------|-------|----------|-------|-------------|-------|---------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| Inflation rate | 3.3 % | 4.0 % | n/a | 1.7 % | 1.8 % | 1.8 % | 3.5 % | 4.3 % | 5.0 % | 5.0 % | 4.0 % | 2.0 % | 2.0 % | 2.0 % | 3.0 % |
| Annual discount rate | 3.8 % | 3.6 % | n/a | 0.7 % | 0.6 % | 1.0 % | 8.5 % | 8.8 % | 10.3 % | 9.9 % | 6.6 % | 4.3 % | 3.0 % | 4.3 % | 8.2 % |

From Prosegur's experience, the age factor assumed in the benefits scheme in Brazil is as follows:

- 0 to 5 Minimum Wages = 16.97%
- 5 to 10 Minimum Wages = 14.29%
- More than 10 Minimum Wages = 11.42%

The mortality tables used in determining the defined benefit obligations were as follows:

| Brazil | | France | | Germany | | Mexico | | Honduras, Nicaragua and El Salvador | | Ecuador |
|--|--|--------|------------|----------------------------|----------------------------|--|--|--|--|--------------|
| 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| AT 2000 reduced by 10% itemised per gender | AT 2000 reduced by 10% itemised per gender | n/a | INSEE 2017 | Heubeck Richttafeln 2018 G | Heubeck Richttafeln 2005 G | Mexican Social Security Experience for Assets 2009 | Mexican Social Security Experience for Assets 1997 | 100% of the securities in Watson Wyatt Worldwide | 100% of the securities in Watson Wyatt Worldwide | TM IESS 2002 |

The variables of the defined benefit schemes that expose Prosegur to actuarial risks are: future mortality, trend in medical costs, inflation, retirement age and the market and discount rate.

6. Other income and expenses

Other expenses

Details of other expenses are as follows:

| | Thousands of Euros | |
|--|--------------------|-----------------|
| | 2020 | 2019 |
| Loss for impairment of receivables (Note 20) | (8,594) | (2,770) |
| Loss for impairment of non-current assets (Note 11, 13 and 14) | (93,535) | — |
| Losses on the disposal of fixed assets | (15,304) | (8,883) |
| Other expenses | (25,837) | (2,553) |
| Total other expenses | (143,270) | (14,206) |

The increase in loss for impairment of receivables is a result of the COVID-19 pandemic.

The section for losses on the disposal of fixed assets mainly includes losses associated with disposals of property, plant and equipment, which correspond mainly to the alarm installations that Prosegur hires to third parties under operating leases, for a total of EUR 5,548 thousand (EUR 6,368 thousand at 31 December 2019).

The section on impairment losses on non-current assets includes the impairment losses on goodwill, intangible assets and property, plant and equipment recorded after checking the recoverable values of each of the CGUs in relation to their net accounting value (Note 13).

The heading on other expenses in 2020 primarily records the following expenses:

- Loss derived from the sale of 100% of the security operations in France to Fiducial for a total EUR 13,221 thousand that appears as the difference between the value of the net assets of the French companies and the payment received at the time of the sale.
- Loss derived from the sale of the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo S.A. de CV, Prosegur Servicios de Seguridad Privada Electrónica S.A. de CV and Grupo Tratamiento y Gestión de Valores SAPI de CV for a total sum of EUR 1,041 thousand.
- Loss derived from the sale of 100% of the Honduran company Command Security Honduras S.A. for a total amount of EUR 386 thousand.
- Provision associated with the sanctioning file lodged by the National Stock Market Commission for alleged anti-competitive practices for an amount of EUR 8,695 thousand after the Constitutional Court did not admit the appeal for protection presented by Prosegur for the home inspection carried out at the Prosegur offices to processing during the financial year 2020 (Note 23).

Other income

The heading on other income in 2020 primarily records the following income:

- Profit derived from the sale of 50% of Prosegur's Alarms business in Spain for EUR 248,837 thousand and profit derived from recognising the remaining 50% stake that Prosegur maintains in Prosegur Alarmas España at fair value, for an amount of EUR 248,837 thousand (Note 18).
- Income generated from the non-refundable subsidies accrued awarded by the Administration for the maintenance of employment in the context of the COVID-19 pandemic for EUR 26,442 thousand.

The heading on other income in 2019 primarily recorded the following income:

- Profit arising from exercising the option for 33.33% of the share capital of the South African company SBV Services Proprietary Limited (Note 16).
- Profit arising from the sale of 50% of the share capital of the joint venture for the alarms business in India, SIS Prosegur Alarms Monitoring and Response Services Pte Ltd, for the amount of EUR 1,605 thousand (Note 16).
- Profit arising from the sale of 100% of the German companies M Sicherheitstechnik Verwaltungs Gmbh, AC Alarm Verwaltungs Gmbh, M Sicherheitstechnik Gmbh & Co KG and AC Alarm Gmbh & Co KG for the amount of EUR 494 thousand.
- Profit arising from the sale of 100% of the capital of Prosegur Cash Holding France to Loomis AB.

The heading of other income also includes that generated by various properties located mainly in Buenos Aires and France (Note 15). Income generated for these properties in 2020 amounted to EUR 5,348 thousand (2019: EUR 5,166 thousand).

At the close of 2020, these properties are leased to third parties, with contracts lasting between 1 and 5 years. Future minimum receipts for the leases of those properties are as follows:

| | Thousands of Euros | |
|----------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Up to one year | 3,745 | 5,081 |
| Between one and five years | 11,588 | 20,326 |
| | 15,333 | 25,407 |

7. Net financial expenses

Details of the net financial expenses are as follows:

| | Thousands of Euros | |
|---|--------------------|-----------------|
| | 2020 | 2019 |
| Borrowing costs: | | |
| - Bank borrowings | (12,750) | (10,361) |
| - Debentures and other negotiable securities | (15,251) | (15,250) |
| - Borrowings with other entities | — | (326) |
| - Update of lease liabilities (Note 12) | (5,178) | (7,485) |
| - Security programme interests | (2) | — |
| | (33,181) | (33,422) |
| Interest received: | | |
| - Credits and other investments | 4,023 | 10,502 |
| - Dividends received | 19,223 | — |
| | 23,246 | 10,502 |
| Other profit/(loss) | | |
| Net (loss)/profit on foreign currency transactions | (21,538) | (15,110) |
| Proceeds in the fair value of financial instruments (Note 18) | — | 853 |
| Net financial expense from the net monetary position | (4,202) | (7,116) |
| Other financial income | 7,285 | 9,727 |
| Other financial expense | (37,308) | (31,048) |
| | (55,763) | (42,694) |
| Net financial expenses | (65,698) | (65,614) |
| Total financial income | 30,531 | 21,082 |
| Total financial expense | (96,229) | (86,696) |
| | (65,698) | (65,614) |

The main change is net financial expenses with bank borrowing interests, which have increased as a result of drawing down in 2020 of all the balances of the credits associated with the contracted syndicated financing facilities for the amount of EUR 200,000 thousand and EUR 300,000 thousand. At 31 December 2020 the balance drawn down for both credits amounted to EUR 40,000 thousand and EUR 155,000 thousand respectively. The variation is also due to the volatility of currencies included under the heading of net gains/losses from transactions in foreign currency and to a lower financial income from Credits and other investments associated with surplus cash, especially in Argentina.

Other net financial expenses have been increased due to recording the late-payment interest associated with the tax liability related to the records of non-acceptance in proceedings brought by the Spanish Administration which were recorded during 2020 for EUR 12,780 thousand (Note 27).

The dividends received heading includes all dividends associated with the shares of Telefónica S.A. received in consideration for the sale of 50% of Prosegur Alarmas España.

In addition, as a result of the application of IAS 29 (Note 35.28), net financial expenses have arisen from the net monetary position in an amount of EUR 4,202 thousand (2019: (EUR 7,116 thousand)). That item reflects the exposure to the change in the purchasing power of the Argentine currency.

Furthermore, as a result of the application of IFRS 16, financial expenses went up by EUR 5,178 thousand (2019: EUR 7,485 thousand) (see Note 12).

The heading other financial income and expenses mainly includes the financial updates, as the result of calculating the amortised cost of the debt, as well as deposits in court, both associated to the labour actions open in Brazil (Note 23), as well as the financial updating of tax contingencies, mainly in Brazil (Note 23) and the financial updating of deferred payments on business combinations taking place in the different countries.

The majority of financial income and expenses derive from financial assets and liabilities measured at amortised cost.

At 31 December 2020 and 2019 Prosegur has no financial derivatives contracted.

8. Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year, excluding own shares acquired by the Company (Note 22.1).

| | Euros | |
|--|---------------|---------------|
| | 2020 | 2019 |
| Year profit attributable to the owners of the parent company | 331,254,000 | 113,862,000 |
| Weighted average ordinary shares in circulation | 550,854,943 | 593,772,779 |
| Basic earnings per share | 0.6013 | 0.1918 |

Diluted

Diluted earnings per share are calculated by adjusting the profit for the year attributable to the owners of the parent and the weighted average number of ordinary shares outstanding for all the inherent diluting effects of potential ordinary shares.

| | Euros | |
|--|---------------|---------------|
| | 2020 | 2019 |
| Year profit attributable to the owners of the parent company | 331,254,000 | 113,862,000 |
| Weighted average ordinary shares in circulation (diluted) | 550,854,943 | 593,772,779 |
| Diluted earnings per share | 0.6013 | 0.1918 |

There are no commitments for potential adjustments on outstanding shares (Note 35.20).

9. Dividends per share

On 17 December 2020, the Board of Directors approved the distribution of a regular dividend of EUR 0.1240 per share on account of the 2020 profits, or a total maximum dividend of EUR 68,027 thousand (considering that the share capital is currently represented by 548,604,222 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2021. Each payment is calculated as EUR 0.0310 per outstanding share at the payment date. At 31 December 2020 dividends payable of EUR 68,027 thousand have been recognised under current liabilities as other payables within suppliers and other payables.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2020 is reflected in the item of "Other Changes" in the consolidated statement of changes in equity for the amount of EUR 6,023 thousand.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 17,007 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional accounting statement prepared by the Board of Directors in accordance with legal requirements which revealed the existence of insufficient liquidity to pay out those interim dividends is shown below:

| | Thousands of |
|---|-----------------------|
| | <u>2020</u> |
| Initial cash on hand (before the interim dividend) | 56,912 |
| Group current bank account balances | (33,788) |
| Current proceeds | 12,967 |
| Temporary financial investments | 320,348 |
| Payments for Current Operations | (14,584) |
| Payments for Financial Transactions | (11,097) |
| Extraordinary Payments | (3,772) |
| Forecast Cash | 326,986 |
| Less dividend payments according to the proposal | (68,027) |
| Final cash after dividends | <u>258,959</u> |

10. Segment reporting

The Board of Directors is ultimately responsible for making decisions on Prosegur's operations and, together with the Audit Committee, for reviewing Prosegur's internal financial information to assess performance and to allocate resources.

Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms which therefore correspond to the Group's segments.

- Security: mainly includes the activities of guarding and protection of premises, goods and individuals and activities related to technological security solutions.
- Cash: mainly includes the transportation, storage, safekeeping, counting and classification of coins and bank notes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: this includes the installation and maintenance of home alarm systems, as well as the alarm monitoring service by Alarm Reception Centre (ARC).

The corporate functions are supervised by the Global Support Directorates which cover the Financial Department, Prosegur Assets Management, Risk Management and CEO's Office. From the geographical perspective, the following geographical areas are identified:

- Europe, which includes the following countries: Germany, Spain and Portugal.
- ROW, which includes the following countries: Australia, China, United States, the Philippines, India, Indonesia, Singapore and South Africa.
- LatAm, which includes the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

The Board of Directors uses earnings before interest and depreciations and tax (EBIT) to assess segment performance, since this indicator is considered to best reflect the results of the Group's different activities.

Prosegur is not highly dependent on any particular client (Note 32.1).

Inter-segment transactions are carried out at market conditions.

Total assets allocated to segments do not include other current and non-current financial assets, non-current assets held for sale, property investments of cash and cash equivalents, as these are managed at Prosegur Group level.

The total liabilities allocated to segments exclude bank borrowings as Prosegur jointly handles the financing, and they include lease liabilities.

Details of revenues by geographical area are as follows:

| Thousands of Euros | Europe | | ROW | | LatAm | | Total | |
|--------------------|------------------|------------------|----------------|----------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Total Sales | 1,550,701 | 1,770,031 | 333,296 | 341,594 | 1,686,424 | 2,086,587 | 3,570,421 | 4,198,212 |
| <i>% of total</i> | 43% | 42% | 9% | 8% | 47% | 50% | 100% | 100% |

Details of sales and EBIT by business are as follows:

| Thousands of Euros | Cash | | Security | | Alarms | | PGA and unassigned | | Total | |
|--------------------|-----------|-----------|-----------|-----------|---------|---------|--------------------|----------|-----------|-----------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Total sales | 1,507,517 | 1,798,654 | 1,743,507 | 2,107,667 | 195,653 | 278,085 | 123,744 | 13,806 | 3,570,421 | 4,198,212 |
| EBITA | 185,093 | 323,375 | 68,289 | 71,155 | 17,275 | 23,243 | 393,074 | (59,616) | 663,731 | 358,157 |

The cybersecurity sub-business was led by the Prosegur Assets Management (hereinafter PGA) support area. The total sales figure of the cybersecurity sub-business amounts to EUR 16,266 thousand (EUR 13,806 thousand in 2019).

Unallocated costs consist of the support costs of the Security and Alarms business, as well as any exceptional costs incurred during the year which are not considered as the outcome of any of the three business lines themselves. The main change in the unassigned item corresponds to the capital gain derived from the sale of 50% of Prosegur Alarmas España for the amount of EUR 497,675 thousand and the impairment losses on non-current assets for the amount of EUR 93,535 thousand (Notes 11, 13 and 14). Additionally, the unassigned heading includes the sales and EBIT associated with France Seguridad after its sale on 1 October 2020 and the costs associated with the company's digital transformation, which increased over the previous year.

A reconciliation of EBIT allocated to segments with net profit/(loss) for the year attributable to the owners of the parent is as follows:

| | Thousands of Euros | |
|--|--------------------|----------------|
| | 2020 | 2019 |
| EBITA allocated to segments | 270,657 | 417,773 |
| Non-allocated EBITA | 393,074 | (59,616) |
| EBITA for the period | 663,731 | 358,157 |
| Depreciations in the year | (114,297) | (27,676) |
| Net financial expenses | (65,698) | (65,614) |
| Profit/(loss) before tax | 483,736 | 264,867 |
| Income tax | (148,861) | (104,641) |
| Post-tax profit of ongoing operations | 334,875 | 160,226 |
| Non-controlling interests | 3,621 | 46,364 |
| Year profit/loss attributable to the owners of the parent company | 331,254 | 113,862 |

Details of assets allocated to segments and a reconciliation with total assets are as follows:

| Thousands of Euros | Cash | | Security | | Alarms | | Not allocated to segments | | Total | |
|---|------------------|------------------|----------------|----------------|----------------|----------------|---------------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Assets allocated to segments | 1,327,538 | 1,523,606 | 696,302 | 949,443 | 431,304 | 247,586 | 306,143 | 340,038 | 2,761,287 | 3,060,673 |
| Other non-allocated assets | — | — | — | — | — | — | 1,152,207 | 915,412 | 1,152,207 | 915,412 |
| Other non-current financial assets | — | — | — | — | — | — | 190,845 | 21,004 | 190,845 | 21,004 |
| Property investments - Non-current assets held for sale | — | — | — | — | — | — | 44,351 | 44,110 | 44,351 | 44,110 |
| Other current financial assets | — | — | — | — | — | — | 150,000 | 319,621 | 150,000 | 319,621 |
| Cash and cash equivalents | — | — | — | — | — | — | 767,011 | 530,677 | 767,011 | 530,677 |
| | 1,327,538 | 1,523,606 | 696,302 | 949,443 | 431,304 | 247,586 | 1,458,350 | 1,255,450 | 3,913,494 | 3,976,085 |

The "Assets assigned to the segments" heading includes investments accounted by applying the equity method (Note 16) for a total amount of EUR 268,047 thousand (EUR 9,452 thousand in 2019) which are assigned on the one hand to the Alarms segment for the amount of EUR 262,253 thousand and include the sale of 50% of Prosegur Alarmas España and the rest of the investments accounted for using the equity method are mainly assigned to the Cash segment.

The additions made in 2020 of the non-current assets assigned to the segments amount to EUR 201,821 thousand (2019: EUR 201,821 thousand), which correspond mainly to the investments made for the refurbishment of bases, facilities and armoured vehicles used in operational activities.

Details of liabilities allocated to segments and a reconciliation with total liabilities are as follows:

| Thousands of Euros | Cash | | Security | | Alarms | | Not allocated to segments | | Total | |
|--|----------------|----------------|----------------|----------------|---------------|----------------|---------------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Liabilities allocated to segments | 679,706 | 779,161 | 347,898 | 444,822 | 66,747 | 136,089 | 294,627 | 218,068 | 1,388,978 | 1,578,140 |
| Other non-allocated liabilities | — | — | — | — | — | — | 1,806,399 | 1,499,605 | 1,806,399 | 1,499,605 |
| Bank borrowings | — | — | — | — | — | — | 1,806,399 | 1,499,605 | 1,806,399 | 1,499,605 |
| | 679,706 | 779,161 | 347,898 | 444,822 | 66,747 | 136,089 | 2,101,027 | 1,717,673 | 3,195,377 | 3,077,745 |

11. Property, Plant and Equipment

Details and movement of property, plant and equipment are as follows:

| Thousands of Euros | Land and buildings | Costs of Obtaining | Technical installations and machinery | Other installations and furniture | Other property, plant and equipment | Advances and work in progress | Total |
|--|--------------------|--------------------|---------------------------------------|-----------------------------------|-------------------------------------|-------------------------------|------------------|
| Cost | | | | | | | |
| Balance at 31 December 2018 | 247,481 | 81,459 | 191,801 | 428,366 | 415,523 | 47,090 | 1,411,721 |
| Transition adjustment (Note 12) | (3,427) | — | (2,657) | (98) | (50,492) | — | (56,674) |
| Balance at 1 January 2019 | 244,054 | 81,459 | 189,144 | 428,268 | 365,031 | 47,090 | 1,355,046 |
| Translation differences | (662) | (432) | (2,566) | (1,235) | (970) | 41 | (5,824) |
| Business combinations (Note 30) | 425 | — | 190 | 1,716 | 1,674 | — | 4005 |
| Adjustment for hyperinflation | (466) | (568) | (241) | (2,772) | (2,070) | (2,175) | (8,292) |
| Additions | 5,004 | 22,852 | 36,489 | 54,556 | 17,421 | 35,439 | 171,761 |
| Disposals | (756) | — | (9,564) | (16,153) | (11,693) | (3,766) | (41,932) |
| Disposal of the scope of consolidation | — | — | (3,013) | (15,107) | (14,047) | (221) | (32,388) |
| Transfers | 6,583 | — | 6,070 | 12,370 | 65,822 | (41,841) | 49,004 |
| Balance at 31 December 2019 | 254,182 | 103,311 | 216,509 | 461,643 | 421,168 | 34,567 | 1,491,380 |
| Translation differences | (18,137) | (9,769) | (23,453) | (51,661) | (65,627) | (7,636) | (176,283) |
| Business combinations (Note 30) | 7,987 | — | 954 | 8,159 | 5,426 | 59 | 22,585 |
| Additions | 945 | 4,198 | 20,509 | 30,298 | 19,971 | 38,064 | 113,985 |
| Disposals | (427) | — | (3,229) | (14,822) | (8,195) | (2,469) | (29,142) |
| Disposal of the scope of consolidation | — | (53,022) | (1,786) | (52,196) | (14,807) | (453) | (122,264) |
| Transfers | (7,054) | — | 3,627 | 10,387 | 12,945 | (31,499) | (11,594) |
| Balance at 31 December 2020 | 237,496 | 44,718 | 213,131 | 391,808 | 370,881 | 30,633 | 1,288,667 |

| Thousands of Euros | Land and buildings | Costs of Obtaining | Technical installations and machinery | Other installations and furniture | Other property, plant and equipment | Advances and work in progress | Total |
|--|--------------------|--------------------|---------------------------------------|-----------------------------------|-------------------------------------|-------------------------------|------------------|
| Depreciation and impairment losses | | | | | | | |
| Balance at 1 January 2019 | (57,753) | (23,634) | (94,884) | (259,097) | (276,221) | — | (711,589) |
| Transition adjustment (Note 12) | 81 | — | 2,579 | 98 | 31,350 | — | 34,108 |
| Translation differences | 15 | 269 | 1,710 | 453 | 1,713 | — | 4,160 |
| Adjustment for hyperinflation | 45 | 81 | 80 | 665 | 1,951 | — | 2,822 |
| Disposals | 209 | — | 3,071 | 9,681 | 10,065 | — | 23,026 |
| Transfers | — | — | — | (1,392) | (32,016) | — | (33,408) |
| Disposal of the scope of consolidation | — | — | 1,935 | 12,104 | 11,399 | — | 25,438 |
| Depreciation and amortisation for the year | (4,284) | (22,149) | (18,199) | (41,086) | (33,792) | — | (119,510) |
| Balance at 31 December 2019 | (61,687) | (45,433) | (103,708) | (278,574) | (285,551) | — | (774,953) |
| Translation differences | 3,622 | 5,677 | 10,289 | 30,269 | 40,754 | — | 90,611 |
| Disposals | 182 | — | 534 | 6,629 | 4,463 | — | 11,808 |
| Transfers | 5,570 | — | 319 | (1,117) | 794 | — | 5,566 |
| Disposal of the scope of consolidation | — | 23,999 | 1,143 | 39,780 | 13,318 | — | 78,240 |
| Depreciation and amortisation for the year | (4,013) | (8,912) | (17,059) | (39,070) | (27,881) | — | (96,935) |
| Provision for impairment losses recognised in profit/(loss) (Note 6) | — | — | — | — | (6,108) | — | (6,108) |
| Balance at 31 December 2020 | (56,326) | (24,669) | (108,482) | (242,083) | (260,211) | — | (691,771) |
| Carrying amount | | | | | | | |
| At 01 January 2019 | 189,728 | 57,825 | 96,917 | 169,269 | 139,302 | 47,090 | 700,131 |
| At 31 December 2019 | 192,495 | 57,878 | 112,801 | 183,069 | 135,617 | 34,567 | 716,427 |
| At 01 January 2020 | 192,495 | 57,878 | 112,801 | 183,069 | 135,617 | 34,567 | 716,427 |
| At 31 December 2020 | 181,170 | 20,049 | 104,649 | 149,725 | 110,670 | 30,633 | 596,896 |

The additions to property, plant and equipment in 2020 amount to EUR 113,985 thousand (2019: EUR 171,761 thousand) and mainly comprise cash automation equipment fitted to client premises and to fitting out work on bases, facilities and armoured vehicles intended for use in operating activities. These investments were essentially made in Germany, Argentina, Australia, Brazil, Colombia, Spain and Portugal.

As a result of the application of the IAS 29 for Argentina in 2020, after the interpretation issued by the expert committee of international financial information standards, the Group has adopted the accounting policy of recording changes in equity, associated with the currency effect and the inflation effect, under the heading Translation differences as a whole. In the 2019 financial year, the hyperinflation adjustment included the aforementioned impacts due to the application of IAS 29 and the application of IAS 21.42. The devaluation of the Argentine peso has had a greater effect than the effects of inflation in both 2020 and 2019.

Under the heading of advances and work in progress at the end of the 2020 financial year, constructions are included, mainly in Brazil, Philippines and Colombia, for a total amount of EUR 6,254 thousand (2019: EUR 9,301 thousand); refurbishment works, mainly in Australia and Spain for a total amount of EUR 3,348 thousand (2019: EUR 6,123 thousand); banknote counting machinery, mainly in Brazil, Chile, Colombia, Spain and Peru for a total amount of EUR 11,620 thousand (2019: EUR 11,856 thousand) and advances of armoured vehicles, mainly in Germany and Brazil for a total amount of EUR 4,446 thousand (2019: EUR 3,269 thousand). The date anticipated for concluding the above work on fixed assets is expected to be within the first six months of 2021.

Transfers in 2020 include the reclassification to real estate of investments in the properties that Prosegur still maintains in France after the sale of 100% of the security operations in the country and that have been rented out (Note 15.2). Transfers in 2019 include the reclassification of rights of use to property, plant and equipment owing to the execution of the purchase option on that property, plant and equipment (Note 12).

Under the heading of property, plant and equipment, since 1 January 2018, following the adoption of IFRS 15 on recognising revenue from contracts with clients, Prosegur recognises the incremental costs of obtaining contracts with clients, mainly regarding the Alarm business (Note 35.21). The incremental costs of obtaining contracts with clients generally arise from sales commissions for sales staff work. At 31 December 2020, the additions recorded for this item amounted to EUR 4,198 thousand (2019: EUR 22,852 thousand). The fall in additions with respect to 2019 as explained by the sale of 50% of the Alarms business in Spain to Telefónica.

No assets are subject to restrictions on title or pledged as security for particular transactions at 31 December 2020 and 2019.

Commitments for the acquisition of property, plant and equipment are detailed in Note 29.

Prosegur's policy is to take out insurance policies to cover any possible risks of damage to its property, plant and equipment. At the close of 2020 and 2019 there was no hedge shortfall whatsoever regarding such risks.

Property, plant and equipment are measured at historical cost, with the exception of the Hospitalet building in Barcelona, which was measured at market value on first-time adoption of IFRS-EU and the property, plant and equipment denominated in Argentine Pesos subject to IAS 29. The effect of this reappraisal of the Hospitalet building in Barcelona, that reflects the attributed cost, is as follows:

| | Thousands of Euros | |
|--------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Cost | 12,344 | 12,344 |
| Accumulated depreciation | (6,339) | (6,017) |
| Carrying amount | 6,005 | 6,327 |

Other installations and furniture includes installations, mainly of alarms, let by Prosegur to third parties under operating leases, with the following carrying amounts:

| | Thousands of Euros | |
|--------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Cost | 112,235 | 158,204 |
| Accumulated depreciation | (58,462) | (83,022) |
| Carrying amount | 53,773 | 75,182 |

12. Rights of use and lease liabilities

The breakdown of changes in right of use assets is as follows:

| | Thousands of Euros | |
|--|--------------------|-----------------|
| | 2020 | 2019 |
| Cost | | |
| Balance at 31 December of the previous year | 159,382 | — |
| Transition adjustment (Note 35.1) | — | 130,286 |
| Reclassification of property, plant and equipment under finance lease under IAS 17 (Note 11 and 35.1) | — | 56,674 |
| Balance at 1 January | 159,382 | 186,960 |
| Additions | 28,972 | 22,868 |
| Adjustment for hyperinflation | — | 1,335 |
| Business combinations (Note 30) | 108 | 4,795 |
| Disposal of the scope of consolidation | (11,380) | (3,608) |
| Disposals and transfers | (23,682) | (52,235) |
| Translation differences | (14,102) | (733) |
| Balance at 31 December | 139,298 | 159,382 |
| Accumulated depreciation | | |
| Balance at 31 December of the previous year | (38,863) | — |
| Reclassification of accumulated depreciation of property, plant and equipment under finance leases under IAS 17 (Note 11 and 35.1) | — | (34,108) |
| Balance at 1 January | (38,863) | (34,108) |
| Disposal of the scope of consolidation | 2,718 | 666 |
| Adjustment for hyperinflation | — | (185) |
| Provisions charged against the income statement | (37,635) | (41,261) |
| Translation differences | 2,551 | 77 |
| Disposals and transfers | 14,834 | 35,948 |
| Balance at 31 December | (56,395) | (38,863) |
| Net balance | | |
| At 1 January | 120,519 | 152,852 |
| At 31 December | 82,903 | 120,519 |

Of the total amount of rights of use as of 31 December 2020, EUR 57,962 thousand correspond to buildings, EUR 23,821 thousand to vehicles and EUR 1,120 thousand to machinery (in 2019, EUR 90,429 thousand correspond to buildings, EUR 29,036 thousand to vehicles and EUR 1,054 thousand to machinery).

With regard to lease contracts, Prosegur has a dispersed portfolio. The average duration of property lease contracts is 5 years, and 3 years for vehicles.

The right of use has been defined according to the binding duration of the contract in force for each asset.

Details of movement in lease liabilities are as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Liabilities | | |
| Balance at 31 December of the previous year | 132,021 | — |
| Transition adjustment (Note 35.1) | — | 143,478 |
| Reclassification from debentures due to finance lease (Note 35.1) | — | 13,610 |
| Balance at 1 January | 132,021 | 157,088 |
| Additions | 28,972 | 22,868 |
| Business combinations (Note 30) | 108 | 4,986 |
| Disposals and transfers | (54,166) | (55,578) |
| Financial expenses (Note 7) | 5,178 | 7,485 |
| Translation differences | (10,556) | (1,098) |
| Disposal of the scope of consolidation | (9,041) | (3,730) |
| Balance at 31 January | 92,516 | 132,021 |

The analysis of the contractual maturity date of the lease liabilities, including future interest to be paid, is as follows:

| Thousands of Euros | 6 months or less | 6 months to 1 | 1-2 years | 2-5 years | More than 5 |
|--------------------------|------------------|---------------|---------------|---------------|---------------|
| Right of use liabilities | 12,677 | 15,212 | 23,209 | 28,346 | 13,072 |
| | 12,677 | 15,212 | 23,209 | 28,346 | 13,072 |

The average incremental discount rates for the main countries affected by this standard, used for calculating the current value of the rights of use and lease liabilities were as follows:

| | Average rate | | |
|-----------|--------------|--------------|---------------|
| | 1 to 3 years | 3 to 5 years | 5 to 10 years |
| Germany | 0.73 % | 0.96 % | 1.28 % |
| Brazil | 5.17 % | 7.55 % | 8.51 % |
| Peru | 2.65 % | 3.35 % | 4.67 % |
| Argentina | 45.80 % | 42.64 % | 42.28 % |
| Colombia | 5.08 % | 6.16 % | 7.40 % |
| Chile | 2.42 % | 3.30 % | 4.16 % |
| Spain | 0.94 % | 1.15 % | 1.51 % |

As indicated in Note 35.7 the Group has chosen to not recognise in the balance sheet the lease liabilities and the right of use corresponding to short-term lease contracts (leases for one year or less) and leases for low value assets (EUR 5 thousand or less). Those exceptions have been recorded entirely under the heading on operating leases. The total lease expense not subject to IFRS 16 for term as well as amount came to EUR 34,499 thousand (Note 4) (EUR 39,358 thousand in 2019).

13. Goodwill

Details of movement in goodwill are as follows:

| | Thousands of Euros | |
|--|--------------------|----------------|
| | 2020 | 2019 |
| Balance at 1 January | 634,027 | 570,073 |
| Business combinations (Note 30) | 64,281 | 82,827 |
| Additions | 1,742 | 486 |
| Disposals | — | (16,938) |
| Provision for impairment losses recognised in profit/(loss) (Note 6) | (61,761) | — |
| Adjustments for hyperinflation | — | (489) |
| Translation differences | (47,617) | (1,932) |
| Balance at 31 December | 590,672 | 634,027 |

Additions to goodwill in 2020 and 2019 derive from the following business combinations:

| | 2020 |
|--|--------------------|
| | Thousands of Euros |
| Cash business combinations in LatAm (1) | 59,932 |
| Business combinations in Cash Europe (1) | 3,018 |
| Business combinations in Cash ROW (1) | 108 |
| Security business combinations in Europe (1) | 1,223 |
| | 64,281 |

| | Thousands of Euros |
|---|--------------------|
| | 2019 |
| Cash business combinations in LatAm (1) | 24,920 |
| Business combinations in Cash Europe (1) | 7,512 |
| Business combinations in Cash ROW (1) | 3,623 |
| Cybersecurity business combinations in Europe (1) | 1,688 |
| Cybersecurity business combinations in LatAm (1) | 14,028 |
| Security and Cybersecurity business combinations in ROW (1) | 28,714 |
| Alarms business combinations in LatAm (1) | 2,342 |
| | 82,827 |

(1) Calculations relating to business combinations may be adjusted for up to a year from the acquisition date, which are fully consolidated as a whole.

The additions recorded in 2020 correspond to the adjustments made in the value of the goodwill associated with a Cash business combination in Europe due to reassessing the corresponding deferred contingent consideration:

| | 2020 |
|--------------------------------------|--------------------|
| | Thousands of Euros |
| Cash business combinations in Europe | 1,742 |
| | 1,742 |

Additions recorded in 2019 correspond mainly to the adjustments in the value of goodwill associated with a combination of Cash business in LatAm as a result of reassessing the associated opening balance and to adjustments made to the value of goodwill associated with a combination of Security business in ROW as a result of reassessing the deferred contingent consideration:

| | 2019 |
|---------------------------------------|---------------------------|
| | Thousands of Euros |
| Security Business combinations in ROW | 308 |
| Cash business combinations in LatAm | 178 |
| | 486 |

Disposals recorded in 2019 corresponded to the goodwill associated with Prosegur Cash Holding France, which was sold to Loomis AB (Note 6).

Details of the estimated goodwill in the tables above are provided in Note 30.

Impairment testing of goodwill impairment

Goodwill has been allocated to Prosegur's cash-generating units (CGU) in accordance with their respective country of operation and activity. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to those CGU that are expected to benefit from the business combination from which the goodwill arose.

The nature of the assets included for establishing the carrying amount of a CGU are: Property, Plant and Equipment, Goodwill, Other Intangible Assets and Working Capital (Note 35.10).

A summary of the CGU to which goodwill has been allocated, by country and activity, is as follows:

| | Thousands of Euros | | | |
|--------------------|--------------------|-----------------|---------------|----------------------|
| | 2020 | | | |
| | Cash | Security | Alarms | Cybersecurity |
| CGU Spain | 24,903 | 92,680 | — | 663 |
| CGU Portugal | 5,730 | 1,484 | 6,189 | 1,066 |
| CGU Germany | 35,985 | — | — | — |
| CGU United Kingdom | — | — | — | 1,106 |
| CGU United States | — | 25,710 | — | 7,076 |
| CGU Australia | 17,759 | — | — | — |
| CGU Singapore | — | 9,002 | — | — |
| CGU Indonesia | 3,341 | — | — | — |
| CGU Philippines | 12,680 | — | — | — |
| CGU South Africa | — | — | 3,313 | — |
| CGU Brazil | 117,781 | 8,411 | — | 9,189 |
| CGU Chile | 35,586 | — | — | — |
| CGU Peru | 30,764 | 6,840 | 8,325 | — |
| CGU Argentina | 49,737 | 10,383 | — | — |
| CGU Colombia | 21,282 | — | 359 | — |
| CGU Ecuador | 19,753 | — | — | — |
| CGU rest of LatAm | 17,605 | 231 | 5,739 | — |
| Total | 392,906 | 154,741 | 23,925 | 19,100 |

| | Thousands of | | |
|--------------------|----------------|-----------------|---------------|
| | 2019 | | |
| | Cash | Security | Alarms |
| CGU Spain | 20,143 | 92,114 | — |
| CGU France | — | 22,849 | — |
| CGU Portugal | 5,730 | 2,550 | 6,189 |
| CGU Germany | 35,985 | — | — |
| CGU United Kingdom | — | 1,621 | — |
| CGU United States | — | 38,821 | — |
| CGU Australia | 34,772 | — | — |
| CGU Singapore | — | 9,670 | — |
| CGU China | — | 89 | — |
| CGU Indonesia | 3,623 | — | — |
| CGU Philippines | 13,090 | — | — |
| CGU South Africa | — | — | 3,366 |
| CGU Brazil | 103,756 | 24,118 | — |
| CGU Chile | 35,586 | 3,730 | — |
| CGU Peru | 32,583 | 8,163 | 9,935 |
| CGU Argentina | 47,236 | 13,333 | — |
| CGU Colombia | 19,897 | 16,367 | 2,772 |
| CGU rest of LatAm | 18,562 | 286 | 7,091 |
| Total | 370,963 | 233,711 | 29,353 |

In the detail of the allocation of goodwill at the CGU level grouped by activity and by country for the 2020 financial year, the amounts for cybersecurity are shown separately, because as detailed in Note 10, the cybersecurity sub-business is led by the PGA support area. In the 2019 financial year, the amounts corresponding to cybersecurity were included in security, the aforementioned separation having not been made due to the non-materiality of the figures. The main goodwill allocated to cybersecurity arose from business combinations carried out in 2019 (Note 30.3). Both in 2020 and 2019, it was verified separately whether there were signs of deterioration of the goodwill allocated to cybersecurity.

Prosegur tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 35.10.

The recoverable amount of a CGU is determined based on two different calculation methods, depending on the type of business. The alarm business is calculated for its fair value and the Cash, Security SND Cybersecurity business for their value in use.

Value in use as a method for calculation:

The key operating assumptions used to calculate value in use for the various CGUs are based on the company's budgets for the following year and the strategic plan for subsequent years. Both the budget and the plan are approved by Management. During the 2020 financial year, Prosegur prepared the strategic plan to cover the periods from 2021 to 2023. Projections of both gross margin and sales, on which the calculation of value in use are based, are drawn up in accordance with each country's macroeconomic growth and the efficiency plans defined to optimise profit. Cash flows are discounted using a discount rate based on the weighted average cost of capital (WACC). The residual value of each CGU is generally calculated as perpetual income.

During the 2020 financial year and as a consequence of the deterioration of the recovery perspectives in the short term due to the impact of COVID-19, the effects of the pandemic on the estimated cash flows were considered, both at the macroeconomic level and at the business level, leading to lower projections in terms of turnovers for the year 2021. In the medium term, turnovers are expected to return close to pre-COVID levels in 2022-2023.

Details are given below for the items proposed for calculating the value in use and the key assumptions considered:

- Revenue: the turnover for the projected period is estimated based on the business plans prepared by the Management. The perpetual figure is calculated based on long-term inflation estimates for each country.
- Gross Profit/(Loss): based on efficiency plans defined by the Company, mainly the optimisation of client portfolios, using a method of cost-benefit analysis aimed at establishing threshold margins under which it is not considered viable to establish a business relationship with those clients. The Gross Margin is calculated as the Group's total sales revenue less cost of sales, divided by total sales revenue, expressed as a percentage.
- EBITDA: based on the average optimisation costs obtained in the past. It is calculated using the Group's net profit, before deducting interest, tax, depreciation and amortisation.
- CAPEX: based primarily on plans to renew the fleet in accordance with its age and the armoured bases.
- Working capital: based on optimising DSO or average collection period for receivables. The projection is based on sales growth, in accordance with the DSO determined.
- Tax: Tax estimates are calculated in accordance with the effective tax rate in each country and the expected profit/(loss) therein.

The macroeconomic estimates used are obtained from external information sources.

Details of the key assumptions relating to the most significant CGU are as follows:

31/12/2020

| | Spain | United States | Germany | Australia | Chile | Brazil | Colombia | Peru | Argentina |
|---------------|-------|---------------|---------|-----------|-------|--------|----------|-------|-----------|
| Growth rate | 1.69% | 2.22% | 1.97% | 2.42% | 3.00% | 3.25% | 2.91% | 2.00% | 15.00% |
| Discount rate | 6.04% | 6.64% | 5.74% | 7.20% | 8.21% | 9.25% | 9.21% | 7.85% | 29.93% |

31/12/2019

| | Spain | France | Germany | Australia | Chile | Brazil | Colombia | Peru | Argentina |
|---------------|--------|--------|---------|-----------|--------|---------|----------|--------|-----------|
| Growth rate | 1.77 % | 1.69 % | 2.13 % | 2.50 % | 3.00 % | 3.49 % | 3.04 % | 2.00 % | 3.20 % |
| Discount rate | 4.14 % | 5.43 % | 3.81 % | 6.92 % | 8.21 % | 10.97 % | 10.45 % | 7.47 % | 10.25 % |

The discount rates used are post-tax values and reflect specific risks related to the country of operation.

The same discount rates per country are used for Cash, Security and Cybersecurity because the effect of calculating the discount rates per country for each of the business separately is not significant.

As a result of the impairment tests carried out in 2020, the recoverable values calculated according to the previous methodology were higher than the net carrying amount, except for:

CGU Australia CASH: in recent years Australia has experienced a gradual weakening in its client portfolio, aggravated by a drop in volumes due to COVID-19 as well as a fall in sector prices. All this caused the estimated growths to be reduced in the 2021-2023 Plan.

As a result, an impairment of EUR 9,658 thousand has been recorded for intangible assets associated with client portfolios that Prosegur no longer provides service to, and an impairment of EUR 17,342 thousand corresponding to goodwill (Note 14).

CGU France Security: During the first half of the 2020 financial year, an agreement was reached with Fiducial for the sale of the Security business in France. The aforementioned agreement valued the Security business in France at EUR 1 after considering the impact of COVID-19 on its valuation. As a result, an impairment of EUR 22,849 thousand was recorded for goodwill, an impairment of EUR 4,159 thousand for intangible assets and an impairment of EUR 1,591 thousand for property, plant and equipment.

CGU Colombia Security: In Colombia, the weight of the activities of surveillance and protection of establishments, goods and people is much greater in percentage terms than that of the activities related to technological security solutions, the Gross Margin associated with traditional surveillance activities being smaller than the Gross Margin of the activities related to technology. In these, the capacity for differentiation is much greater, which allows greater client loyalty in the medium term, and higher margins. The 2021-2023 Plan approved by the Management focuses on the growth of technological security solutions over traditional surveillance. In Colombia, given Prosegur's worst positioning in the Technology business compared to other Group countries, the estimated growth rates are lower.

In Colombia, traditional surveillance is also regulated by the Superintendency of Private Surveillance that regulates the prices of the sector, so Prosegur's ability to improve margins is much more limited than in the rest of the countries in which Prosegur operates. Additionally, the concentration of clients in Colombia is also higher than the rest of the countries in which Prosegur operates, having lost significant clients in the last year.

Finally, COVID-19 has caused a downward revision of the short-term estimates.

As a consequence, an impairment for the amount of EUR 18,705 thousand was recorded for goodwill and an impairment for EUR 4,517 thousand for property, plant and equipment.

CGU Chile Security: In Chile, as in Colombia, the weight of activities for the surveillance and protection of establishments, goods and people is much greater in percentage terms than that of activities related to technological security solutions. In Chile, as in Colombia, Prosegur's positioning in the Technology business is very residual and the historical returns achieved have been very low, so the estimated growth of the Technology business in the 2021-2023 Plan is lower. Similarly, COVID-19 has had a negative effect on the short-term estimates made in the country.

As a result, an impairment of EUR 3,482 thousand was recorded for goodwill.

CGU China Security: In China, a significant volume of client billing has been lost in the last year which, added to the fact that traditional surveillance accounts for practically all of the business in the country and the short-term effects of COVID-19, has recorded an impairment for Eur 90 thousand corresponding to goodwill and an impairment for EUR 6,348 thousand in intangible assets.

At 31 December 2019 Prosegur tested the impairment from the aspect of the CGUs grouped per activity and country, concluding that there was no impairment loss.

Along with impairment testing, Prosegur has also performed a sensitivity analysis on the goodwill allocated to the main CGU, for the purposes of the key assumptions.

The sensitivity analysis on EBITDA consists of determining the turning point which would lead to an impairment loss. Accordingly, hypotheses are evaluated until the figures that imply an impairment to be recognised in the financial statements are reached. The percentage represents the amount by

which EBITDA of the projected securities including the terminal value would have to diminish in order for the CGU to be impaired, maintaining the other variable constant.

The sensitivity analysis performed on the growth rate consists of determining the weighted average growth/deceleration rate (used to extrapolate cash flows beyond the budget period) from which impairment losses would be incurred by each of the most representative CGUs.

In addition, the sensitivity analysis made on the discount rate consists of determining the basis of which weighted average discount rate used for extrapolating cash flows would incur impairment losses for each of the most representative CGUs.

Details of the thresholds for discount rates, the growth/deceleration(-) rates and EBITDA, taken independently, above which impairment losses would arise, maintaining the other variables constant, are as follows:

| Cash | 2020 | | |
|-------------|----------------------|--------------------|---------------|
| | Discount rate | Growth rate | EBITDA |
| Brazil | 14.55 % | -4.91 % | -22.66 % |
| Argentina | 93.66 % | -100.00 % | -57.82 % |
| Spain | 19.98 % | -44.35 % | -39.96 % |
| Colombia | 9.82 % | 2.38 % | -3.09 % |
| Peru | 29.84 % | -100.00 % | -46.95 % |
| Chile | 12.00 % | -1.09 % | -19.68 % |
| Germany | 15.25 % | -43.10 % | -36.95 % |
| Australia | 6.17 % | 3.86 % | 10.13 % |

| Security | 2020 | | |
|-----------------|----------------------|--------------------|---------------|
| | Discount rate | Growth rate | EBITDA |
| Argentina | 44.40 % | -33.87 % | -41.10 % |
| Spain | 11.78 % | -23.68 % | -33.86 % |
| Brazil | 25.56 % | -100.00 % | -47.22 % |
| Peru | 15.17 % | -14.65 % | -39.20 % |
| United States | 15.71 % | -47.53 % | -42.41 % |

| Cybersecurity | 2020 | | |
|----------------------|----------------------|--------------------|---------------|
| | Discount rate | Growth rate | EBITDA |
| Brazil | 15.37 % | -8.49 % | -31.77 % |
| United States | 9.90 % | -2.58 % | -24.49 % |

| Cash | 2019 | | |
|-----------|---------------|-------------|----------|
| | Discount rate | Growth rate | EBITDA |
| Brazil | 13.74 % | -0.67 % | -14.98 % |
| Argentina | 96.77 % | -100.00 % | -65.91 % |
| Spain | 16.65 % | -23.88 % | -48.39 % |
| Colombia | 11.96 % | 0.74 % | -6.16 % |
| Peru | 35.22 % | -100.00 % | -49.92 % |
| Chile | 11.46 % | -1.87 % | -16.51 % |
| Germany | 10.05 % | -11.63 % | -32.01 % |
| Australia | 7.76 % | 1.42 % | -7.07 % |

| Security | 2019 | | |
|-----------|---------------|-------------|----------|
| | Discount rate | Growth rate | EBITDA |
| Argentina | 14.95 % | -5.31 % | -24.17 % |
| Spain | 9.87 % | -14.56 % | -42.30 % |
| Colombia | 10.78 % | 2.51 % | -1.96 % |
| Peru | 17.78 % | -72.43 % | -40.62 % |
| Chile | 8.68 % | 2.21 % | -4.96 % |

Discount rates greater than the % indicated in the table would give rise to impairment losses, and growth rates or EBITDA lower than the % indicated in the table would also give rise to impairment losses. The Group considers that none of these scenarios are reasonably possible.

Prosegur does not consider it likely that the sensitivity assumptions used in the above tables would occur, so it does not consider there to be any indicator of impairment problems.

Fair value as a calculation method:

With regard to the Alarms CGU, given the type of business, in which growth is based on the increase in costs for gaining clients and that contracts are for a defined term, Prosegur did not consider it reasonable to calculate the value in use based on permanence and opted to use fair value, which is common in this type of business.

For analysing the impairment of the Alarms CGU, its fair value was used as the basis for the recoverable value, which has been estimated according to the market multiples for the last transactions observed (level 3). The multiple used is 45 times the recurring monthly income per connection.

At 31 December 2020 and 2019 Prosegur tested the impairment from the aspect of the Alarms CGUs grouped per activity and country, concluding that there is no impairment loss.

14. Other intangible assets

Details and movement of other main intangible assets are as follows:

| Thousands of Euros | Computer software | Client portfolios | Trademarks and licences | Other intangible assets | Total |
|--|-------------------|-------------------|-------------------------|-------------------------|------------------|
| Cost | | | | | |
| Balance at 1 January 2019 | 148,645 | 404,961 | 34,222 | 29,843 | 617,671 |
| Translation differences | (436) | (3,406) | 803 | (360) | (3,399) |
| Business combinations (Note 30) | 894 | 86,301 | 5,014 | 5,294 | 97,503 |
| Adjustment for hyperinflation | (1,512) | (86) | — | — | (1,598) |
| Disposal of the scope of consolidation | (1,837) | (14,127) | (140) | — | (16,104) |
| Additions | 29,617 | 2,458 | — | 1,019 | 33,094 |
| Disposals | (3,417) | (357) | (2) | — | (3,776) |
| Balance at 31 December 2019 | 171,954 | 475,744 | 39,897 | 35,796 | 723,391 |
| Translation differences | (13,726) | (82,975) | (5,602) | (2,751) | (105,054) |
| Business combinations (Note 30) | 36 | 40,593 | 517 | 7,150 | 48,296 |
| Disposal of the scope of consolidation | (7,224) | (9,985) | — | — | (17,209) |
| Additions | 29,242 | 716 | — | 438 | 30,396 |
| Disposals | (19,807) | (205) | (367) | (544) | (20,923) |
| Balance at 31 December 2020 | 160,475 | 423,888 | 34,445 | 40,089 | 658,897 |
| Depreciation and impairment losses | | | | | |
| Balance at 1 January 2019 | (99,332) | (196,143) | (23,034) | (26,915) | (345,424) |
| Translation differences | 282 | 1,914 | 309 | 195 | 2,700 |
| Adjustment for hyperinflation | 380 | 14 | — | — | 394 |
| Disposals | 809 | — | 387 | 7 | 1,203 |
| Disposal of the scope of consolidation | 1,578 | 10,182 | 140 | — | 11,900 |
| Depreciation and amortisation for the year | (16,565) | (25,005) | (1,695) | (976) | (44,241) |
| Balance at 31 December 2019 | (112,848) | (209,038) | (23,893) | (27,689) | (373,468) |
| Translation differences | 9,818 | 35,166 | 5,882 | 1,782 | 52,648 |
| Disposals | 16,209 | 42 | 367 | 330 | 16,948 |
| Disposal of the scope of consolidation | 5,728 | 9,985 | — | — | 15,713 |
| Provision for impairment losses recognised in profit/(loss) (Note 6) | (4,159) | (15,158) | (6,348) | — | (25,665) |
| Depreciation and amortisation for the year | (18,432) | (27,947) | (1,364) | (1,719) | (49,462) |
| Balance at 31 December 2020 | (103,684) | (206,950) | (25,356) | (27,296) | (363,286) |
| Carrying amount | | | | | |
| At 1 January 2019 | 49,313 | 208,818 | 11,188 | 2,928 | 272,247 |
| At 31 December 2019 | 59,106 | 266,706 | 16,004 | 8,107 | 349,923 |
| At 1 January 2020 | 59,106 | 266,706 | 16,004 | 8,107 | 349,923 |
| At 31 December 2020 | 56,791 | 216,938 | 9,089 | 12,793 | 295,611 |

The carrying amount at 31 December 2020 of individually significant client portfolios and their remaining useful lives are as follows:

| | Segment | Country | 2020 | | Carrying amount | Remaining useful lives |
|--|----------|-----------------|----------------|------------------------------------|-----------------|------------------------|
| | | | Cost | Depreciation and impairment losses | | |
| Nordeste Group Large Clients Portfolio | Sundry | Brazil | 56,612 | (27,886) | 28,726 | 9 years and 2 months |
| Norsegel Vigilancia y Transporte de Valores LTDA Large Clients Portfolio | Sundry | Brazil | 17,246 | (12,021) | 5,225 | 5 years |
| Preserve y Transpev Large Clients Portfolio | Cash | Brazil | 13,082 | (10,826) | 2,256 | 2 years and 5 months |
| Portfolio of the 5 Main Clients of Chubb Security Services PTY LTD | Cash | Australia | 12,518 | (9,441) | 3,077 | 12 years |
| Portfolio of the Remaining Clients of Chubb Security Services PTY LTD | Cash | Australia | 18,495 | (11,643) | 6,852 | 12 years |
| Portfolio of business combinations Prosegur Cash 2017 | Cash | Sundry | 2,312 | (578) | 1,734 | 15 years and 8 months |
| Contesta Group portfolio | Cash | Spain | 9,812 | (2,290) | 7,522 | 10 years and 8 months |
| Portfolio of Cash business combinations LatAm 2018 | Cash | Sundry | 11,847 | (2,248) | 9,599 | Sundry |
| Cash business combinations in ROW 2018 portfolio | Cash | The Philippines | 6,127 | (872) | 5,255 | 11 years and 6 months |
| Cash business combinations in Europe 2019 portfolio | Cash | Sundry | 10,598 | (820) | 9,778 | 13 years and 11 months |
| Security business combinations in ROW 2018 portfolio | Security | United States | 6,138 | (608) | 5,530 | 20 years and 9 months |
| Security business combinations in ROW 2019 portfolio | Security | United States | 16,492 | (1,585) | 14,907 | Sundry |
| Portfolio of Cash business combinations LatAm 2019 | Cash | Sundry | 25,830 | (3,590) | 22,240 | Sundry |
| Alarms business combinations in LatAm 2019 Portfolio | Alarms | Colombia | 4,890 | (662) | 4,228 | 6 years and 11 months |
| Cash business combinations in LatAm 2020 Portfolio | Cash | Ecuador | 12,524 | (820) | 11,704 | 14 years and 1 month |
| Cybersecurity business combinations in LatAm 2019 Portfolio | Security | Brazil | 4,545 | (1,244) | 3,301 | 5 years and 1 months |
| Transbank Client portfolio | Sundry | Brazil | 4,971 | (4,015) | 956 | 5 years and 2 months |
| Nordeste Group Sergipe Clients portfolio | Sundry | Brazil | 4,732 | (4,180) | 552 | 1 years and 2 months |
| Fiel Large Clients portfolio | Sundry | Brazil | 4,564 | (3,159) | 1,405 | 4 years |
| Nordeste Group Bahia Other Clients portfolio | Sundry | Brazil | 3,698 | (2,722) | 976 | 3 years and 2 months |
| | | | 247,033 | (101,210) | 145,823 | |

The carrying amount at 31 December 2019 of individually significant client portfolios and their remaining useful lives are as follows:

| | Segment | Country | 2019 | | Carrying amount | Remaining useful lives |
|--|----------|-----------------|----------------|-----------------------------|-----------------|------------------------|
| | | | Cost | Depreciation and impairment | | |
| Nordeste Group Large Clients Portfolio | Sundry | Brazil | 68,974 | (30,017) | 38,957 | 10 years and 2 months |
| Norsegel Vigilancia y Transporte de Valores LTDA Large Clients Portfolio | Sundry | Brazil | 24,342 | (15,491) | 8,851 | 6 years |
| Preserve y Transpev Large Clients Portfolio | Cash | Brazil | 18,464 | (14,189) | 4,275 | 3 years and 5 months |
| Portfolio of the 5 Main Clients of Chubb Security Services PTY LTD | Cash | Australia | 12,441 | (3,929) | 8,512 | 13 years |
| Portfolio of the Remaining Clients of Chubb Security Services PTY LTD | Cash | Australia | 18,381 | (5,804) | 12,577 | 13 years |
| Portfolio of business combinations Prosegur Cash 2017 | Cash | Sundry | 2,866 | (478) | 2,388 | 16 years and 8 months |
| Contesta Group portfolio | Cash | Spain | 9,812 | (1,590) | 8,222 | 11 years and 8 months |
| Portfolio of Cash business combinations LatAm 2018 | Cash | Sundry | 16,721 | (1,586) | 15,135 | Sundry |
| Cash business combinations in ROW 2018 portfolio | Cash | The Philippines | 6,327 | (449) | 5,878 | 12 years and 6 months |
| Cash business combinations in Europe 2019 portfolio | Cash | Sundry | 9,882 | (55) | 9,827 | 14 years and 11 months |
| Security business combinations in ROW 2018 portfolio | Security | United States | 6,860 | (373) | 6,487 | 21 years and 9 months |
| Security business combinations in ROW 2019 portfolio | Security | United States | 17,259 | (766) | 16,493 | Sundry |
| Portfolio of Cash business combinations LatAm 2019 | Cash | Sundry | 41,924 | (3,231) | 38,693 | Sundry |
| Alarms business combinations in LatAm 2019 Portfolio | Alarms | Colombia | 5,355 | (58) | 5,297 | 7 years and 11 months |
| Cybersecurity business combinations in LatAm 2019 Portfolio | Security | Brazil | 6,414 | (840) | 5,574 | 6 years and 1 months |
| Transbank Client portfolio | Sundry | Brazil | 7,016 | (3,942) | 3,074 | 6 years and 2 months |
| Nordeste Group Sergipe Clients portfolio | Sundry | Brazil | 6,679 | (5,231) | 1,448 | 2 years and 2 months |
| Fiel Large Clients portfolio | Sundry | Brazil | 6,442 | (3,964) | 2,478 | 5 years |
| Nordeste Group Bahia Other Clients portfolio | Sundry | Brazil | 5,220 | (3,407) | 1,813 | 4 years and 2 months |
| | | | 291,379 | (95,400) | 195,979 | |

The cost at 31 December 2020 and 2019 for each individually significant client portfolio differs due to exchange differences.

During 2020, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations (see Note 30):

| | Thousands of Euros | | | |
|--|--------------------|-------------------|-------------------------|-------------------------|
| | Computer software | Client portfolios | Trademarks and licences | Other intangible assets |
| Cash business combinations in LatAm | 33 | 40,121 | — | — |
| Cash business combinations in Europe | 3 | — | 517 | 3,172 |
| Cash business combinations in ROW | — | — | — | 3,978 |
| Security business combinations in Europe | — | 472 | — | — |
| | 36 | 40,593 | 517 | 7,150 |

In 2019, additions to intangible assets were recognised due to the allocation of fair value to the purchase prices of the following business combinations:

| | Thousands of Euros | | | |
|---|--------------------|-------------------|-------------------------|-------------------------|
| | Computer software | Client portfolios | Trademarks and licences | Other intangible assets |
| Cash business combinations in LatAm | 48 | 41,871 | — | 5,294 |
| Cash business combinations in Europe | 477 | 9,882 | — | — |
| Cash business combinations in ROW | — | 512 | 28 | — |
| Alarms business combinations in LatAm | 22 | 5,355 | — | — |
| Cibersecurity business combinations in Europe | — | 791 | 259 | — |
| Security and Cybersecurity business combinations in ROW | 77 | 20,951 | 3,674 | — |
| Cibersecurity business combinations in LatAm | 270 | 6,939 | 1,053 | — |
| | 894 | 86,301 | 5,014 | 5,294 |

No intangible assets are subject to restrictions on title or pledged as security for particular transactions.

The intangible assets reported have finite useful lives and are amortised at rates of between 3.70% and 25% depending on the estimated useful life. The useful life of the client portfolio and trademarks are described in Notes 30 and 35.8. The trademark arising from a Cybersecurity business combination in 2019 and the trademark and web domain arising from a Cash business combination in 2020 are the only intangible assets with an indefinite useful life and amount to EUR 1,700 thousand and EUR 517 thousand respectively as of 31 December 2020. Both intangible assets have an indefinite useful life since there is no foreseeable limit to the period during which both assets are expected to generate net cash flows.

The factors analysed in determining the indefinite life include:

- It is expected to use the assets indefinitely and there are no plans to change the trademark
- Regular disbursements are being made to maintain the trademarks and there is no contractual expiration
- The life of these assets does not depend on the useful lives of other assets held by the entity

On the other hand, both assets are tested for impairment at the close of each year.

The intangible assets are tested for impairment as described in Note 35.8. The result of the value impairment tests is detailed in Note 13.

15. Non-current Assets Held for Sale and Property Investments

15.1. Non-current Assets Held for Sale in the year

The breakdown of non-current assets held for sale in 2020 and 2019 was as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|------------|
| | 2020 | 2019 |
| Balance at 1 January | — | 642 |
| Disposals | — | (642) |
| Balance at 31 December | — | — |

On 8 June 2018 the Almo Group in Central America was purchased. By means of this purchase a series of assets were acquired relative to the security business under the Company Alarmas de Guatemala, which were sold in the first quarter of 2019.

15.2. Property investments

Details of movement in property investments are as follows:

| | Thousands of Euros | |
|--|--------------------|----------------|
| | 2,020 | 2,019 |
| Cost | | |
| Balance at 1 January | 48,534 | 48,773 |
| Translation differences | (5,487) | — |
| Adjustment for hyperinflation | — | (665) |
| Transfers | 11,593 | 426 |
| Balance at 31 December | 54,640 | 48,534 |
| Depreciation and impairment losses | | |
| Balance at 1 January | (4,424) | (3,465) |
| Translation differences | 499 | — |
| Adjustment for hyperinflation | — | 27 |
| Transfers | (5,566) | (87) |
| Depreciation and amortisation for the year | (798) | (899) |
| Balance at 31 December | (10,289) | (4,424) |
| Carrying amount | | |
| At 1 January | 44,110 | 45,308 |
| At 31 December | 44,351 | 44,110 |

Transfers in 2020 include the reclassification from tangible fixed assets in the properties that Prosegur still maintains in France after the sale of 100% of the security operations in the country and that have been rented out (Note 11).

At 31 December 2020, after an appraisal was made by an independent expert, the fair value of the properties in Buenos Aires, was EUR 57,942 thousand, with the breakdown of those investments as follows:

| | Thousands of Euros |
|--|-----------------------|
| | Fair value |
| Buildings | |
| Bouchard 551 | 26,792 |
| Torre Intercontinental, Moreno 845/847/87 Alsina 880 and Tacuari 242/292 | 31,150 |
| | 57,942 |

At 31 December 2020, after an appraisal was made by an independent expert, the fair value of the properties in France, was EUR 7,244 thousand.

Income and expenses generated in 2020 from real estate investments amounted to EUR 5,348 thousand (2019: EUR 5,166 thousand) and EUR 724 thousand (2019: EUR 1,123 thousand) respectively.

Future minimum receipts under property investment leases at the close of 2020 and 2019 are contained in Note 6.

16. Investments accounted for using the equity method

The main Joint Arrangements of Prosegur (Appendix II) mainly correspond to companies that operate in India dedicated to the Cash activity and since 28 February 2020 include 50% of the Prosegur Alarms business in Spain. These Joint Arrangements are structured as separate vehicles and Prosegur has a share of their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures. In the Arrangements with India governing the Joint Ventures, Prosegur and the other investor company have agreed, if necessary, to make additional contributions in proportion to their shareholdings in order to offset any losses.

Details of changes in the investments in joint ventures accounted for under the equity method are as follows:

| Thousands of Euros | 2020 | 2019 |
|---------------------------------|----------------|--------------|
| Participation in joint ventures | 268,047 | 9,452 |
| | 268,047 | 9,452 |

| Thousands of Euros | 2020 | 2019 |
|-----------------------------------|----------------|---------------|
| Balance at 1 January | 9,452 | 29,433 |
| Additions/Acquisitions | 261,132 | 1,179 |
| Participation in profits/(losses) | 57 | (1,164) |
| Sale | — | (19,794) |
| Loss for impairment | (1,838) | — |
| Transfers | — | 68 |
| Translation differences | (756) | (270) |
| Balance at 31 December | 268,047 | 9,452 |

Once the pertinent regulatory approvals had been obtained, Prosegur sold on February 28, 2020, 50% of Prosegur's Alarms business in Spain to the Telefónica Group for a final price of 305,345 thousand euros.

The entire price was paid through the delivery of 49,545,262 shares of Telefónica S.A. Prosegur agreed to accept certain restrictions on the transferability of the aforementioned Telefónica shares in the first nine months from the close of the transaction. The fair value of Telefónica S.A.'s shares on the date on which the transaction was concluded amounted to EUR 261,400 thousand. After calculating the standard adjustment in this type of transactions on debt, working capital and existing clients, Prosegur paid the Telefónica Group an amount of EUR 268 thousand.

This means that the remaining 50% share held by Prosegur in Prosegur Alarms España is recognised as a result of the sale initially at fair value and is accounted for using the equity method as of 28 February 2020, as the relevant decisions were no longer adopted unilaterally by Prosegur. To do this, Prosegur has derecognised the assets and liabilities that Prosegur Alarms España contributed at that date.

The main impacts on the balance sheet at the end of February 2020 due to the loss of control are as follows:

| | <u>Thousands of Euros</u> |
|---|---------------------------|
| | <u>28/02/2020</u> |
| Property, plant and equipment (Note 11) | (37,754) |
| Rights of use (Note 12) | (1,768) |
| Non-current financial assets | (88) |
| Other intangible assets (Note 14) | (1,244) |
| Deferred tax assets | (1,684) |
| Inventories | (7,281) |
| Receivables | (14,850) |
| Cash and cash equivalents | (2,259) |
| | <u>(66,928)</u> |
| | <u>Thousands of Euros</u> |
| | <u>28/02/2020</u> |
| Long-term lease liabilities (Note 12) | 610 |
| Short-term lease liabilities (Note 12) | 1,132 |
| Non-current provisions (Note 23) | 2,252 |
| Current tax liabilities | 1,568 |
| Trade and other payables | 13,271 |
| Other current liabilities | 14,315 |
| Other non-current liabilities | 1,547 |
| Deferred tax liabilities | 7,756 |
| | <u>42,451</u> |

The income from the sale was recorded under the heading on other income. Prosegur Alarmas España also contributed EUR 19,141 thousand of Net Turnover at the end of February 2020.

The amount recorded as impairment losses in 2020 of EUR 1,838 thousand corresponds to the impairment of the entire stake in Scout Security Limited listed on the Australian Stock Exchange (ASX) and whose market value at year-end 2020 is close to zero.

On 4 June 2019 Prosegur exercised the sales option on the 33.33% interest in SBV as, at the time of exercising it, the entire share of Prosegur did not exceed 50% of the capital. The shares taken up by Prosegur were acquired by the other shareholders of the company. The income from the sale was recorded under the heading of other income (Note 6).

Acquisitions in 2019 correspond mainly to the subscription by Prosegur of part of the shares representing the share capital of the Spanish company Dinero Gelt, S.L.

On 23 April 2019 Prosegur sold its entire interest in the joint venture for the alarm business in India, SIS Prosegur Alarms Monitoring and Response Services Pte Ltd, for the total amount of 204,432 thousand Indian Rupees (equivalent at the transaction date to EUR 2,505 thousand). The value of the holding at the time of being sold was 73,448 thousand Indian Rupees (equivalent to EUR 900 thousand at the transaction date). The sale entailed income for Prosegur of EUR 1,605 thousand (Note 6).

The breakdown of joint ventures accounted for under the equity method is as follows:

| Thousands of Euros | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-----------------------|---------------------|
| Rosegur Fire SRL | 3 | 3 |
| Rosegur Holding Corporation SL | 6 | 27 |
| Dinero Gelt S.L. | 617 | 1,148 |
| Scout Security Limited | — | 1,825 |
| Prosegur Alarmas España SL | 262,253 | — |
| SIS Cash Services Private Limited | 2,063 | 2,049 |
| SIS Prosegur Holdings Private Limited | 3,038 | 4,313 |
| Others | 67 | 87 |
| Balance at 31 December | <u>268,047</u> | <u>9,452</u> |

The breakdown of the main amounts of investments accounted for under the equity method is included in Appendix III.

Prosegur has no significant contingent liability commitments in any of the joint ventures accounted for under the equity method.

17. Temporary Joint Ventures

Prosegur participates in joint operations which take the form of Temporary Joint Ventures (JVs), in which the companies lack any legal status of their own and in which a system of cooperation between the companies is established for an agreed period, either definite or indefinite, in order to implement or execute a job or service (Note 35.2).

They are usually used to combine the characteristics and rights of JVs in pursuit of a common goal with the aim of achieving the best possible technical value. In general, JVs are considered to be independent companies with a limited scope of action given that, despite the fact that they may make undertakings on their own behalf such undertakings tend to be carried out through the partners in a manner proportionate to their interest in the JV. As a result, Prosegur considers JVs to be a joint operation.

The amounts presented in the table below represent Prosegur's share of the temporary JVs' assets, liabilities, sales and profit/(loss) for the year. These amounts have been included in the statement of financial position and the income statements for the financial years ended 31 December 2020 and 2019.

| | Thousands of Euros | |
|--------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Assets: | | |
| Non-current assets | 400 | 145 |
| Current assets | 15,639 | 14,035 |
| | 16,039 | 14,180 |
| Liabilities: | | |
| Current liabilities | 16,039 | 16,061 |
| | 16,039 | 16,061 |
| Net profit/(loss): | | |
| Income | 74,787 | 65,626 |
| Expense | (67,515) | (63,494) |
| Profit/(loss) after tax | 7,272 | 2,132 |

The breakdown of temporary joint ventures in which Prosegur holds a stake is contained in Appendix II.

Prosegur has no contingent liabilities in relation to its participation in temporary joint ventures.

18. Non-current financial assets

Details of the statement of financial position are as follows:

| | Thousands of Euros | |
|------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Equity instrument | 181,579 | 14,526 |
| Deposits and guarantees | 6,938 | 3,285 |
| Other non-current financial assets | 2,328 | 3,193 |
| | 190,845 | 21,004 |

Equity instrument

The main change in the equity instruments item arose from the sale of 50% of the Alarms business in Spain to the Telefónica Group which has been paid for through the delivery of 49,545,262 shares in Telefónica S.A.

It has been chosen to classify the shares of Telefónica S.A. in the category of equity instruments at fair value with changes in other comprehensive income, because they are not held for mere trading purposes. As a consequence, only the associated dividends are recognised in profit/(loss), and in their sale, the amounts recognised to date in equity will not be reclassified to profit/(loss).

They have also been classified in Level 1 of the levels of the fair value hierarchy since the valuation was performed by directly using the actual quotation price of the equity instrument, which can be observed and taken from independent sources, and referred to an active market.

At 30 December 2020, the share in Telefónica S.A. was valued at EUR 160,774 thousand and represents a 0.93% interest in its share capital.

Equity instruments are valued at fair value with changes in other global profit and loss or at fair value with changes in the consolidated income statement according to their nature.

The breakdown of equity instruments measured at fair value with changes in other comprehensive income is as follows:

| | Thousands of Euros | |
|---------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Octopus System Israel Ltd | 2,276 | 2,670 |
| Capital Concil Inteligencia CSA | 2,488 | 2,910 |
| Reflekt GmbH | 1,450 | 1,450 |
| Walmeric Soluciones S.L. | 2,000 | 2,000 |
| Situm Technologies | 700 | 700 |
| SOSV IV GP LLC | 1,175 | — |
| Adara | 1,118 | — |
| ForgePoint Cybersecurity Fund | 3,053 | — |
| Telefónica S.A. | 160,774 | — |
| Other Investments | 1,438 | 1,223 |
| Balance at 31 December | 176,472 | 10,953 |

Octopus System Israel Ltd is an Israeli start-up which has developed Command and Control software which manages the alerts and action procedures of any workforce on a single mobile platform. The example of its use which is closest to the business activities of Prosegur Seguridad lies in managing the sensor alerts (both physical and digital) of a complete security system in a large plant and also the action procedures for specific situations or the communications channels of geolocated human resources in the field. Octopus System Israel Ltd is a clear example of integrating the physical and digital worlds into the security environment.

Capital Concil Inteligencia CSA is a Brazilian start-up within the Fintech framework, which offers a solution for conciliating cash management at retail points of sale. Capital Concil Inteligencia CSA has developed software capable of collecting, processing, organizing and reconciling information on the payment transactions of all of the agents involved in processing a payment transaction (issuing bank, receivers, switches, buyers and national banking systems) and then produce a receipts and payments flow forecast at the daily cash level. Its principal connection with the commercial strategy of Prosegur resides in the possibility of offering a complete service which integrates the cash payment and safe deposit service solutions into the cash flows of each point of sale. Additionally, in the medium term, an opportunity opens up for exploiting consumption pattern data (Big Data).

Re'Flekt GmbH emerged in Germany with the aim of offering an Augmented Reality (AR) solution for industrial environments. Its two main products offer superposition of the plans of industrial plants of any type, with their operational and maintenance procedures, over the displays of viewing hardware (Mobile phone, Tablets, Smart glasses, etc.). The value it provides for its clients, which include major manufacturers in the automotive sector or in the large-scale industrial sector, lies in the fact that it produces efficiencies both in operational and maintenance procedures of any type of plant or assembly line and training for technicians, thus reducing action deadlines or, where appropriate, training. This technology can be applied to all Prosegur business.

Walmeric Soluciones, S.L. is a Spanish start-up that has developed a set of technologies to increase "Lead Management" efficiency. The Company has developed a series of algorithms to automatically track potential clients, estimate the probability of conversion and assign the sale to the corresponding channel. It offers a cross-platform connection that integrates social networks, CRMs, call centres and Google Adwords. The main connection with Prosegur is with our AVOS equipment, where its technology is put to work to improve the conversion of our clients.

Situm Technologies came about in Spain to improve the cybersecurity of web applications and APIs. Its IAST (“Interactive Application Security Testing”) and RASP (“Runtime Application Self Protection”) technologies detect vulnerabilities continuously in the source code of the applications. Situm has the distinctive ability to offer protection not just from external attacks, but from internal intrusion attempts as well, which represent more than 50% of cybernetic attacks. This technology is applicable to the general protection of Prosegur clients, and specifically as a cutting-edge technology for our cybersecurity business.

Sosv IV GP, LLC is a fund focused on mega-trends, with 50% investment in hardware, 20% in life sciences and 30% in software companies (both B2B and B2C). 80% of its investments are located in China, and in general with an Asian focus.

Adara is a fund domiciled in Luxembourg but focused on investment in companies in Spain. The fund is focused on innovative digital technology companies that develop solutions deep-tech that support the transformation of companies and entire sectors (cybersecurity, applied artificial intelligence and cloud services and infrastructure) and with high growth. The objective is to make investments through minority stakes in the capital of young companies of great projection, fast growing, and with the potential to be large global companies. In 2020 closing there are investments in the companies Quality Clouds and Beon Price.

ForgePoint Capital is a venture capital fund focused mainly on cybersecurity, which invests in transformative companies that protect the digital world. With offices in San Francisco Bay, the firm is one of the most active investors in early-stage and growth cybersecurity start-ups. Its main investment focus is the United States.

In 2020 these investments had an impact on other comprehensive income of EUR 101,472 thousand (EUR 87 thousand in 2019).

All other equity instruments were appraised at fair value at EUR 5,107 thousand with changes in the consolidated income statement, there being no impact on the income statement in 2020 (the impact in the 2019 consolidated income statement amounted to EUR 853 thousand (Note 7).

Other non-current financial assets

Details of other non-current financial assets movement are as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Balance at 1 January | 3,193 | 3,115 |
| Disposals | (690) | — |
| Translation differences | (175) | 78 |
| Balance at 31 December | 2,328 | 3,193 |

At 31 December 2020, the other non-current assets item includes fixed-term deposits granted by Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which it consolidates using the equity method for the sum of EUR 2,191 thousand (2019: EUR 2,450 thousand).

19. Inventories

Details of inventories are as follows:

| | Thousands of Euros | |
|------------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Works and work in progress | 6,115 | 7,883 |
| Trade inventories, fuel and others | 41,578 | 56,757 |
| Operative material | 1,806 | 1,851 |
| Uniforms | 5,628 | 6,732 |
| Impairment of inventories | (8,601) | (8,377) |
| | 46,526 | 64,846 |

No inventories have been pledged as securities for liabilities.

The changes in impairment losses are as follows:

| | Thousands of Euros | |
|--|--------------------|----------------|
| | 2020 | 2019 |
| Balance at 1 January | (8,377) | (5,109) |
| Additions | (2,536) | (4,135) |
| Applications and others | 119 | 1,036 |
| Adjustment for hyperinflation | — | (327) |
| Disposal of the scope of consolidation | 1,789 | — |
| Translation differences | 404 | 158 |
| Balance at 31 December | (8,601) | (8,377) |

20. Clients and other receivables

Details of cash and cash equivalents are as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Clients' receivables for sales and services | 602,258 | 785,437 |
| Less: impairment of receivables | (41,198) | (57,004) |
| Clients – Net | 561,060 | 728,433 |
| Public Administrations | 20,777 | 70,426 |
| Employee prepayments | 7,347 | 8,275 |
| Court Deposits | 23,546 | 25,580 |
| Prepayments | 9,305 | 30,032 |
| Other receivables | 53,650 | 52,243 |
| Current | 675,685 | 914,989 |

Credit risk from trade receivables is not concentrated because Prosegur works with a large number of clients distributed among the different countries in which it operates (Note 32.1).

Details of past-due trade receivables by maturity tranches, net of the corresponding impairment, are as follows:

| | Thousands of Euros | |
|---------------|--------------------|----------------|
| | 2020 | 2019 |
| 0 to 3 months | 176,458 | 269,252 |
| 3 to 6 months | 9,941 | 22,396 |
| Over 6 months | 48,855 | 53,989 |
| | 235,254 | 345,637 |

The carrying amount of past-due trade receivables is close to fair value, given the non-significant effect of the discount.

There have been no changes to the client structure or to the circumstances that make the anticipated loss differ from calculations based on historical data.

There are no reasonable doubts as to the recoverability of past-due trade receivables for which no impairment has been recognised.

Changes in the impairment of receivables are as follows:

| | Thousands of Euros | |
|-----------------------------------|--------------------|-----------------|
| | 2020 | 2019 |
| Balance at 1 January | (57,004) | (77,082) |
| Provision for impairment (Note 6) | (8,594) | (2,770) |
| Applications and reversals | 12,333 | 18,148 |
| Adjustments for hyperinflation | — | 2,036 |
| Translation differences | 12,067 | 2,664 |
| Balance at 31 December | (41,198) | (57,004) |

Generally, impaired receivables are written off when Prosegur does not expect to recover any further amount.

No impairment losses have been incurred on the remaining trade receivables.

The maximum exposure to credit risk at the reporting date is the fair value of the receivables in each of the above-mentioned categories. The Prosegur Group has taken out a credit facility with the aim of ensuring and minimising its insolvency risk. This insurance applies to clients in Spain and provides risk cover for new operations and/or expansions of services in relation to existing operations.

The procedures followed by Prosegur in relation to credit risk and currency risk on trade receivables are described in Note 32.1.

Legal deposits comprises mainly court bonds associated with employment-related litigation in Brazil (Note 23).

Under the heading of other accounts receivable, advances from suppliers and creditors are mainly recorded for an amount of EUR 9,707 thousand (2019: EUR 14,254 thousand), and balances with other debtors amounting to EUR 19,791 thousand (2019: EUR 25,303 thousand).

The Group considers that the rest of client balances other than for the rendering of services does not pose a credit risk because these are Public Administrations or Court Deposits that are cancelled against the provision for those risks or their retrieval.

21. Other financial assets and Cash and Cash equivalents

Details of other financial assets and changes in Other financial assets during the year are as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Balance at 1 January | 319,621 | 489,268 |
| Disposals | (170,000) | (170,000) |
| Other changes | 379 | 353 |
| Balance at 31 December | 150,000 | 319,621 |

Details and the issue dates of financial assets at 31 December 2020 are as follows:

| Description | Issue date | Principal | Balance at 31 December 2020 |
|--------------------|------------|----------------|-----------------------------|
| Fixed-term deposit | 22/06/2017 | 150,000 | 150,000 |
| | | 150,000 | 150,000 |

Details of Cash and Cash equivalents are as follows:

| | Thousands of Euros | |
|---------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Cash in hand and at banks | 670,757 | 454,473 |
| Current bank deposits | 96,254 | 76,204 |
| | 767,011 | 530,677 |

The effective interest rate on current bank deposits is 2.19% (2019: 1.44%) and the average term of the deposits held during 2020 was 81 days (2019: 150 days).

22. Net Equity

Details of and changes to equity during the year are shown in the consolidated statement of changes in equity.

22.1. Share capital, share premium and own shares

Details of share capital, share premium and own shares, and changes therein, are as follows:

| | Thousands | Thousands of Euros | | | |
|---|----------------|--------------------|---------------|------------------|-----------------|
| | No. shares | Share capital | Share premium | Own shares | Total |
| Balance at 1 January 2019 | 617,125 | 37,027 | 25,472 | (52,777) | 9,722 |
| Purchase of own shares | — | — | — | (107,937) | (107,937) |
| Own share amortisation (capital reduction) | (18,446) | (1,106) | — | 52,438 | 51,332 |
| Other awards | — | — | — | 349 | 349 |
| Balance at 31 December 2019 | 598,679 | 35,921 | 25,472 | (107,927) | (46,534) |
| Purchase of own shares | — | — | — | (108,052) | (108,052) |
| Reinvestment programme for the payment of the interim dividend for 2019 | — | — | — | 53,113 | 53,113 |
| Own share amortisation (capital reduction) | (50,075) | (3,005) | — | 147,675 | 144,670 |
| Other awards | — | — | — | 641 | 641 |
| Balance at 31 December 2020 | 548,604 | 32,916 | 25,472 | (14,550) | 43,838 |

Share capital

At 31 December 2020 the share capital of Prosegur Compañía de Seguridad, S.A. was EUR 32,916 thousand (2019: EUR 35,291 thousand) and is represented by 548,604,222 shares (2019: 598,679,362 shares) with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid and Barcelona Stock Exchanges and traded via the Spanish Stock Exchange Interconnection System (SIBE).

Capital reduction carried out on 26 October 2020

On 26 October 2020 the share capital was reduced following approval by the Shareholders General Meeting held on 4 June 2019.

The Company's share capital was reduced by EUR 1,511,371.02, through the cancellation of 25,189,517 own shares each of a face value of EUR 0.06.

The capital reduction was carried out without return of additions and in order to create an unavailable voluntary reserve for the same amount as the capital reduction (that is EUR 1,511,371.02), in accordance with article 335 (c) of the Spanish Companies Act.

Capital reduction carried out on 2 December 2020

On 2 December 2020 the share capital was reduced following approval by the Shareholders General Meeting held on 29 October 2020.

The Company's share capital was reduced by EUR 1,493,137.38, through the cancellation of 24,885,623 own shares each of a face value of EUR 0.06.

The capital reduction was carried out without return of additions and in order to create an unavailable voluntary reserve for the same amount as the capital reduction (that is EUR 1,493,137.38), in accordance with article 335 (c) of the Spanish Companies Act.

Capital reduction carried out on 26 June 2019

On 26 June 2019 the share capital was reduced following approval by the Shareholders General Meeting held on 4 June 2019.

The Company's share capital was reduced by EUR 1,106,716.68, through the cancellation of 18,445,278 own shares.

Consequently, article 5 of the Company's Articles of Association was modified and after the reduction, the share capital stood at EUR 35,920,761.72, divided into 598,679,362 ordinary shares of the same class and series each with a par value of EUR 0.06, fully subscribed and paid up.

The capital reduction was made against free reserves, by provisioning an amortised capital reserve with an amount equivalent to the par value of the cancelled shares (that is EUR 1,106,716.68).

Details of the Company's shareholders are as follows:

| Shareholders | Number of shares | |
|-----------------------------------|--------------------|--------------------|
| | 2020 | 2019 |
| Ms Helena Revoredo Delvecchio (1) | 325,918,224 | 309,240,330 |
| FMR LLC (2) | — | 37,089,806 |
| Ms Mirta Giesso Cazenave (3) | 34,877,487 | 34,778,187 |
| Invesco Limited (4) | — | 21,318,944 |
| Others | 187,808,511 | 196,252,095 |
| | 548,604,222 | 598,679,362 |

(1) Through Gubel (59,368%), S.L. and Prorevosa, S.L.U. (0.040%)

(2) Investment through various managed funds.

(3) Both directly and through AS Inversiones, S.L.

(4) Investment through various managed funds.

In March 2020, Invesco Limited reduced its shareholder composition to less than 1% of the shareholder composition of Prosegur.

In July 2020, FMR LLC reduced its shareholder composition to less than 3% of the shareholder composition of Prosegur.

In May 2019 Invesco Ltd. acquired and subsequently merged with Oppenheimer Funds Inc.

At 31 December 2020 and 2019, the members of the Board of Directors, either directly or through companies over which they exercise control, hold a total of 327,837,886 shares (2019: 310,131,060 shares) corresponding to 59.76% of the share capital (2019: 51.80%).

Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2020 or 2019.

Own shares

Details of changes in own shares during the year are as follows:

| | Number of shares | Thousands of Euros |
|---|---------------------|-----------------------|
| Balance at 1 January 2019 | 18,542,006 | 52,777 |
| Purchase of own shares | 30,083,417 | 107,937 |
| Own share amortisation (capital reduction) | (18,445,278) | (52,438) |
| Other awards | (99,185) | (349) |
| Balance at 31 December 2019 | 30,080,960 | 107,927 |
| Purchase of own shares | 42,007,038 | 108,052 |
| Reinvestment programme for the payment of the interim dividend for 2019 | (16,571,986) | (53,113) |
| Own share amortisation (capital reduction) | (50,075,140) | (147,675) |
| Other awards | (180,830) | (641) |
| Balance at 31 December 2020 | 5,260,042 | 14,550 |

Purchase of own shares

At the Shareholders General Meeting held on 27 June 2011, the shareholders authorised to the Board of Directors the acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the directors or employees of Prosegur, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

On 30 September 2020 the Board of Directors of Prosegur decided to implement a new own share buyback programme.

The Programme is put into effect under the provisions of Regulation (EU) no. 596/2014 on market abuse and the Commission Delegated Regulation 2016/1052, making use of the authorisation granted by the Shareholders General Meeting held on 29 October 2020 for the purchase of own shares, for the purpose of reducing the share capital of Prosegur Compañía de Seguridad, S.A.

The Programme will apply to a maximum of 54,860,422 shares, representing approximately 10% of Prosegur's share capital.

The Programme has the following features:

- Maximum amount allocated to the Programme: EUR 200,000 thousand.
- Maximum number of shares that can be acquired: up to 54,860,422 shares representing approximately 10% of Prosegur's share capital.
- Maximum price per share: the Company will not buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) the highest current independent bid on the trading venues where the purchase is carried out.
- Maximum volume per trading session: in so far as volume is concerned, Prosegur must not purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.
- Duration: the Programme will commence on 5 November 2020 and finish no later than 5 November 2023. Notwithstanding the above, Prosegur reserves the right to conclude the Programme, if prior to the indicated maximum date of the term, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

The share buy-back programme approved by the Board of Directors on 4 June 2019, ended on 30 September 2020. The company has acquired a total of 25,189,517 shares, representing approximately 4.21% of its share capital in that date.

On 28 January 2020 and aside from the own share buyback programme, Prosegur acquired a package of 5,850,000 of its own shares from an institutional investor, representing 0.98% of the share capital, at a price of EUR 3.592 per share, with a discount of EUR 0.05 per share.

On 6 March 2020 and aside from the own share buyback programme, Prosegur acquired a package of 1,448,376 of its own shares from an institutional investor, representing 0.24% of the share capital, at a price of EUR 3.335 per share, with a discount of EUR 0.015 per share.

On 31 July 2020 and aside from the own share buyback programme, Prosegur acquired a package of 13,998,289 of its own shares from an institutional investor, representing 2.34% of the share capital, at a price of EUR 2.20 per share, with a discount of EUR 0.03 per share.

On 2 September 2020 and aside from the own share buyback programme, Prosegur acquired a package of 3,500,000 of its own shares from an institutional investor, representing 0.58% of the share capital, at a price of EUR 2.00 per share, with a discount of EUR 0.014 per share.

Reinvestment programme for the payment of the interim dividend for 2019

In the framework of the current situation arising from the impact of the COVID-19 pandemic and in order to potentially help strengthen the Company's equity position, the Board of Directors of Prosegur has agreed to offer shareholders who voluntarily agree, the possibility of reinvesting the total net amount of the second payment of the interim dividend for 2019, the third payment of the interim dividend for 2019, and the fourth payment of the interim dividend for 2019 in ordinary Prosegur shares with a par value of EUR 0.06 each from the treasury stock.

The reinvestment price per share of the second payment of the interim dividend for 2019 was EUR 1.9783. This price corresponded to the simple average of the weighted average changes of the Company's share in the SIBE market corresponding to the five trading days prior to the payment date of the second payment of the interim dividend for 2019, that is, on 23, 24, 27, 28, and 29 April 2020 (for 23, 24 and 27 April, reducing the gross amount of said dividend payment).

The reinvestment price per share of the third payment of the interim dividend for 2019 was EUR 2.1657. This price corresponded to the simple average of the weighted average changes of the Company's share in the SIBE market corresponding to the five trading days prior to the payment date of the third payment of the interim dividend for 2019, that is, on 15, 16, 17, 20, and 21 July 2020 (for 15, 16 and 17 July, reducing the gross amount of said dividend payment).

The reinvestment price per share of the fourth payment of the interim dividend for 2019 was EUR 2.02316. This price corresponded to the simple average of the weighted average changes of the Company's share in the SIBE market corresponding to the five trading days prior to the payment date of the third payment of the interim dividend for 2019, that is, on 20, 21, 22, 23, and 26 October 2020 (for 20, 21 and 22 October, reducing the gross amount of said dividend payment).

Own share amortisation (capital reduction)

Under the share buyback programme approved by the Board of Directors on 4 June 2019 and in accordance with the objectives of the Programme and in application of the agreement to authorise the Board of Directors to reduce the Capital approved by the Shareholders General Meeting held on 4 June 2019, the company has carried out a capital reduction by amortising the aforementioned 25,189,517 own shares at 26 October 2020.

On 2 December 2020 a capital decrease took place by means of the redemption of 24,885,623 of its own shares.

On 26 June 2019 a capital decrease took place by means of the redemption of 18,445,278 of its own shares.

Other awards

The heading “Other awards” reflects the awarding of shares to employees at market value.

22.2. Cumulative translation difference

Details of provisions and movements of this reserve are as follows:

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 2020 | 2019 |
| Balance at 1 January | (187,965) | (174,397) |
| Translation difference for foreign operations | (193,847) | (13,568) |
| Transfer of translation difference to reserves | (423,772) | — |
| Balance at 31 December | (805,584) | (187,965) |

The change in the balance of the cumulative translation differences at 31 December 2020 as compared to 31 December 2019 results mainly from the devaluation of the Brazilian Real.

As a consequence of the IFRIC decision agenda taken in 2020, the Prosegur Group changed the presentation it had previously made of the translation differences of the business in Argentina, which had been considered reserves. In its decision agenda, the IFRIC clarified that the effects of inflation corrected by IAS 29 in the country's equity affected by hyperinflation (excluding the part of the net monetary position that directly affects profit/(loss)) have a currency effect similar to which occurs when converting the country's financial statements into presentation currency, so both items must be reflected within translation differences.

Likewise, the IFRIC clarified that in the first application of IAS 29, the treatment should be the same as that explained above and with retroactive effect and therefore present the effects in accumulated translation differences, though separating the part of inflation corresponding to the net monetary position, which should be presented in reserves.

In application of all the above, the Group has proceeded to reclassify the treatments that it had carried out directly against reserves in previous years for an amount of EUR 423,772 thousand between translation differences and reserves in the year 2020 and cumulatively, without modifying the comparative presentation of said periods.

22.3. Retained earnings and other reserves

The structure and changes of retained earnings and other reserves are as follows:

| | Thousands of Euros | | | | |
|---|--------------------|---------------------------|----------------------------------|-----------------------------|------------------|
| | Legal reserve | Capitalisation reserve | Other unavailable reserves | Other retained income | Total |
| Balance at 31 December 2018 | 7,406 | 10,000 | 165 | 1,144,831 | 1,162,402 |
| Transition adjustments (Note 35.1) | — | — | — | (60,133) | (60,133) |
| Balance at 1 January 2019 | 7,406 | 10,000 | 165 | 1,084,698 | 1,102,269 |
| Total comprehensive income for the year | — | — | — | 108,360 | 108,360 |
| Exercise of share incentives by employees | — | — | — | 102 | 102 |
| Capital reduction | — | — | — | (51,332) | (51,332) |
| Distribution of ordinary dividend | — | — | — | (79,026) | (79,026) |
| Adjustments for hyperinflation | — | — | — | (20,684) | (20,684) |
| Other changes | — | 45,000 | — | (44,080) | 920 |
| Balance at 31 December 2019 | 7,406 | 55,000 | 165 | 998,038 | 1,060,609 |
| Translation difference reclassified to reserves (Note 35) | — | — | — | 423,772 | 423,772 |
| Balance at 1 January 2020 | 7,406 | 55,000 | 165 | 1,421,810 | 1,484,381 |
| Total comprehensive income for the year | — | — | — | 229,276 | 229,276 |
| Exercise of share incentives by employees | — | — | — | (267) | (267) |
| Capital reduction | — | — | — | (144,670) | (144,670) |
| Distribution of ordinary interim dividend | — | — | — | (68,027) | (68,027) |
| Programme of interim dividend reinvestment 2019 | — | — | — | (19,081) | (19,081) |
| Other changes | — | — | — | (24,661) | (24,661) |
| Balance at 31 December 2020 | 7,406 | 55,000 | 165 | 1,394,380 | 1,456,951 |

Other restricted reserves at 31 December 2020 and 2019 correspond to the reserve for the update of National Budget Act 83 (EUR 104 thousand) and reserves for capital adjustment to Euros (EUR 61 thousand).

The legal reserve, which amounts to EUR 7,406 thousand, was endowed in compliance with article 274 of the Revised Text of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve has been fully endowed. The legal reserve is not distributable and if it is used to offset losses, in the event that no other reserves are available, it must be replenished with future profits.

On 4 June 2019, the Shareholders General Meeting approved distribution of profit for the amount of EUR 45,000 thousand to a capitalisation reserve.

The proposed distribution of the parent's profit for 2020, determined in accordance with prevailing legislation and standards for the preparation of individual annual accounts, in terms of the interim dividend agreed by the Company's Board of Directors and which will be submitted to the Shareholders General Meeting for approval, is shown in the following table:

| | Thousands of Euros |
|----------------------------|--------------------|
| | 2020 |
| Basis of allocation | |
| Profit/(loss) for the year | 84,738 |
| | 84,738 |
| Allocation | |
| Voluntary reserves | 16,711 |
| Dividends | 68,027 |
| | 84,738 |

22.4. Non-controlling interests and other changes

Prosegur Cash, S.A. is a subsidiary of the Spanish company Prosegur Compañía de Seguridad, S.A., which currently holds 53.30% of the shares, and indirectly controls another 21.68% through its 100%-owned subsidiary, Prosegur Assets Management, S.L.U. The remaining 25.02% of the shares are in the hands of non-controlling interests as a result of its first listing on the stock market on 17 March 2017 Prosegur Cash shares started trading at 2 Euros per share on the Madrid and Barcelona Stock Exchanges and they are traded through the Spanish Stock Exchange Interconnection System (Continuous Market) (SIBE).

During the financial year 2020, Prosegur Compañía de Seguridad, S.A. acquired shares in Prosegur Cash S.A. for EUR 21,211 thousand, which represents 2.48% of the share capital of Prosegur Cash S.A. The negative impact recorded by the difference between the profit/(loss) value and the amount paid by the 2.48% of Prosegur Cash is recorded in the statement of changes in equity under the "Other Movements" heading for EUR 18,149 thousand.

In the framework of the current situation arising from the COVID-19 pandemic and in order to potentially help strengthen the Company's equity position, the Board of Directors of Prosegur Cash has agreed to offer shareholders who voluntarily agree, the possibility of reinvesting the total net amount of the third and fourth payment of the interim dividend for 2019 in ordinary Prosegur Cash shares with a par value of EUR 0.02 each from the treasury stock.

Prosegur Compañía de Seguridad, S.A. and its 100%-owned investee, Prosegur Assets Management, S.A. have joined the programme of reinvestment of the third and fourth payment of the interim dividend for 2019.

Associated with the reinvestment programme of the third payment of the dividend, the capital increase agreed by the Board of Directors under item 9 of the agenda of the Shareholders General Meeting of Prosegur Cash held on 6 February 2017 was executed by Prosegur Cash on 3 July 2020.

The capital increase was charged against monetary contributions of Prosegur Cash for a total nominal amount of EUR 421,159, through the issuance of 21,057,953 ordinary shares with a par value of EU 0.02 each. All the shares have been subscribed and paid up. The amount of the share premium was set at EUR 16,381,508.

Associated with the reinvestment programme of the fourth payment of the dividend, the capital increase agreed by the Board of Directors under item 9 of the agenda of the Shareholders General Meeting of the Company held on 6 February 2017 was executed by Prosegur Cash on 5 October 2020. The increase was registered on 6 October 2020.

The capital increase was charged against monetary contributions of Prosegur Cash for a total nominal amount of EUR 469,560, through the issuance of 23,478,026 ordinary shares with a par value of EU 0.02 each. All the shares have been subscribed and paid up. The amount of the share premium was set at EUR 16,752,173.

On 3 June 2020 the Board of Directors of Prosegur Cash decided to implement an own share buyback programme.

The programme has been put into effect under the provisions of Regulation (EU) no. 506/2014 on market abuse and the Commission Delegated Regulation 2016/1052, making use of the authorisation granted by the Shareholders General Meeting held on 6 February 2017 for the purchase of own shares, for the purpose of redeeming them pursuant to a share capital reduction resolution which will be submitted for the approval of the next Shareholders General Meeting.

The Programme will apply to a maximum of 45,000,000 shares, representing approximately 3% of Prosegur Cash's share capital (1,500,000,000 shares at the time of the meeting of the Board of Directors of 3 June 2020).

The Programme has the following features:

- Maximum amount allocated to the Programme: EUR 40,000 thousand.
- Maximum number of shares that can be acquired: up to 45,000,000 shares representing approximately 3% of the Company's share capital.
- Maximum price per share: shares will be purchased in compliance with the price and volume limits established in the Regulations. In particular, the Company cannot buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) that corresponding to the highest current independent bid on the trading venues where the purchase is carried out.
- Maximum volume per trading session: in so far as volume is concerned, the Company cannot purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.
- Duration: the Programme has a maximum duration of one year. Notwithstanding the above, the Company reserves the right to conclude the Programme if, prior to the end of said maximum term of one year, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

As a result of the implementation of the Programme, the operation of the liquidity contract which came into force on 11 July 2017 and that was signed by the Company has been suspended.

In 2020, Prosegur Cash S.A. acquired 24.943.309 own shares for EUR 20,225 thousand.

At the close of 2020, the treasury stock held by Prosegur Cash, S.A. is composed of 23,436,659 shares (1,119,862 shares in 2019), of which 768,667 are linked to the aforementioned liquidity contract (696,866 in 2019).

Below is the consolidated financial information for the Prosegur Cash Group before intragroup eliminations, of which 25.02% corresponds to non-controlling interests:

(In thousands of Euros)

| | 31/12/2020 | 31/12/2019 |
|---|-------------------|-------------------|
| Non-current assets | 1,034,960 | 1,089,241 |
| Current assets | 785,504 | 845,074 |
| Total assets | 1,820,464 | 1,934,315 |
| Total equity | 80,235 | 243,633 |
| Non-current liabilities | 1,046,807 | 902,843 |
| Current liabilities | 693,422 | 787,839 |
| Total liabilities | 1,740,229 | 1,690,682 |
| Revenue | 1,507,517 | 1,798,654 |
| Operating profit/(loss) (EBIT) | 134,371 | 304,757 |
| Profit/(loss) before tax | 88,315 | 259,606 |
| Post-tax profit of ongoing operations | 15,630 | 169,016 |
| Post-tax profit of interrupted operations | — | — |
| Consolidated profit/(loss) for the year | 15,630 | 169,016 |
| Cash flows from operating activities | 237,373 | 313,039 |
| Cash flows from investing activities | (89,617) | (96,316) |
| Cash flows from financing activities | 14,447 | (152,884) |
| Net increase/(decrease) in cash and cash equivalents | 162,203 | 63,839 |

23. Provisions

Details of provisions and movement are as follows:

| Thousands of Euros | Occupational risks | Legal risks | Employee benefits (Note 5.2) | Other risks | Total |
|---|--------------------|---------------|------------------------------|----------------|----------------|
| Balance at 1 January 2020 | 54,968 | 16,465 | 20,744 | 134,566 | 226,743 |
| Provisions charged against the income statement | 11,274 | 14,797 | — | 18,788 | 44,859 |
| Reversals credited to the income statement | (5,555) | (618) | (344) | (24,362) | (30,879) |
| Applications | (10,005) | (835) | (1,132) | (4,237) | (16,209) |
| Financial effect of discounting | 2,477 | 1,082 | — | 4,613 | 8,172 |
| Disposal of the scope of consolidation | (4,398) | (812) | (5,906) | (1,613) | (12,729) |
| Business combinations | 8,756 | — | 7,157 | 8,101 | 24,014 |
| Reversal charged to Equity | — | — | 638 | — | 638 |
| Translation differences | (14,879) | (3,141) | (3,862) | (31,245) | (53,127) |
| Balance at 31 December 2020 | 42,638 | 26,938 | 17,295 | 104,611 | 191,482 |
| Non-current at 31 December 2020 | 42,638 | 26,938 | 17,295 | 99,649 | 186,520 |
| Current at 31 December 2020 | — | — | — | 4,962 | 4,962 |

a) Occupational risks

The provisions for occupational risks, which amount to EUR 42,638 thousand (2019: EUR 54,968 thousand), are calculated individually based on the estimated probability of success or failure. This probability is determined by the various lawyers' offices which work with the companies in the group. In addition, an internal review is carried out of the probabilities of reaching agreements in each of the cases, depending on the past experience of Prosegur, in order to arrive at the final provision to be recorded.

The provision for occupational risks is composed mainly of labour legal cases in Brazil, which include lawsuits brought by former and current Prosegur employees. The characteristics of labour legislation in that country and the regulatory requirements of the business activities result in such processes becoming drawn out and has led to a provision in 2020 of EUR 22,955 thousand (2019: EUR 28,618 thousand).

At 31 December 2020, the number of labour legal cases open in Brazil amounts to 3,449 (31 December 2019: 3,913). During 2020, almost 2,225 proceedings were closed.

Moreover, this heading also includes a provision for EUR 2,116 thousand (2019: EUR 2,987 thousand) related to the business combination carried out in 2005 with Transpev. During the 2020 financial year, 58 cases are still pending (31 December 2019: 70).

Provisions charged to and reversals credited to the income statement are included under other expenses in costs of sales (Note 4), and the monetary adjustments associated to said provision are included under other financial expenses (Note 7).

b) Legal risks

The provisions for legal risks, which amount to EUR 26,938 thousand (2019: EUR 16,465 thousand), correspond mainly to civil claims which are analysed on a case-by-case basis. They include mainly lawsuits in Brazil and Spain. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the processes under way. There are no significant legal risks.

Provision associated with legal risks includes the provision associated with the sanctioning file lodged by the National Stock Market Commission for alleged anti-competitive practices for an amount of EUR 8,695 thousand after the Constitutional Court did not admit the appeal for protection presented by Prosegur for the home inspection carried out at the Prosegur offices to processing during the financial year 2020.

c) Employee benefits

As indicated in Note 5.2, Prosegur maintains defined benefit schemes in Germany, Brazil, El Salvador, Ecuador, Honduras, Mexico and Nicaragua. The actuarial valuation, carried out by qualified actuaries, of the value of the benefits to which the Company is committed is updated at the 2020 financial year-end.

The defined benefit schemes of Germany and Ecuador consist of Pension and retirement schemes, while the benefit scheme defined for Mexico consists of a seniority scheme.

Prosegur has a defined benefit scheme comprising post-employment healthcare offered to employees in Brazil compliant with local legislation (Act 9656).

The defined benefit schemes that Prosegur maintains for Honduras, Nicaragua and El Salvador by law have obligations under defined benefit schemes arising from the termination of employment contracts by dismissal or following a mutual agreement.

d) Other risks

The provisions for other risks, which amount to EUR 104,611 thousand (2019: EUR 134,566 thousand), includes various items.

The settlement of these provisions is probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the processes under way.

We list the most significant ones below:

Tax risks

These mainly refer to tax risks in Brazil, Spain and Argentina amounting to EUR 71,540 thousand (2019: EUR 95,122 thousand).

The tax risks associated with Brazil are related to several items, mainly to claims for direct and indirect local and State taxes, as well as provisions coming from the business combination of Nordeste and Transpev. In Argentina and Spain they relate to various amounts that are not individually material, linked mainly to municipal, provincial and other taxes. The most representative risks arise as a result of the disparity in criteria between Prosegur and Tax Administration.

Prosegur uses “the most likely outcome” as the valuation basis for evaluating uncertain tax positions. Tax risks are classified as material on the basis of opinions in external studies according to the analysis of case law in the matter of reference. In addition, internal analyses are conducted based on similar cases that have occurred in the past at Prosegur or at other companies.

At each close of quarter, a detailed analysis of each of the tax contingencies is made. This analysis refers to quantification, qualification and the level of provision associated with the risk. An annual letter with the respective analysis and assessment by an independent expert is used to determine these parameters in the most significant risks. On the basis of this, the level of provision is adjusted.

Provisions charged against and reversals credited to the income statement are included under other expenses in Note 4 and 7.

Accruals with personnel

These provisions include the incentive, due and payable in cash, corresponding to the 2020 Plan (Note 35.20) for the Executive Director and Senior Management of Prosegur and for Prosegur Cash.

Due to the impact of the COVID-19 pandemic on the Group's results, it is foreseeable that the objectives set for the liquidation of the entire 2020 Plan will not be achieved. Consequently, the Group has adjusted the provision based on a new settlement, recording a positive impact on the income statement for the year amounting to EUR 7,275 thousand (Note 5.1).

During the year 2019, provisions to profit/(loss) amounted to EUR 5,674 thousand (Note 5.1).

During 2020, payments were made corresponding to the 2017 Plan, taking as a reference the Prosegur and Prosegur Cash share price at the time of the payment, thus substituting the method of share settlement initially planned.

In 2020 EUR 928 thousand were applied (2019: EUR 1,594 thousand) corresponding to the settlement of the last part of the 2017 Plan.

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur and Prosegur Cash share quotation price at the close of the period or at the payment time.

Lastly, part of this provision was recognised as current provisions in an amount of EUR 4,376 thousand, since the maturity of this commitment will take place in 2020 associated with the first payment of the 2020 Plan (2019: EUR 1,793 thousand, with maturity in 2020).

Comcare Australia

In 2020, payments have been made for commitments associated to the occupational accident insurance plan in Australia amounting to EUR 684 thousand (EUR 452 thousand in 2019). The allocation for the year amounted to EUR 275 thousand, reaching a provisional total of EUR 2,498 thousand (EUR 2,907 thousand in 2019), of which EUR 427 thousand fall due in the short term (2019: EUR 484 thousand).

24. Financial liabilities

The details and composition of financial liabilities and the corresponding terms and conditions are as follows:

| Thousands of Euros | Average interest rate | 2020 | | 2019 | |
|--|-----------------------|------------------|----------------|------------------|----------------|
| | | Non-current | Current | Non-current | Current |
| Debentures and other negotiable securities | 1.00%-1.38% | 1,292,898 | 13,725 | 1,289,510 | 15,124 |
| Bank borrowings | 3.48% | 239,086 | 215,061 | 19,699 | 112,082 |
| Credit accounts | 9.04% | — | 45,629 | — | 63,190 |
| Other payables | 8.68% | 52,753 | 50,885 | 55,733 | 66,600 |
| | | 1,584,737 | 325,300 | 1,364,942 | 256,996 |

| | Currency | Years of maturity | Thousands of Euros | | | |
|--|-------------------|-------------------|--------------------|----------------|------------------|----------------|
| | | | 2020 | | 2019 | |
| | | | Non-current | Current | Non-current | Current |
| Debentures and other negotiable securities | Euro | 2023-2026 | 1,292,898 | 13,725 | 1,289,510 | 15,124 |
| Bank borrowings | Euro | 2021-2025 | 193,656 | 148,465 | 18,451 | 55,532 |
| Bank borrowings | US Dollar | 2021 | — | 987 | — | 266 |
| Bank borrowings | Brazilian Real | 2021-2022 | 12 | 13,580 | 54 | 499 |
| Bank borrowings | Australian Dollar | 2021-2023 | 37,746 | 6,624 | 29 | 44,014 |
| Bank borrowings | Peruvian Sol | 2021-2023 | 4,168 | 3,748 | — | 6,456 |
| Bank borrowings | Argentine Peso | 2021 | — | 30,375 | — | — |
| Bank borrowings | Other currencies | 2021-2024 | 3,504 | 11,282 | 1,165 | 5,315 |
| Credit accounts | Euro | 2021 | — | 5,134 | — | 29 |
| Credit accounts | Argentine Peso | 2021 | — | 9,422 | — | 28,255 |
| Credit accounts | US Dollar | 2021 | — | 27,941 | — | 23,581 |
| Credit accounts | Other currencies | 2021 | — | 3,132 | — | 11,325 |
| Other payables | Euro | 2021-2023 | 13,511 | 13,216 | 14,499 | 5,076 |
| Other payables | Brazilian Real | 2021-2032 | 9,449 | 14,827 | 27,911 | 24,021 |
| Other payables | Argentine Peso | 2021-2022 | 14 | 8,362 | 31 | 14,534 |
| Other payables | Other currencies | 2021-2033 | 29,779 | 14,480 | 13,292 | 22,969 |
| | | | 1,584,737 | 325,300 | 1,364,942 | 256,996 |

At 31 December 2020 drawdowns from credit facilities in current accounts totalled EUR 45,629 thousand (2019: (EUR 63,190 thousand). Details of undrawn credit facilities are as follows:

| | Thousands of Euros | |
|------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Maturing in less than 1 year | 235,133 | 261,624 |
| Maturing in more than 1 year | 305,000 | 480,000 |
| | 540,133 | 741,624 |

Credit facilities are subject to various interest rate reviews in 2021.

Debentures and other negotiable securities

On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 8 February 2023, was made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.

On 4 December 2017 Prosegur, through its subsidiary Prosegur Cash, S.A. made an issue of uncovered bonds with a nominal value of EUR 600,000 thousand, maturing on 4 February 2026. The issue was made in the Euromarket as part of the Euro Medium Term Note Programme. This issue will enable the deferment of maturities of part of the debt of Prosegur Cash and the diversification of funding sources. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.38% payable at the end of each year.

Syndicated credit facility (Spain)

Syndicated financing facility of EUR 200,000 thousand

On 10 February 2017 Prosegur arranged a new five-year syndicated credit financing facility of EUR 200,000 thousand to provide the company with long-term liquidity. On 7 February 2019 this syndicated credit facility was renewed, and its maturity extended by another 5 years. In February 2020 the maturity was extended until February 2025 (Note 34). At 31 December 2020 the balance drawn down from this credit amounted to EUR 40,000 thousand (at 31 December 2019 no amount has been drawn down).

The interest rate of the drawdowns under the syndicated financing facility is equal to Euribor plus an adjustable spread based on the Company's rating.

Prosegur has complied with the applicable Covenants relative to the financial transactions at the end of 2020.

Syndicated financing facility of EUR 300,000 thousand

On 10 February 2017 Prosegur's subsidiary, Prosegur Cash, S.A., arranged a new five-year syndicated credit financing facility of EUR 300,000 thousand to provide the Company with long-term liquidity. On 7 February 2019 this syndicated credit facility was renewed, and its maturity extended by another 5 years. In February 2020 the maturity was extended until February 2025 (Note 34). At 31 December 2020 the balance drawn down from this credit amounted to EUR 155,000 thousand (EUR 20,000 thousand at 31 December 2019).

The interest rate of the drawdowns under the syndicated financing facility is equal to Euribor plus an adjustable spread based on the Company's rating.

Prosegur has complied with the applicable Covenants relative to the financial transactions at the end of 2020.

Syndicated loan (Australia)

On 28 April 2017, Prosegur, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated credit financing facility in the amount of AUD 70,000 thousand for a 3-year term. In April 2020, the novation of the operation was carried out with a maturity ranging from 2021 to 2023 (AUD 10,000 thousand in 2021, AUD 10,000 thousand in 2022, and AUD 50,000 thousand in 2023).

At 31 December 2020, the drawn down capital corresponding to the loan amounts to AUD 70,000 thousand (at 31 December 2020 equivalent to: EUR 44,063 thousand). At 31 December 2019, the drawn down capital corresponding to the loan amounts to AUD 70,000 thousand (at 31 December 2019 equivalent to: EUR 43,764 thousand).

Bank borrowings (South Africa)

In order to partially finance the subscription of shares representing 33.33% of the share capital of the South African company SBV Services Proprietary Limited, Prosegur arranged a 4-year bullet loan on 29 January 2016 for ZAR 272,000 thousand.

On 20 June 2019, and as a consequence of exercising the sales option on the 33.33% share in SBV (Note 16), the entire loan was cancelled in advance.

Bailment

Prosegur in Australia has access to facilities under loan for use for the supply of cash to ATMs belonging to Prosegur. In these facilities, cash is owned by the bailor, who has contracts directly with Prosegur. Prosegur has access to this money with the only purpose of loading cash into the ATM, governed by this contract. The settlement of the cash assets and liabilities is carried out via regulated clearing systems, such as the right of set-off. As a result of the foregoing, no assets and liabilities are shown in the Consolidated Annual Accounts for this item. The outstanding amount at 31 December 2020 is AUD 54.4 million (equivalent to EUR 34.2 million) (at 31 December 2019 it was AUD 50.5 million, equivalent to EUR 31.6 million).

Other payables

Other payables mainly relate to pending payments of business combinations formed in both the present year and previous years (Note 30). Details of other payables are as follows:

| | Thousands of Euros | |
|---|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Non-current | | |
| Deferred and contingent payments relating to acquisitions | 47,590 | 49,852 |
| Others | 5,163 | 5,881 |
| | <u>52,753</u> | <u>55,733</u> |
| Current | | |
| Deferred and contingent payments relating to acquisitions | 49,289 | 66,471 |
| Others | 1,596 | 129 |
| | <u>50,885</u> | <u>66,600</u> |

The deferred and contingent payments relating to acquisitions are as follows:

| Thousands of Euros | Currency | 2020 | | 2019 | |
|--|--------------------|---------------|---------------|---------------|---------------|
| | | Non-current | Current | Non-current | Current |
| Fiel Vigilancia e Transp. Values | Reals | — | 187 | — | 952 |
| Nordeste and Transbank Group | Reals | — | 3,238 | — | 5,556 |
| Martom Segurança Eletrônica Ltda. | Reals | — | 26 | — | 23 |
| Securlog GmbH | Euros | — | 258 | — | 258 |
| Dognaedis Lda | Euros | — | 1,381 | 1,381 | — |
| Contesta Group | Euros | — | 1,233 | — | 1,762 |
| Indiseg Evolium Group S.L. | Euros | — | — | — | 300 |
| Purchase of Client Portfolio from CSS Tactical Proprietary Limited | South African Rand | — | 444 | — | 507 |
| Inversiones BIV, S.A. and subsidiary | Colombian Peso | — | 187 | — | 222 |
| Integra Group - Colombia | Colombian Peso | — | 1,597 | — | 1,920 |
| Remaining business combinations of Prosegur Cash 2017 | Sundry | — | — | — | 2,172 |
| Cash business combinations in ROW 2018 | Philippine Peso | 9,647 | 4,085 | 8,849 | 3,142 |
| Security business combinations in ROW 2018 | Sundry | 568 | 2,410 | 4,000 | 1,290 |
| Cash business combinations in LatAm 2018 | Sundry | 1,603 | 3,615 | 4,563 | 11,061 |
| Cash business combinations in Europe 2018 | Sundry | 1,103 | 1,167 | 1,905 | 1,137 |
| Cash business combinations in ROW 2019 | Sundry | — | 1,156 | — | 2,692 |
| Cash business combinations in LatAm 2019 | Sundry | — | 16,629 | 7,619 | 27,764 |
| Cash business combinations in Europe 2019 | Sundry | 6,138 | 3,081 | 5,834 | 1,691 |
| Alarms business combinations in LatAm 2019 | Sundry | — | 37 | — | 4,010 |
| Cybersecurity business combinations in LatAm 2019 | Sundry | 6,160 | 619 | 6,850 | — |
| Cybersecurity business combinations in ROW 2019 | Sundry | 743 | 75 | 827 | — |
| Security and Cybersecurity business combinations in ROW 2019 | Sundry | 7,868 | 455 | 8,024 | — |
| Purchase of Client Portfolio from Security Systems Paraguay S.A. | Paraguayan Guaraní | — | — | — | 12 |
| Cash business combinations in LatAm 2020 | Sundry | 9,197 | 3,738 | — | — |
| Cash business combinations in Europe 2020 | Sundry | 3,530 | — | — | — |
| Security business combinations in Europe 2020 | Sundry | 249 | 277 | — | — |
| Acquisitions of equity instruments (Note 18) | | 784 | 3,394 | — | 0 |
| | | 47,590 | 49,289 | 49,852 | 66,471 |

25. Suppliers and other payables

Details of suppliers and other payables are as follows:

| | Thousands of Euros | |
|---------------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Trade payables | 190,152 | 212,055 |
| Accruals with personnel | 214,813 | 245,034 |
| Social Security and other taxes | 151,764 | 193,428 |
| Other payables | 158,212 | 182,541 |
| | 714,941 | 833,058 |

Accruals with personnel

Prosegur's remuneration policy for indirect personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Prosegur employees' contribution to its success by achieving or surpassing targets and developing the necessary skills for excellence in their duties and responsibilities. The incentive programme directly links variable remuneration to the achievement of targets established by Prosegur management or the employee's direct superior over a given time.

Accruals with personnel include EUR 39,887 thousand relating to the incentive programme (2019: EUR 44,468 thousand). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 53,600 thousand (2019: EUR 77,915 thousand).

The employee benefits expense also includes salaries payable and accrued extraordinary salary instalments.

As indicated in Note 9, as of 31 December 2020, the debt for dividends of EUR 68,027 thousand is recorded under the heading of other accounts payable. Additionally, Prosegur CASH's debt for dividends is recorded in the amount of EUR 14,994 thousand, corresponding to minority interests.

Information on average payment period to suppliers. Second Final Provision of Act 31/2014 of 3 December.

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

| | 2020 | 2019 |
|---------------------------------------|--------------------|---------|
| | Days | |
| Average payment period to suppliers | 60 | 63 |
| Ratio of transactions paid | 59 | 63 |
| Ratio of transactions pending payment | 68 | 62 |
| | Thousands of Euros | |
| Total payments made | 314,109 | 297,264 |
| Total payments pending | 22,500 | 25,398 |

In accordance with the ICAC Resolution, the calculation of the average payment period to suppliers has considered the commercial transactions corresponding to the delivery of goods or the rendering of services accrued through the date of entry into force of Act 31/2014, 3 December, i.e. 24

December 2014. The information in these consolidated accounts on payments to suppliers refers exclusively to the companies situated in Spain which are fully consolidated.

For the exclusive purposes of providing the disclosures envisaged in this Resolution, suppliers are deemed as commercial creditors holding debts for the supply of goods or services, included under Suppliers and other payables of current liabilities of the consolidated balance sheet.

“Average payment period to suppliers” is understood as the period between the delivery of the goods or the rendering of the services by the supplier and the material payment of the transaction.

The maximum legal term of payment applicable to the consolidated companies in 2020, according to Act 11/2013, of 26 July, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

26. Other liabilities

Other non-current liabilities include amounts corresponding to accruals of alarm rental income.

Details are as follows:

| Thousands of Euros | 2020 | | 2019 | |
|--------------------|---------------|---------------|---------------|---------------|
| | Non-current | Current | Non-current | Current |
| Prepaid income | 20,846 | 23,768 | 28,807 | 47,081 |
| Other liabilities | — | 6,900 | — | 3,564 |
| | 20,846 | 30,668 | 28,807 | 50,645 |

The heading Current Prepaid Income mainly includes the advance billing for alarm contracts for EUR 13,068 thousand (2019: EUR 31,785 thousand), and the prepaid income from building contracts. The fall in balance with respect to 2019 as explained by the sale of 50% of the Alarms business in Spain to Telefónica.

Under the heading of non-current prepaid income, since 1 January 2018 following the adoption of IFRS 15 on the recognition of revenue from client contracts, Prosegur recognises the deferred income associated with alarm system rental installations (Note 35.21).

27. Taxation

Prosegur Compañía de Seguridad, S.A. is the parent of a group that is taxed under the fiscal consolidation regime in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this consolidated tax group comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation.

In addition, Prosegur pays under Tax Consolidation in the following countries: Luxembourg, Portugal, Australia and the United States.

- In Luxembourg, Prosegur has two independent consolidated tax groups composed of: (i) Luxpai CIT SARL and Pitco Reinsurance S.A.; and (ii) Luxpai Holdo SARL and Yellow Re S.A.
- In Portugal, Prosegur has a consolidated tax group made up of the following Portuguese companies: Prosegur Companhia de Segurança Ltda., Prosegur Distribuição e Serviços Ltda., Prosegur Agencia Promoção e Comercialização de Productos e Serviços Unipessoal Lda., Prosegur Logistica e Tratamento de Valores Portugal S.A., Prosegur Alarmes Dissuasão Portugal Unipessoal Ltda., Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda., Prosegur de Servicios Partilhados Unipessoal Lda. and Prosegur Gestão de Activos Imobiliários, S.A.
- In Australia, Prosegur has a consolidated tax group made up of the following Australian companies: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia Pty Limited, Prosegur Technology Pty Limited, Prosegur Assets Management and Prosegur SPV1 PTY Limited.
- In the United States, the entities Prosegur Security USA Incorporated and Prosegur Security Integration LLC joined the consolidated tax group during the year. As a result of this incorporation, the group is made up of these companies and the four US companies that were already a group in the previous year: Prosegur SIS USA Incorporated, Prosegur Security Monitoring Incorporated, Prosegur Services Group Incorporated and Prosegur Technology International Incorporated.

The rest of Prosegur's subsidiaries file tax returns in accordance with tax legislation in force in the countries in which they operate.

Details of the income tax expense, for current tax and deferred tax, are as follows:

| | Thousands of Euros | |
|--------------|--------------------|----------------|
| | 2020 | 2019 |
| Current tax | 157,672 | 127,586 |
| Deferred tax | (8,811) | (22,945) |
| | 148,861 | 104,641 |

The main items making up the deferred tax expense/(income) are as follows:

| | Thousands of Euros | |
|---|--------------------|-----------------|
| | 2020 | 2019 |
| Tax loss carryforwards and Tax Deductions | 17,839 | (9,556) |
| Provisions and Temporary Differences | (18,394) | (16,773) |
| Amortisation of Intangible Assets | (11,625) | (9,675) |
| Depreciation of PPE | 3,369 | 13,059 |
| | (8,811) | (22,945) |

The deferred tax assets arising from tax-related goodwill are from local mergers in Brazil which took place during previous years. Tax legislation in Brazil allows for accelerated amortisation.

The calculation of the income tax expense, based on pre-tax profit for the year, is as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Profit before tax | 483,736 | 264,867 |
| Tax rate | 25 % | 25 % |
| Profit/(loss) adjusted to tax rate | 120,934 | 66,217 |
| Permanent differences | (22,219) | 18,380 |
| Effect of applying different tax rates | (3,393) | 5,969 |
| Tax Losses and deferred tax adjustments | 53,539 | 14,075 |
| Income tax expense | 148,861 | 104,641 |

The effective tax rate in 2020 is 30.8%, compared to 39.5% in 2019, which means a fall of 8.7 percentage points owing essentially to the extraordinary profit produced by the sale of 50% of Prosegur Alarmas España.

The tax rates in the countries where Prosegur operates are as follows:

| | 2020 | 2019 |
|----------------------|-------|-------|
| Tax rate | | |
| Germany | 30.5% | 30.5% |
| Argentina | 30.0% | 30.0% |
| Australia | 30.0% | 30.0% |
| Brazil | 34.0% | 34.0% |
| Canada | 26.5% | 26.5% |
| Chile | 27.0% | 27.0% |
| China | 25.0% | 25.0% |
| Colombia | 32.0% | 33.0% |
| Costa Rica | 30.0% | 30.0% |
| El Salvador | 30.0% | 30.0% |
| Ecuador | 25.0% | 25.0% |
| United Arab Emirates | 0.0% | 55.0% |
| Spain | 25.0% | 25.0% |
| United States | 29.0% | 29.0% |
| The Philippines | 30.0% | 30.0% |
| France | 28.0% | 33.3% |
| Guatemala | 25.0% | 25.0% |
| Honduras | 30.0% | 30.0% |
| Hong Kong | 16.5% | 16.5% |
| India | 28.0% | 28.0% |
| Indonesia | 22.0% | 25.0% |
| Luxembourg | 24.9% | 24.9% |
| Mexico | 30.0% | 30.0% |
| Nicaragua | 30.0% | 30.0% |
| The Netherlands | 25.0% | 25.0% |
| Paraguay | 10.0% | 10.0% |
| Peru | 29.5% | 29.5% |
| Portugal | 22.5% | 22.5% |
| United Kingdom | 19.0% | 18.0% |
| Singapore | 17.0% | 17.0% |
| South Africa | 28.0% | 28.0% |
| Turkey | 22.0% | 22.0% |
| Uruguay | 25.0% | 25.0% |

Also, in 2020 some local legislations changed their tax rates for the coming years. Accordingly, the tax rate for the following years is indicated below:

| Tax rates starting from: | Type of taxation | |
|--------------------------|------------------|--------|
| | Colombia | France |
| 01/01/2021 | 31% | 26.5% |

Movements in deferred tax assets and liabilities and changes in their composition are as follows:

| Thousands of Euros | 1 January 2019 | Charged against or credited to the income statement | Business combinations (Note 30) | Charged against or credited to equity | Exit from the scope | Translation differences | Balance at 31 December 2019 | Charged against or credited to the income statement | Business combinations (Note 30) | Charged against or credited to equity | Exit from the scope | Translation differences | Balance at 31 December 2020 |
|-----------------------------------|----------------|---|---------------------------------|---------------------------------------|---------------------|-------------------------|-----------------------------|---|---------------------------------|---------------------------------------|---------------------|-------------------------|-----------------------------|
| Depreciation of PPE | 21,865 | (3,163) | 56 | — | — | (610) | 18,148 | 851 | — | — | 39 | (2,085) | 16,953 |
| Amortisation of Intangible Assets | 7,880 | (2,168) | 146 | — | — | (16) | 5,842 | 2,784 | — | — | (264) | (525) | 7,837 |
| Losses and Tax Deductions | 49,374 | 9,556 | 1,677 | — | (1,573) | (2,233) | 56,801 | (17,839) | — | (4,074) | (3,296) | (4,612) | 26,980 |
| Provisions | 66,478 | 14,725 | 2,532 | 4,275 | (1,078) | (3,688) | 83,244 | 21,146 | — | — | (7,864) | (21,624) | 74,902 |
| Investments and Others | 9,004 | 4,658 | — | 4,221 | (5) | (1,995) | 15,883 | 4,472 | — | 1,435 | (503) | (4,194) | 17,093 |
| | 154,601 | 23,608 | 4,411 | 8,496 | (2,656) | (8,542) | 179,918 | 11,414 | — | (2,639) | (11,888) | (33,040) | 143,765 |

| Thousands of Euros | 1 January 2019 | Charged against or credited to the income statement | Business combinations (Note 30) | Charged against or credited to equity | Exit from the scope | Translation differences | Balance at 31 December 2019 | Charged against or credited to the income statement | Business combinations (Note 30) | Charged against or credited to equity | Exit from the scope | Translation differences | Balance at 31 December 2020 |
|-----------------------------------|------------------|---|---------------------------------|---------------------------------------|---------------------|-------------------------|-----------------------------|---|---------------------------------|---------------------------------------|---------------------|-------------------------|-----------------------------|
| Depreciation of PPE | (42,856) | (9,896) | — | — | — | 2,592 | (50,160) | (4,220) | — | — | 7,349 | 8,194 | (38,837) |
| Amortisation of Intangible Assets | (53,085) | 11,843 | (13,800) | — | 1,314 | 410 | (53,318) | 8,841 | (8,072) | 2,931 | 47 | 5,025 | (44,546) |
| Investments and Impairment | (5,208) | 1,679 | — | — | 90 | — | (3,439) | 1,791 | — | — | — | — | (1,648) |
| Provisions and Others | (27,860) | (4,289) | (37) | — | — | 8,004 | (24,182) | (9,015) | — | — | 3,220 | 3,647 | (26,330) |
| | (129,009) | (663) | (13,837) | — | 1,404 | 11,006 | (131,099) | (2,603) | (8,072) | 2,931 | 10,616 | 16,866 | (111,361) |

Tax loss assets at 31 December 2020 were EUR 23,950 thousand (2019: EUR 48,793 thousand of Euros). Tax deductions at 31 December 2020 amounted to EUR 3,030 thousand (2019: EUR 8,008 thousand).

Breakdown of total current and deferred income tax in relation to items directly charged against or credited to other comprehensive income during the year is as follows:

| | Thousands of Euros | |
|----------------------|--------------------|--------------|
| | 2020 | 2019 |
| Profit/(loss) equity | — | 1,336 |
| | — | 1,336 |

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

| | Thousands of Euros | |
|--------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Deferred tax assets | 122,243 | 158,049 |
| Deferred tax liabilities | (107,938) | (126,138) |
| | 14,305 | 31,911 |

The breakdown by country of the main deferred tax assets and liabilities, in thousands of Euros, is as follows:

| | Thousands of Euros | | | |
|--------------|---------------------|--------------------------|---------------------|--------------------------|
| | 2020 | | 2019 | |
| | Deferred tax assets | Deferred tax liabilities | Deferred tax assets | Deferred tax liabilities |
| Brazil | 45,377 | (13,538) | 62,159 | (25,715) |
| Argentina | 15,693 | (24,751) | 22,489 | (29,255) |
| Spain | 24,527 | (32,240) | 18,051 | (34,809) |
| Germany | 18,818 | (551) | 15,345 | (602) |
| Other | 39,350 | (40,281) | 61,874 | (40,718) |
| Total | 143,765 | (111,361) | 179,918 | (131,099) |

Prosegur has no inactivated tax credit carryforwards.

Deferred tax assets regarding tax loss carryforwards are recognised provided that it is probable that sufficient taxable income will be available against which to offset the asset.

Prosegur presents the amounts of deferred taxes in accordance with the provisions of IAS 12 in relation to offsetting current tax assets and liabilities in certain conditions, which are fulfilled in Spain, Portugal, United States, Luxembourg and Australia. In the breakdown of deferred tax assets and liabilities these are shown without offsetting.

Details of tax loss carryforwards and the year until which they can be offset at 31 December 2020 are as follows:

| Year | Thousands of Euros | | |
|-----------------------------------|--------------------|-----------------|---------------|
| | Total | Non-capitalised | Capitalised |
| 2021 | 4,577 | 4,482 | 95 |
| Subsequent years or no time limit | 359,447 | 280,236 | 79,211 |
| | 364,024 | 284,718 | 79,306 |

The breakdown of tax carryforwards and prescriptive periods at 31 December 2020 is as follows:

| | Thousands of Euros | | |
|-----------------|--------------------|--------------|----------------|
| | Total amount | 2021 | Later |
| Germany | 67,376 | — | 67,376 |
| Argentina | 54,176 | 1 | 54,175 |
| Australia | 52,147 | — | 52,147 |
| Brazil | 55,689 | — | 55,689 |
| Canada | 5 | — | 5 |
| Chile | 64,422 | — | 64,422 |
| China | 3,121 | 1 | 3,120 |
| Colombia | 13,770 | — | 13,770 |
| Costa Rica | 53 | — | 53 |
| USA | 18,778 | — | 18,778 |
| Ecuador | 94 | 94 | — |
| Spain | 302 | — | 302 |
| The Philippines | 714 | — | 714 |
| France | 46 | — | 46 |
| The Netherlands | 216 | — | 216 |
| Hong Kong | 533 | — | 533 |
| India | 614 | — | 614 |
| Indonesia | 2,075 | — | 2,075 |
| Luxembourg | 6,018 | — | 6,018 |
| Mexico | 7,662 | 1,804 | 5,858 |
| Paraguay | 2,480 | — | 2,480 |
| Peru | 6,903 | — | 6,903 |
| Portugal | 1,662 | — | 1,662 |
| Singapore | 50 | — | 50 |
| South Africa | 85 | — | 85 |
| UK | 520 | — | 520 |
| Uruguay | 4,513 | 2,677 | 1,836 |
| Total | 364,024 | 4,577 | 359,447 |

Detail of the tax loss carryforwards offset and pending offsetting at 31 December 2020 is as follows:

| | Thousands of Euros | | |
|-----------------|--------------------|------------------|----------------|
| | Capitalised | Non- Capitalised | Total |
| Germany | 58,437 | 8,939 | 67,376 |
| Argentina | 1,159 | 53,017 | 54,176 |
| Australia | 10,067 | 42,080 | 52,147 |
| Brazil | 2,868 | 52,821 | 55,689 |
| Canada | — | 5 | 5 |
| Chile | 1,655 | 62,767 | 64,422 |
| China | 2,454 | 667 | 3,121 |
| Colombia | 1,808 | 11,962 | 13,770 |
| Colombia | — | 53 | 53 |
| USA | — | 18,778 | 18,778 |
| Ecuador | 94 | — | 94 |
| Spain | — | 302 | 302 |
| The Philippines | — | 714 | 714 |
| France | 46 | — | 46 |
| The Netherlands | — | 216 | 216 |
| Hong Kong | — | 533 | 533 |
| India | — | 614 | 614 |
| Indonesia | — | 2,075 | 2,075 |
| Luxembourg | — | 6,018 | 6,018 |
| Mexico | — | 7,662 | 7,662 |
| Paraguay | — | 2,480 | 2,480 |
| Peru | 23 | 6,880 | 6,903 |
| Portugal | 653 | 1,009 | 1,662 |
| Singapore | — | 50 | 50 |
| South Africa | 42 | 43 | 85 |
| UK | — | 520 | 520 |
| Uruguay | — | 4,513 | 4,513 |
| Total | 79,306 | 284,718 | 364,024 |

The most significant non-activated tax bases are in Chile, Argentina, Brazil and Australia. Of the EUR 364,024 thousand of tax carryforwards offset and pending offsetting by Prosegur with a period of limitation extending beyond 2021, there is no time limit for offsetting EUR 259,897 thousand and there is a time limit for the remaining EUR 104,126 thousand.

Deferred tax assets are recognised provided that it is likely that sufficient taxable income will be generated against which the temporary differences can be offset. The recoverable amount of a CGU is determined based on its value in use. These calculations are based on cash flow projections, excluding the effects of potential future improvements in the return on assets, from the five-year financial budgets approved by Management.

On 6 June 2018, the Technical Office of the Spanish Tax Administration issued a Resolution for rectifying the settlement proposal contained in the record of non-acceptance for the 2011-2014 period for Corporate Income Tax, establishing the debt at the amount of EUR 1,354 thousand, of which EUR 1,195 thousand correspond to principal and EUR 159 thousand to late-payment interest. The Company has lodged a claim against that Resolution with the Central Court for Economic-Administrative Issues, which was overturned on 13 October 2020. On 10 December 2020, the Company filed a contentious-administrative appeal before the National Court, which is pending resolution.

In addition, the Company has two lawsuits awaiting decision arising from two records of non-acceptance in proceedings brought by the Spanish Administration. The first proceeding was brought in 2012, in relation to Corporate Income Tax for the years 2005, 2006 and 2007, for a tax liability of

EUR 8,268 thousand. That lawsuit is currently awaiting a decision by the Supreme Court. The second proceeding was brought in 2014 in relation to Corporate Income Tax for the years 2008 and 2009 and is for a tax liability of EUR 16,088 thousand. That lawsuit is awaiting a decision by the National Court. Given the latest rulings of the European Court of Justice and the reiterated position of the Supreme Court in favour of the Tax Administration, the Company decided to provision EUR 24,342 thousand for the tax debt and EUR 12,780 thousand for the interest deriving from said litigation in the year.

On 4 April 2019 the Brazilian Tax Authority notified Prosegur Brasil S.A. Transportadora de Valores e Segurança of a tax settlement decision regarding Corporate Income Tax, Social Security and withholdings at source in relation to the corporate cost incurred from 2014 to 2016. The amount of said act was BRL 214,820 thousand (tax debt BRL 102,938 thousand, interest BRL 30,833 thousand and penalties BRL 81,049 thousand), (equivalent of EUR 33,703 thousand, tax debt EUR 16,150 thousand, interest EUR 4,837 thousand and penalties EUR 12,716 thousand at 31 December 2020). The resolution was challenged by the Company in first instance in the administrative stage on 29 April 2019 and was resolved on 30 July 2019 with a reduction of 44,877 thousand reals (equivalent value at 31 December 2020 EUR 7,041 thousand) . The Company has proceeded to appeal this in the second administrative instance, where a favourable resolution to this lawsuit is anticipated.

On 10 July 2020, the general inspection procedure was opened for the companies Prosegur Servicios de Efectivo de España, S.A., Juncadella Prosegur Internacional, S.A. and Prosegur Global CIT, S.A, Prosegur Compañía de Seguridad, S.A. and Prosegur Servicios Integrales de Seguridad, S.A. for the years 2015 to 2018 for corporate income tax and for the years 2016 to 2018 for the remaining tax items. As of 31 December, the impacts that this inspection procedure may have are unknown.

The other Prosegur companies are subject to the local jurisdictions in the countries in which they operate.

Due to the different interpretations that could be made of the fiscal legislation in force, additional tax liabilities could arise in the event of inspections by the tax authority. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the Consolidated Annual Accounts.

In 2019, the Company has decided to implement IFRIC 23 referring to the application of the recognition and valuation criteria of IAS 12 when there is uncertainty regarding the tax authority's acceptance of a specific tax treatment used by the Group.

With this, if the Company considers it is likely that the tax authority will accept an uncertain tax treatment, it will establish the taxable gain (loss), the tax bases, unused tax losses, unused tax credits or the tax rates consistent with the tax treatment used or intended to be used in its income tax returns, without allocating any provision for that uncertain tax treatment.

However, if the Company considers it unlikely that the tax authority will accept an uncertain tax treatment, it will reflect the effect of the uncertainty to establish the taxable gain (loss), the tax bases, unused tax losses or credits or the corresponding tax rates. In this manner the effect of the uncertainty for each uncertain tax treatment will be reflected by the Company by using the most likely amount or the expected value of the probability-weighted amounts.

The variation in the provision of IFRIC 23 has been taken to "income tax expenses", this variation having implied higher expenses of EUR 1,238 thousand. At 31 December 2020 the IFRIC 23 provision amounts to EUR 60,730 thousand.

In 2020 the following corporate restructuring operations were carried out under the neutral tax regime:

- In January 2020, the takeover merger of Transfederal Transporte de Valores Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- In March 2020, the takeover merger of Transvip Transporte de Valores e Vigilância Patrimonial Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- In July 2020, the separation of the EAS business from Prosegur Security Integration LLC into Prosegur EAS USA LLC was formalised in the United States.
- In July 2020, the contribution of 100% of the shares of Prosegur Security Monitoring Inc. from Prosegur SIS USA Inc. to Prosegur Security USA Inc. was formalised in the United States.
- In July 2020, the contribution of 100% of the shares of Prosegur Services Group Inc. from Prosegur SIS USA Inc. to Prosegur Security USA Inc. was formalised in the United States.
- In July 2020, the contribution of 100% of the shares of Prosegur Technology International Inc. from Prosegur SIS USA Inc. to Prosegur Security USA Inc. was formalised in the United States.
- In July 2020, the contribution of 77.08% of the shares of Prosegur Security Integration Inc. from Prosegur SIS USA Inc. to Prosegur Security USA Inc. was formalised in the United States.
- In December 2020, the takeover merger of TEVSUR Cia Ltda. by Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda was formalised in Ecuador.
- In December 2020, the takeover merger of BaS Solution Gmbh by Prosegur Cash Services Germany Gmbh was formalised in Germany.

In 2019 the following corporate restructuring operations were carried out under the neutral tax regime:

- In Spain, the takeover merger of Enclama S.L. by Prosegur AVOS España S.L.
- In Colombia, the takeover merger of Integra Security Systems S.A. by Prosegur Seguridad Electrónica SAS

28. Contingencies

Sureties and guarantees

Prosegur has contingent liabilities for bank and other guarantees related with its normal business operations that are not expected to give rise to any significant liabilities.

Guarantees provided by Prosegur to third parties are as follows:

| | Thousands of Euros | |
|-----------------------|--------------------|----------------|
| | 2020 | 2019 |
| Commercial guarantees | 284,271 | 274,118 |
| Financial guarantees | 237,840 | 248,686 |
| | 522,111 | 522,804 |

Commercial guarantees include those given to clients.

Financial guarantees essentially include those relating to litigation in process totalling EUR 75,242 thousand (2019: EUR 85,830 thousand). Civil and labour-related litigation in Brazil amount to EUR 35,823 thousand at 31 December 2020 (EUR 45,143 thousand at 31 December 2019) (see Note 23).

National Commission on Markets and Competition

CNMC sanctioning file (Note 23)

On 22 April 2015 the National Commission on Markets and Competition (hereinafter the CNMC) commenced disciplinary proceedings against Prosegur Compañía de Seguridad, S.A. (Prosegur), Prosegur Servicios de Efectivo España, S.L.U. (currently a subsidiary of Prosegur Cash) and Loomis España, S.A. for alleged anticompetitive practices in accordance with the Competition Defence Law and the Treaty on the Functioning of the European Union. On 10 November 2016 the Competition Chamber of the CNMC ruled to jointly fine Prosegur and its subsidiary EUR 39,420 thousand.

On 13 January 2017 Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling requesting the cancellation of this resolution and the adoption of an interim measure consisting of suspending payment of the fine imposed.

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. Prosegur made the corresponding appeal on 6 September 2018.

By Order of 12 July 2017 -after the provision of the mandatory surety bond by Prosegur, by presenting a bank guarantee for the amount of EUR 39,420 thousand on 9 June 2017-, the National Court granted the precautionary suspension of the payment of the fine.

On 10 June 2019, Prosegur was notified of the Court Order declaring the proceedings to be concluded, with a vote and decision pending on them when their turn for this arrives.

On-site inspection of the CNMC at PROSEGUR's headquarters

On 10, 11 and 12 February 2015, the CNMC's Competition Directorate (DC) carried out inspections at the headquarters of Prosegur Compañía de Seguridad, S.A. and Prosegur Servicios de Efectivo España, S.L.

On 20 February 2015, Prosegur filed an administrative appeal before the CNMC Council against the inspection proceedings of the DC. On 18 May 2018, the National Court dismissed the contentious-administrative appeal filed by Prosegur against the resolution of the Competition Chamber of the CNMC Council of 9 April 2015, by which it was agreed to dismiss the internal appeal against the Investigation Order of 4 February 2015 issued by the CNMC's Competition Directorate and subsequent inspections.

A cassation appeal was filed before the Supreme Court against the ruling of the National Court but was dismissed by the order of 8 January 2019, as it did not have annulment interest, and this was made final.

Finally, on 11 September Prosegur filed an appeal for constitutional protection against the CNMC Investigation Order and the inspection proceedings, the Resolution on the Investigation Order, the Ruling on the appeal against the Investigation Order that was made final after the Order of the Supreme Court and the Petition for Nullity. By Order of 16 June 2020, the Second Chamber of the Constitutional Court has agreed not to accept the appeal for constitutional protection presented by Prosegur for not considering it to have the special constitutional significance which, as a condition for its acceptance, the law requires. Whereby in 2020 the possibility of any legal appeals has concluded.

Due to the last events, the Company has therefore decided to record a provision based on the best estimate available to it on the date of preparation of these interim financial statements for EUR 8,695 thousand which are registered in the item "Other expenses" (Note 6).

Prosegur Compañía de Seguridad, S.A. will exclusively and at its own expense assume the defence of Prosegur and Prosegur Servicios de Efectivo España S.L., having sole power regarding the directing and control of that defence and of the lawsuit.

Liquidation of subsidiaries in France

In April 2005 the accounts of Bac Sécurité, Force Gardiennage and Sécurité Européenne de L'Espace Industriel (SEEI) were deposited with the Versailles Court of Commerce and since that date these companies have been in receivership. The liquidation of these companies was completed in 2008 and they are currently being wound up. The Directors do not expect significant liabilities to arise from this process.

Liquidation of subsidiaries in Romania

At the end of financial year 2017, the company SC Rosegur S.A. is undergoing insolvency proceedings and the company SC Rosegur Cash Services S.A. has been declared bankrupt. The company Rosegur Holding Corporation S.L. has been dissolved by agreement of the General Meeting and is currently under liquidation. Lastly, the companies SC Rosegur Fire S.R.L. and SC Rosegur Training S.R.L., both inactive, form part of the equity of SC Rosegur S.A. to be liquidated as part of the insolvency proceedings. The Directors do not expect significant liabilities to arise from this process.

29. Commitments

Purchase commitments for fixed assets

Investments committed but not made at the close of the year are as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Property, Plant and Equipment | 8,908 | 8,456 |
| Other intangible assets | 2,735 | 2,260 |
| | 11,643 | 10,716 |

At 31 December 2020 and 2019, the commitments correspond mainly to the purchase of armoured vehicles, machinery and plants (Note 11).

Lease commitments

As indicated in Note 35.7, the Group has chosen not to recognise in the balance sheet the lease liabilities and the right of use asset corresponding to short term and low value lease contracts.

The commitments deriving from these lease contracts do not exceed five years' maturity:

| At 31 December 2020 | Thousands of Euros | |
|---------------------|--------------------|--------------|
| | Less than 1 year | 1 to 5 years |
| Type | | |
| Buildings | 1,129 | 1,596 |
| Vehicles | 963 | 1,025 |
| | 2,092 | 2,622 |

| At 31 December 2019 | Thousands of Euros | |
|---------------------|--------------------|--------------|
| | Less than 1 year | 1 to 5 years |
| Type | | |
| Buildings | 7,438 | 1,367 |
| Vehicles | 15,085 | 4,432 |
| Other assets | 2,621 | 1,940 |
| | 25,144 | 7,739 |

30. Business combinations

Details of changes in goodwill are presented in Note 13.

30.1. Goodwill added in 2020

Details of the net assets acquired, and goodwill recognised on business combinations during the year are as follows:

| Thousands of Euros | Cash payment | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill |
|--|---------------|------------------------|----------------------|---------------------------------------|---------------|
| Cash business combinations in LatAm (1) | 24,816 | 50,863 | 75,679 | 15,747 | 59,932 |
| Business combinations in Cash Europe (1) | 2,247 | 3,854 | 6,101 | 3,083 | 3,018 |
| Business combinations in Cash ROW (1) | 10,454 | — | 10,454 | 10,346 | 108 |
| Security business combinations in Europe (1) | 900 | 1,408 | 2,308 | 1,084 | 1,224 |
| | 38,417 | 56,125 | 94,542 | 30,260 | 64,281 |

(1) Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Goodwill is not tax deductible.

Had the business acquired in 2020 been acquired on 1 January 2020, consolidated income statement revenues would have been EUR 7,674 thousand higher and consolidated profit/(loss) for the year would have been reduced by EUR 93 thousand.

Prosegur has recognised under administration and sales expenses of the consolidated income statement transaction costs of EUR 3,829 thousand (2019: EUR 4,366 thousand).

The cash outflow incurred to purchase these business, net of cash acquired, is as follows:

| Thousands of Euros | Cash payment | Cash and cash equivalents acquired | Cash outflow in acquisition |
|--|---------------|------------------------------------|-----------------------------|
| Cash business combinations in LatAm (1) | 24,816 | (6,661) | 18,155 |
| Business combinations in Cash Europe (1) | 2,247 | (227) | 2,020 |
| Business combinations in Cash ROW (1) | 10,454 | — | 10,454 |
| Security business combinations in Europe (1) | 900 | (619) | 281 |
| | 38,417 | (7,507) | 30,909 |

(1) Calculations relating to business combinations are provisional and may be adjusted for up to a year from the acquisition date.

Cash business combinations in LatAm

During 2020, Prosegur acquired a number of security companies in LatAm providing securities logistics, cash in transit and ancillary banking services. The total purchase price was EUR 75,679 thousand, comprising a cash consideration of EUR 24,816 thousand, a deferred contingent consideration amounting to a total of EUR 27,691 thousand, due in 2020 and 2024 and a deferred payment of EUR 23,172 thousand, due in 2020, 2021, 2022, 2023, 2024 and 2025.

The revenue and net profits contributed to the consolidated income statement for 2020 amounted to EUR 54,307 thousand and EUR 2,058 thousand respectively.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|---|-------------------|
| Cash and cash equivalents | 6,661 | 6,661 |
| Property, plant and equipment (Note 11) | 16,191 | 16,191 |
| Inventories | 199 | 199 |
| Deferred tax assets | 7,271 | 7,271 |
| Current tax liabilities | (105) | (105) |
| Current tax assets | 1,017 | 1,017 |
| Clients and other receivables | 10,228 | 10,228 |
| Suppliers and other payables | (15,347) | (15,347) |
| Provisions | (24,014) | (24,014) |
| Rights of use (Note 12) | 108 | 108 |
| Long-term lease liabilities | (33) | (33) |
| Short-term lease liabilities | (75) | (75) |
| Other intangible assets | 33 | 40,154 |
| Other current liabilities | (33) | (33) |
| Deferred tax liabilities | (454) | (7,962) |
| Short-term financial liabilities | (13,257) | (13,257) |
| Long-term financial liabilities | (5,256) | (5,256) |
| Identifiable net assets acquired | (16,866) | 15,747 |

The goodwill on this acquisition was allocated to the Cash segment and to the LatAm geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 40,121 thousand) with a useful life between 12 and 20 years (Note 14).

Cash business combinations in Europe

During the 2020 financial year, Prosegur acquired a company in Europe that provides on-line purchase and sale services through a web platform that connects sellers with end clients. The total purchase price was EUR 6,101 thousand, comprising a cash payment of EUR 2,247 thousand, and a deferred contingent consideration totalling EUR 3,854 thousand maturing in 2023 and 2025.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|---|-------------------|
| Cash and cash equivalents | 227 | 227 |
| Current tax assets | 49 | 49 |
| Clients and other receivables | 87 | 87 |
| Suppliers and other payables | (54) | (54) |
| Non-current financial assets | 4 | 4 |
| Other intangible assets | 3 | 3,692 |
| Deferred tax liabilities | — | (922) |
| Identifiable net assets acquired | 316 | 3,083 |

The goodwill on this acquisition was allocated to the Cash segment and to the European geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise other intangible assets (EUR 3,172 thousand) with a useful life of 10 years, and trademarks (EUR 517 thousand) with an indefinite useful life (Note 14).

Cash business combinations in ROW

In 2020, Prosegur acquired assets relative to cash in transit services. The total purchase price was EUR 10,454 thousand, entirely comprising a cash payment.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|--|---------------|
| Property, plant and equipment (Note 11) | 6,368 | 6,368 |
| Other intangible assets | — | 3,978 |
| Identifiable net assets acquired | 6,368 | 10,346 |

The goodwill on this acquisition was allocated to the Cash segment and to the ROW geographical area and mainly reflects the profitability of the business and sizeable synergies expected to arise as a result of the acquisition by Prosegur Cash. The intangible assets acquired comprise other intangible assets (EUR 3,978 thousand) with a useful life of 7 years (Note 14).

Security business combinations in Europe

During 2020, Prosegur acquired a security company in Europe specialising in the installation and maintenance of security equipment. The total purchase price was EUR 2,308 thousand, comprising a cash payment of EUR 900 thousand, and a deferred contingent consideration totalling EUR 1,408 thousand maturing in 2020, 2021 and 2022.

The revenue and net profits contributed to the consolidated income statement for 2020 amounted to EUR 3,051 thousand and EUR 347 thousand respectively.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|--|--------------|
| Cash and cash equivalents | 619 | 619 |
| Property, plant and equipment (Note 11) | 26 | 26 |
| Inventories | 29 | 29 |
| Clients and other receivables | 812 | 812 |
| Suppliers and other payables | (667) | (667) |
| Current tax liabilities | (90) | (90) |
| Non-current financial assets | 1 | 1 |
| Other intangible assets | — | 472 |
| Deferred tax liabilities | — | (118) |
| Identifiable net assets acquired | 730 | 1,084 |

The goodwill on this acquisition was allocated to the Security segment and to the Europe geographical area and mainly reflects the profitability of the business and sizeable synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 472 thousand) with a useful life of 9 years (Note 14).

30.2. Goodwill added in 2019 with valuation completed in 2020

Details of the net assets acquired, and goodwill recognised on business combinations during 2019 for which measurement was completed in 2020 are as follows:

| Thousands of Euros | Cash payment | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill |
|--|---------------|------------------------|-----------------------------|---------------------------------------|-----------------|
| Business combinations in Cash Europe (1) | 15,320 | 9,931 | 25,251 | 15,996 | 9,255 |
| | 15,320 | 9,931 | 25,251 | 15,996 | 9,255 |

Goodwill is not tax deductible.

At 31 December 2019, total goodwill of EUR 7,512 thousand was recognised on these additions for the Europe Cash business combinations. The difference generated by the verification of the fair values in 2020 corresponded to the reassessment of the postponed contingent payments associated with Europe Cash business combinations. Prosegur has not restated 2019 figures as the changes are not significant.

The cash outflow incurred to purchase these business, net of cash acquired, is as follows:

| Thousands of Euros | Cash payment | Cash and cash equivalents acquired | Cash outflow in acquisition |
|--|--------------|------------------------------------|------------------------------------|
| Business combinations in Cash Europe (1) | 15,320 | (5,928) | 9,392 |
| | 15,320 | (5,928) | 9,392 |

Cash business combinations in Europe

In 2019, Prosegur acquired a number of software engineering companies in Europe specialised in the development of technological solutions for the insurance industry implemented in open systems and platforms, and a company that provides cash in transit services related to digital software of the retail sector. The total purchase price was EUR 25,251 thousand, comprising a cash consideration of EUR 15,320 thousand, a deferred contingent consideration amounting to a total of EUR 8,357 thousand, due in 2020, 2021, 2022, 2023, and a deferred payment of EUR 1,574 thousand, due in 2020.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|---|---------------|
| Cash and cash equivalents | 5,928 | 5,928 |
| Clients and other receivables | 1,452 | 1,452 |
| Non-current financial assets | 1,126 | 1,126 |
| Current tax assets | 155 | 155 |
| Deferred tax assets | 56 | 56 |
| Other liabilities and expenses | (386) | (386) |
| Property, Plant and Equipment | 789 | 789 |
| Suppliers and other payables | (1,540) | (1,540) |
| Short-term financial liabilities | (5) | (5) |
| Deferred tax liabilities | (12) | (2,821) |
| Other intangible assets | 3 | 11,242 |
| Identifiable net assets acquired | 7,566 | 15,996 |

The goodwill on this acquisition was allocated to the Cash segment and to the Europe geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 10,598 thousand) with a useful life of 14 years and a software specialised in the development of technological solutions for the insurance industry (EUR 641 thousand) with a useful life of 8 years.

30.3. Goodwill added in year 2019 not reviewed in 2020

Details of the net assets acquired, and goodwill recognised on business combinations during 2019 whose valuation has not been reviewed in 2020 are as follows:

| Thousands of Euros | Cash payment | Deferred at fair value | Total purchase price | Fair value of identifiable net assets | Goodwill |
|---|-----------------|---------------------------|----------------------------|---|---------------|
| Cash business combinations in LatAm (1) | 30,812 | 34,282 | 65,094 | 40,175 | 24,919 |
| Business combinations in Cash ROW (1) | 1,241 | 3,079 | 4,320 | 698 | 3,622 |
| Alarms business combinations in LatAm (1) | 4,683 | 3,832 | 8,515 | 6,173 | 2,342 |
| Cibersecurity business combinations in Europe (1) | 1,875 | 938 | 2,813 | 1,125 | 1,688 |
| Cibersecurity business combinations in LatAm (1) | 14,450 | 7,225 | 21,675 | 7,647 | 14,028 |
| Security and Cybersecurity business combinations in ROW (1) | 47,539 | 10,901 | 58,440 | 29,724 | 28,716 |
| | 100,600 | 60,257 | 160,857 | 85,542 | 75,315 |

Goodwill is not tax deductible.

The cash outflow incurred to purchase these business, net of cash acquired, is as follows:

| Thousands of Euros | Cash payment | Cash and cash equivalents acquired | Cash outflow in acquisition |
|---|----------------|------------------------------------|-----------------------------|
| Cash business combinations in LatAm (1) | 30,812 | (3,153) | 27,659 |
| Business combinations in Cash ROW (1) | 1,241 | (5) | 1,236 |
| Alarms business combinations in LatAm (1) | 4,683 | — | 4,683 |
| Cibersecurity business combinations in Europe (1) | 1,875 | (87) | 1,788 |
| Cibersecurity business combinations in LatAm (1) | 14,450 | (99) | 14,351 |
| Security and Cybersecurity business combinations in ROW (1) | 47,539 | (571) | 46,968 |
| | 100,600 | (3,915) | 96,685 |

Cash business combinations in LatAm

During 2019, Prosegur acquired a number of security companies and assets in LatAm providing cash in transit and administrative banking services. The total purchase price was EUR 65,094 thousand, comprising a cash consideration of EUR 30,812 thousand, a deferred contingent consideration amounting to a total of EUR 19,748 thousand, due in 2019, 2020 and 2021 and a deferred payment of EUR 14,534 thousand, due in 2020 and 2021.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|--|---------------|
| Cash and cash equivalents | 3,153 | 3,153 |
| Rights of use | 2,027 | 2,027 |
| Property, Plant and Equipment | 914 | 914 |
| Clients and other receivables | 8,979 | 8,979 |
| Non-current financial assets | 16 | 16 |
| Deferred tax assets | 114 | 114 |
| Current tax assets | 983 | 983 |
| Suppliers and other payables | (9,838) | (9,838) |
| Provisions | (6,812) | (6,812) |
| Short-term financial liabilities | (270) | (270) |
| Current tax liabilities | (724) | (724) |
| Long-term lease liabilities | (1,663) | (1,663) |
| Short-term lease liabilities | (381) | (381) |
| Deferred tax liabilities | (36) | (3,536) |
| Other intangible assets | 48 | 47,213 |
| Identifiable net assets acquired | (3,490) | 40,175 |

The goodwill on this acquisition was allocated to the Cash segment and to the LatAm geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets are based on client relationships (EUR 41,871 thousand) with a useful life of between 9 and 13 years and a non-competition agreement (EUR 5,294 thousand) with a useful life of between 5 and 10 years.

Cash business combinations in ROW

In 2019, Prosegur acquired a security company that provides cash in transit services. The total purchase price was EUR 4,320 thousand, comprising a cash payment of EUR 1,241 thousand, and a deferred payment of EUR 3,079 thousand maturing in 2019 and 2020.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|--|------------|
| Cash and cash equivalents | 5 | 5 |
| Property, Plant and Equipment | 374 | 374 |
| Rights of use | 269 | 269 |
| Clients and other receivables | 502 | 502 |
| Suppliers and other payables | (475) | (475) |
| Current tax assets | 86 | 86 |
| Other intangible assets | — | 540 |
| Deferred tax liabilities | — | (135) |
| Short-term financial liabilities | (180) | (180) |
| Long-term financial liabilities | (26) | (26) |
| Long-term lease liabilities | (150) | (150) |
| Short-term lease liabilities | (131) | (131) |
| Inventories | 19 | 19 |
| Identifiable net assets acquired | 293 | 698 |

The goodwill on this acquisition was allocated to the Cash segment and to the ROW geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 512 thousand) with a useful life of 19 years and trademarks (EUR 28 thousand) with a useful life of 1 year.

Alarms business combinations in LatAm

In 2019, Prosegur acquired a series of assets in LatAm from a security company specialising in monitoring residential alarm systems. The total purchase price was EUR 8,515 thousand, comprising a cash payment of EUR 4,683 thousand, and a deferred payment of EUR 3,832 thousand maturing in 2020.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|--|--------------|
| Property, Plant and Equipment | 712 | 712 |
| Other intangible assets | 22 | 5,377 |
| Clients and other receivables | 38 | 38 |
| Inventories | 46 | 46 |
| Identifiable net assets acquired | 818 | 6,173 |

The goodwill on this acquisition was allocated to the Alarms segment and to the LatAm geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a

result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 5,355 thousand) with a useful life of 8 years.

Cibersecurity business combinations in Europe

During 2019, Prosegur acquired a security company in Europe specialising in cybersecurity. The total purchase price was EUR 2,813 thousand, comprising a cash consideration of EUR 1,875 thousand, a deferred contingent consideration amounting to a total of EUR 786 thousand, due in 2023 and 2024 and a deferred payment of EUR 152 thousand, due in 2021, 2022, 2023, 2024 and 2025.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|---|-------------------|
| Cash and cash equivalents | 87 | 87 |
| Property, Plant and Equipment | 2 | 2 |
| Clients and other receivables | 383 | 383 |
| Suppliers and other payables | (218) | (218) |
| Other intangible assets | — | 1,050 |
| Deferred tax liabilities | — | (179) |
| Identifiable net assets acquired | 254 | 1,125 |

The goodwill on this acquisition was allocated to the Security segment and to the Europe geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 791 thousand) with a useful life of 9 years, and trademarks (EUR 259 thousand) with an indefinite useful life.

Cibersecurity business combinations in LatAm

During 2019, Prosegur acquired a security company in LatAm specialising in cybersecurity. The total purchase price was EUR 21,675 thousand, comprising a cash consideration of EUR 14,450 thousand, a deferred contingent consideration amounting to a total of EUR 6,513 thousand, due in 2023 and 2024 and a deferred payment of EUR 712 thousand, due in 2021, 2022, 2023, 2024 and 2025.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|---|-------------------|
| Cash and cash equivalents | 99 | 99 |
| Rights of use | 99 | 99 |
| Property, Plant and Equipment | 295 | 295 |
| Deferred tax assets | 15 | 15 |
| Current tax assets | 205 | 205 |
| Clients and other receivables | 5,096 | 5,096 |
| Suppliers and other payables | (3,329) | (3,329) |
| Provisions | (66) | (66) |
| Other intangible assets | 270 | 8,262 |
| Deferred tax liabilities | — | (2,717) |
| Long-term lease liabilities | (23) | (23) |
| Short-term lease liabilities | (97) | (97) |
| Short-term financial liabilities | (172) | (172) |
| Long-term financial liabilities | (20) | (20) |
| Identifiable net assets acquired | 2,372 | 7,647 |

The goodwill on this acquisition was allocated to the Security segment and to the LatAm geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 6,939 thousand) with a useful life of 7 years, and trademarks (EUR 1,053 thousand) with an indefinite useful life.

Security and Cybersecurity business combinations in ROW

During 2019, Prosegur acquired a number of security companies in ROW providing services of surveillance, remote video-surveillance, cybersecurity and sales of security devices. The total purchase price was of EUR 58,440 thousand, comprising a cash consideration of EUR 47,539 thousand, a deferred contingent consideration amounting to a total of EUR 10,324 thousand, due in 2019, 2022, 2023, and 2024 and a deferred payment of EUR 577 thousand, due in 2021, 2022, 2023, 2024 and 2025.

The assets and liabilities that arose from this acquisition are as follows:

| (Thousands of Euros) | Carrying amount of the business acquired | Fair value |
|---|---|---------------|
| Cash and cash equivalents | 571 | 571 |
| Property, Plant and Equipment | 919 | 919 |
| Rights of use | 2,400 | 2,400 |
| Clients and other receivables | 36,500 | 36,500 |
| Inventories | 5,096 | 5,096 |
| Current tax assets | 311 | 311 |
| Other liabilities and expenses | (581) | (581) |
| Suppliers and other payables | (18,491) | (18,492) |
| Non-current financial assets | 166 | 166 |
| Short-term financial liabilities | (13,741) | (13,741) |
| Long-term financial liabilities | (249) | (249) |
| Long-term lease liabilities | (1,343) | (1,343) |
| Short-term lease liabilities | (1,198) | (1,198) |
| Deferred tax asset | 4,227 | 4,227 |
| Provisions | (4,801) | (4,801) |
| Current tax liabilities | (93) | (93) |
| Deferred tax liabilities | — | (4,670) |
| Other intangible assets | 77 | 24,702 |
| Identifiable net assets acquired | 9,770 | 29,724 |

The goodwill on this acquisition was allocated to the Security segment and to the ROW geographical area and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur. The intangible assets acquired comprise client relationships (EUR 20,951 thousand) with a useful life of between 8 and 27 years and trademarks (EUR 3,674 thousand) with a useful life of 5 years and an indefinite useful life.

31. Related parties

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 59.368% of the Company's shares. The remaining 40.632% is held by various shareholders, including AS Inversiones S.L. with 5.993% (Note 22).

Procurement of goods and services

In October 2005 Prosegur and Proactinmo, S.L.U (controlled by Gubel, S.L.) signed a lease contract for the building located at Calle Santa Sabina, 8 (Madrid), which is adjacent to a building at Calle Pajaritos, 24. In December 2015 the novation of the contract was signed updating the current rent to market conditions, established as EUR 1,012 thousand and extending the term of the contract from five to ten years, renewable for a further year. In 2020, Proactinmo, S.L.U. invoiced the Group EUR 1,145 thousand for that lease contract (2019: EUR 1,149 thousand).

In December 2015 a lease contract was signed with Proactinmo, S.L.U. (controlled by Gubel, S.L.) for the building located in Calle Pajaritos, number 24, Madrid. This contract has a term of ten years

and may be extended for an additional year and was arranged at arm's length. In 2020, Proactinmo, S.L.U. invoiced the Group EUR 757 thousand for that lease contract (2019: EUR 815 thousand).

Prosegur has a lease contract with Proactinmo, S.L.U (controlled by Gubel, S.L.) for the building located at calle San Maximo, 3 and 9, in Madrid. This contract was executed in December 2018. This contract has a term of five years and was arranged at arm's length. In 2020, Proactinmo, S.L.U. invoiced the Group EUR 975 thousand for that lease contract (2019: EUR 701 thousand).

Prosegur has a lease contract with Proactinmo, S.L.U (controlled by Gubel, S.A.) for the building located at calle Juan Ignacio Luca de Tena 6. This contract was executed in July 2020. This contract has a term of ten years and was arranged at arm's length. In 2020, Proactinmo, S.L.U. invoiced the Group EUR 323 thousand for that lease contract.

The leases are at market prices.

During the year, the Euroforum Group (controlled by Gubel, S.L.) invoiced Prosegur for hotel services amounting to EUR 89 thousand (2019: EUR 325 thousand).

During the year, Agrocinegética San Huberto (controlled by Gubel, S.L) invoiced Prosegur for EUR 384 thousand (2019: EUR 398 thousand).

Provision of services

In 2020, Prosegur provided security services to Gubel, S.L. in the amount of EUR 15 thousand (2019: EUR 18 thousand) and to Proactinmo, S.L.U. (controlled by Gubel, S.L.) for EUR 250 thousand (2019: EUR 59 thousand).

During the year, Prosegur billed the Euroforum Group (controlled by Gubel, S.L.) EUR 36 thousand (2019: (EUR 397 thousand).

In 2020 and 2019 no assets were sold to related companies.

Remuneration of members of the Board of Directors and key senior management personnel

1. Remuneration of members of the Board of Directors

The total remuneration accrued by members of the Board of Directors is as follows:

| | Thousands of Euros | |
|--|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Fixed remuneration | 1,296 | 1,724 |
| Variable remuneration | 308 | 250 |
| Remuneration for membership of the Board | 160 | 160 |
| Per diems | 169 | 169 |
| Life insurance premiums | 79 | 73 |
| | <u><u>2,012</u></u> | <u><u>2,376</u></u> |

2. Remuneration of Senior Management personnel

Senior Management personnel are understood to be Prosegur employees who hold, de facto or de jure, Senior Management positions reporting directly to the Board of Directors, executive committees or Executive Director, including those holding a power of attorney which relates to the corporate object and is not restricted to specific areas or matters.

The total remuneration accrued by Senior Management personnel of Prosegur is as follows:

| | Thousands of Euros | |
|-------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Fixed remuneration | 1,734 | 1,720 |
| Variable remuneration | 689 | 774 |
| Remuneration in kind | 27 | 21 |
| Life insurance premiums | 11 | 11 |
| | 2,460 | 2,526 |

The expenses for civil liability insurance for directors and members of Senior Management amount to EUR 110 thousand (2019: EUR 172 thousand).

At the Shareholders General Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for the Executive Director and the Senior Management of Prosegur. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of share-based incentives in cash to the Executive Director and Senior Management of the Company, the same as for the previous plan (Note 35.20).

At the Shareholders General Meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for the Executive Director and the Senior Management of Prosegur. The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has a duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022.

In both plans, for the purpose of determining the value in cash of each share to which the beneficiary is entitled, the average quotation price of the Prosegur shares on the Stock Exchange will be taken as reference during the last fifteen trading sessions of the month prior to the one in which the shares are awarded.

Quantification of the total incentive will depend on the degree of achievement of the targets established in line with the strategic plan.

Due to the impact of the COVID-19 pandemic on the Group's results, it is foreseeable that the objectives set for the liquidation of the entire 2020 Plan will not be achieved. Consequently, the Group has adjusted the provision based on a new settlement, recording a positive impact on the income statement for the year amounting to EUR 7,275 thousand (Note 5.1).

During the year 2019, provisions to profit/(loss) amounted to EUR 5,674 thousand (Note 5.1).

With regard to the total commitment acquired, it is recognised as an expense in the income statement with a credit to provisions on an accrual's basis over the Plan assessment period (see Note 23).

In 2020 EUR 928 thousand were used, corresponding to the second payment under the 2017 Plan (Note 23) (2019: (EUR 1,594 thousand)).

Loans and investments with related parties

At 31 December 2020 and 2019 there were no loans to related companies except for the loan granted from Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is consolidated using the equity method for the amount of EUR 2,191 thousand (Note 18) (2019: EUR 2,450 thousand of Euros).

Through the company Gestconsult S.A. Prosegur invested EUR 50,000 thousand in a fixed income fund in 2017, for which an expense was recognised for a management fee of 0.60%. The president of Gestconsult, Juan Lladó Fernandez-Urrutia, is a person related to Mr Christian Gut Revoredo. Following a favourable report from the corresponding Committee, on 3 April 2017 the Board of Directors authorised this related transaction. During the 2020 financial year, the last EUR 30,000 thousand were divested in the aforementioned fixed income fund (divestment of 20,000 thousand during the 2019 financial year) (Note 21). That investment is recorded under the heading of other financial assets at 31 December 2019.

Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Revised Text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the Board of Directors and their related parties declare that they have not been involved in any direct or indirect conflicts of interest with the Company in 2020.

Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. Prosegur does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not material for the firm and neither do they represent a significant amount on the accounts of Prosegur. At 31 December 2020 the fees amounted to EUR 1,234 thousand, representing less than 0.5% of Prosegur's total administration and sales expenses (Note 4) (at 31 December 2019 the amount was EUR 553 thousand).

In addition, in 2020 Prosegur provided surveillance services to the law firm J&A Garrigues, S.L.P. The surveillance services invoiced to J&A Garrigues, S.L.P. at 31 December 2020 stood at EUR 775 thousand, accounting for less than 0.5% of Prosegur's sales (at 31 December 2019 it was EUR 697 thousand).

Furthermore, these services are provided through partners from the firm other than Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is entirely independent and in no way linked to the amount invoiced by the firm to Prosegur. Accordingly, the Board of Directors considers that the business relationship between the law firm J&A Garrigues, S.L.P. and Prosegur, due to its recurrent, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Fernando Vives to discharge the duties of independent director of Prosegur.

32. Financial risk management and fair value

32.1. Financial risk factors

Prosegur's activities are exposed to currency risk, interest rate risk, price risk, credit risk and liquidity risk. Prosegur's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The Financial Department identifies, proposes and carries out the management of these risks along with other operating units of Prosegur in accordance with policies approved by the Executive Committee.

Currency risk

Prosegur operates on an international level and is therefore exposed to currency risks for currency operations. Currency risk arises when future trade transactions, equity investments, profit/(loss) from operating activities and financial positions are denominated in a foreign currency other than the functional currency of each one of the Prosegur companies.

To control the exchange rate in these operations, Prosegur's policy is to use appropriate instruments to balance and neutralise the risks associated with monetary in- and outflows, considering market expectations.

As Prosegur intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, assuming the risk relating to the translation to Euros of the assets and liabilities denominated in foreign currencies.

The following provides details of Prosegur's exposure to currency risk, with details on the carrying amounts of the financial instruments denominated in a foreign currency other than the functional one of each country:

At 31 December 2020

| Thousands of Euros | Euro | US Dollar | Brazilian Real | Argentine Peso | Colombian Peso | Australian Dollar | Other currencies | Total position |
|---------------------------------|----------------|---------------|----------------|-----------------|----------------|-------------------|------------------|----------------|
| Loans between related parties | — | — | — | — | — | — | — | — |
| Non-current financial assets | — | 3,521 | 2,488 | — | — | — | 7,803 | 13,812 |
| Total non-current assets | — | 3,521 | 2,488 | — | — | — | 7,803 | 13,812 |
| Clients and other receivables | 3,320 | 10,022 | 1,150 | — | — | — | 7,279 | 21,771 |
| Other current financial assets | 100,797 | 248 | — | — | — | 36,151 | 3,141 | 140,337 |
| Cash and cash equivalents | 18,926 | 48,401 | — | — | — | 1,673 | 1,496 | 70,496 |
| Total current assets | 123,043 | 58,671 | 1,150 | — | — | 37,824 | 11,916 | 232,604 |
| Financial liabilities | 1,701 | 50 | 10,621 | — | 4,612 | — | 555 | 17,539 |
| Non-current liabilities | 1,701 | 50 | 10,621 | — | 4,612 | — | 555 | 17,539 |
| Suppliers and other payables | 4,589 | 12,363 | 141 | 7,039 | 15 | 112 | 4,235 | 28,494 |
| Financial liabilities | 7,029 | 1,997 | 1,209 | 8,532 | 4,176 | — | 1,010 | 23,953 |
| Current liabilities | 11,618 | 14,360 | 1,350 | 15,571 | 4,191 | 112 | 5,245 | 52,447 |
| Net position | 109,724 | 47,782 | (8,333) | (15,571) | (8,803) | 37,712 | 13,919 | 176,430 |

At 31 December 2019

| Thousands of Euros | Euro | US Dollar | Brazilian Real | Argentine Peso | Colombian Peso | Australian Dollar | Other currencies | Total position |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|-------------------|------------------|----------------|
| Loans between related parties | 15,067 | — | — | — | — | — | 62 | 15,129 |
| Non-current financial assets | — | 3,191 | 2,786 | — | — | — | 1,212 | 7,189 |
| Total non-current assets | 15,067 | 3,191 | 2,786 | — | — | — | 1,274 | 22,318 |
| Clients and other receivables | 14,359 | 23,553 | — | — | — | — | 4,929 | 42,841 |
| Other current financial assets | 35,864 | 291 | — | — | — | 9,039 | 2,298 | 47,492 |
| Cash and cash equivalents | 10,042 | 20,769 | — | — | — | 7,575 | 635 | 39,021 |
| Total current assets | 60,265 | 44,613 | — | — | — | 16,614 | 7,862 | 129,354 |
| Financial liabilities | 7,397 | 657 | — | — | — | — | — | 8,054 |
| Non-current liabilities | 7,397 | 657 | — | — | — | — | — | 8,054 |
| Suppliers and other payables | 41,999 | 13,013 | — | — | — | — | 15 | 55,027 |
| Financial liabilities | 5,056 | 850 | — | — | 2,065 | — | 102 | 8,073 |
| Current liabilities | 47,055 | 13,863 | — | — | 2,065 | — | 117 | 63,100 |
| Net position | 20,880 | 33,284 | 2,786 | — | (2,065) | 16,614 | 9,019 | 80,518 |

Details of the main average and year-end exchange rates to Euros of the foreign currencies in which Prosegur operates are as follows:

| | 2020 | | 2019 | |
|------------------|----------|--------------|----------|--------------|
| | Average | Closing rate | Average | Closing rate |
| US Dollar | 1.14 | 1.23 | 1.12 | 1.12 |
| Brazilian Real | 5.89 | 6.37 | 4.41 | 4.52 |
| Argentine Peso | 80.76 | 103.14 | 53.70 | 67.17 |
| Chilean Peso | 902.96 | 872.76 | 786.44 | 836.51 |
| Mexican Peso | 24.52 | 24.42 | 21.55 | 21.22 |
| Nuevo Sol (Peru) | 3.99 | 4.45 | 3.74 | 3.73 |
| Colombian Peso | 4,215.17 | 4,212.02 | 3,672.02 | 3,681.54 |

The strengthening (weakening) of the Euro vs the Brazilian Real, Argentine Peso, Chilean Peso, Peruvian Nuevo Sol and US Dollar at 31 December would increase (decrease) the profit/(loss) and the equity in the amounts shown below.

This analysis is based on a variation of the foreign currency exchange rate that Prosegur deems reasonably possible at the end of the reporting period in question (increase and decrease in the exchange rate). This analysis assumes that all other variables, particularly interest rates, remain constant.

| Thousands of Euros | Increase exchange rate | | Decrease exchange rate | |
|----------------------------------|------------------------|---------------|------------------------|---------------|
| | Equity | Profit/(loss) | Equity | Profit/(loss) |
| At 31 December 2020 | | | | |
| Argentine Peso (25% fluctuation) | 35,134 | 7,538 | (58,557) | (11,813) |
| Brazilian Real (15% fluctuation) | 44,885 | 7,486 | (60,727) | (10,128) |
| Chilean Peso (10% fluctuation) | 8,625 | 240 | (10,542) | (294) |
| Nuevo Sol (Peru) (10% variation) | 9,455 | (96) | (11,557) | 118 |
| US Dollar (10% variation) | 6,417 | — | (7,844) | — |
| Colombian Peso (10% fluctuation) | 11,354 | 951 | (13,877) | 3,167 |
| At 31 December 2019 | | | | |
| Argentine Peso (25% fluctuation) | 32,663 | 9,102 | (54,438) | (15,170) |
| Brazilian Real (15% fluctuation) | 59,633 | 1,965 | (80,680) | 779 |
| Chilean Peso (10% fluctuation) | 10,545 | 386 | (12,889) | 242 |
| Nuevo Sol (Peru) (10% variation) | 11,336 | 353 | (13,855) | 825 |
| US Dollar (10% variation) | 6,668 | — | (8,149) | — |
| Colombian Peso (10% fluctuation) | 11,303 | 11 | (13,815) | 841 |

Credit risk

Prosegur is not significantly exposed to credit risk. Bad debts are not a significant factor in the sector in which it operates. Independent credit ratings of clients are used if available. Otherwise, the Credit Control Department assesses each client's credit rating, considering financial position, past experience and other factors. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Financial Department. The use of the credit limits is monitored regularly.

Prosegur has formal procedures for detecting objective evidence of impairment on trade receivables. As a consequence, it identifies significant delays in payments and the methods to be followed to estimate the impairment loss based on an individual analysis by business area. In addition, an impairment for credit risk is recorded based on the expected loss, which is calculated based on the average percentage of bad debts in recent years for each client, applicable on accrued sales, but not yet provisioned. The value impairment of accounts receivable from commercial clients as of 31 December 2020 amounts to EUR 41,198 thousand (2019: EUR 57,004 thousand) (Note 20). As the credit ratings relating to trade receivables not included in this provision are sufficient, this provision is considered to cover the credit risk.

In Spain, the Collections Department manages an approximate volume of 11,854 clients (excluding alarm clients) with a monthly average turnover of EUR 8,375 per month. 95% of payments are made by bank transfer and the remaining 4% in notes (cheques, promissory notes, direct debit, etc.).

Details of the percentage of total Prosegur turnover represented by the eight main clients are as follows:

| Counterparty | 2020 | 2019 |
|--------------|--------|--------|
| Client 1 | 3.15 % | 6.02 % |
| Client 2 | 2.22 % | 4.03 % |
| Client 3 | 2.18 % | 3.94 % |
| Client 4 | 2.07 % | 3.92 % |
| Client 5 | 1.86 % | 3.25 % |
| Client 6 | 1.59 % | 2.09 % |
| Client 7 | 1.54 % | 2.08 % |
| Client 8 | 1.38 % | 2.06 % |

In December 2020 a non-recourse factoring line for a total of EUR 8,359 thousand was arranged (2019: EUR 15,130 thousand).

All financial assets contracted in 2020 are exposed to risk of default by the counterparties which, in all cases, are financial institutions with guaranteed solvency and high credit ratings that are not sensitive to adverse changes in the economic climate.

Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach Prosegur's business targets safely, efficiently and on time. The Corporate Treasury Department aims to maintain liquidity and sufficient availability to guarantee Prosegur's business operations.

Management monitors Prosegur's liquidity reserves, which comprise credit available for drawdown (Note 24) and cash and cash equivalents (Note 21), based on expected cash flows.

Prosegur's liquidity position for 2020 is based on the following:

- Cash and cash equivalents of EUR 767,011 thousand at 31 December 2020 (2019: (EUR 530,677 thousand)).
- EUR 540,133 thousand available in undrawn credit facilities at 31 December 2020 (2019: (EUR 741,624 thousand)).
- Cash flows from operating activities in 2020 amounted to EUR 324,307 thousand (2019: (EUR 366,729 thousand)).

The amounts presented in this table reflect the cash flows stipulated in each one of the contracts:

| | | 2020 | | | | | |
|---|------------------|------------------------|------------------|--------------------|---------------|------------------|-------------------|
| Thousands of Euros | Carrying amount | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 - 2 years | 2 - 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | | |
| Debentures and other negotiable securities | 1,306,623 | 1,362,250 | 15,250 | — | 15,250 | 723,500 | 608,250 |
| Bank borrowings | 454,147 | 488,916 | 198,347 | 34,324 | 23,569 | 232,676 | — |
| Credit accounts | 45,629 | 49,190 | 14,547 | 34,642 | — | — | — |
| Other payables | 103,638 | 131,350 | 45,010 | 13,110 | 15,372 | 49,549 | 8,308 |
| Finance lease liabilities | 92,516 | 128,763 | 15,266 | 17,801 | 28,387 | 43,881 | 23,428 |
| Suppliers and other payables | 563,177 | 563,177 | 563,177 | — | — | — | — |
| | 2,565,730 | 2,723,645 | 851,598 | 99,878 | 82,577 | 1,049,606 | 639,986 |
| | | 2019 | | | | | |
| Thousands of Euros | Carrying amount | Contractual cash flows | 6 months or less | 6 months to 1 year | 1 - 2 years | 2 - 5 years | More than 5 years |
| Non-derivative financial liabilities | | | | | | | |
| Debentures and other negotiable securities | 1,304,634 | 1,385,750 | 15,250 | — | 15,250 | 738,750 | 616,500 |
| Bank borrowings | 131,781 | 135,937 | 111,725 | 1780 | 801 | 21,631 | — |
| Credit accounts | 63,190 | 75,691 | 46,106 | 29,585 | — | — | — |
| Other payables | 122,333 | 148,951 | 48,190 | 27,936 | 30,351 | 36,007 | 6,467 |
| Finance lease liabilities | 132,021 | 185,661 | 26,901 | 27,701 | 50,461 | 53,102 | 27,496 |
| Suppliers and other payables | 639,630 | 639,630 | 639,630 | — | — | — | — |
| | 2,393,589 | 2,571,620 | 887,802 | 87,002 | 96,863 | 849,490 | 650,463 |

Finally, systematic forecasts are prepared for cash generation and requirements, allowing Prosegur to determine and monitor its liquidity position on an ongoing basis.

Interest rate, cash flow and fair value risks

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities maintained in its statement of financial position.

The exposure of Prosegur's financial liabilities (excluding other payables) at the contract review dates is as follows:

| Thousands of Euros | 6 months or less | 6 to 12 months | 1 to 5 years | More than 5 years | Total |
|---|------------------|----------------|----------------|-------------------|------------------|
| At 31 December 2020 | | | | | |
| Total financial liabilities (fixed rate) | 84,017 | 27,232 | 756,562 | 608,648 | 1,476,459 |
| Total financial liabilities (floating rate) | 142,917 | 48,138 | 231,401 | — | 422,456 |
| | 226,934 | 75,370 | 987,963 | 608,648 | 1,898,915 |
| At 31 December 2019 | | | | | |
| Total financial liabilities (fixed rate) | 49,118 | 23,029 | 771,690 | 605,832 | 1,449,669 |
| Total financial liabilities (floating rate) | 137,007 | 26,416 | 18,534 | — | 181,957 |
| | 186,125 | 49,445 | 790,224 | 605,832 | 1,631,626 |

Prosegur analyses its interest rate risk exposure dynamically. In 2020 the majority of Prosegur's financial liabilities at variable interest rates were denominated in Euros, US Dollars and Australian Dollars.

A simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges is performed. On the basis of these scenarios, Prosegur calculates the impact on the profit/(loss) of a given variation of the interest rate. Each simulation uses the same variation in the interest rate for all currencies. These scenarios are only analysed for the liabilities that represent the most significant positions in which a floating interest rate is paid.

Details of financial liabilities, indicating the portion considered to be hedged, at a fixed rate, are as follows:

| | Thousands of Euros | | |
|----------------------------|--------------------|------------------|----------------|
| | Total debt | Hedged debt | Debt exposure |
| At 31 December 2020 | | | |
| Europe | 1,762,057 | 1,358,193 | 403,864 |
| ROW | 129,506 | 34,392 | 95,114 |
| LatAm | 110,991 | 83,877 | 27,114 |
| | 2,002,554 | 1,476,461 | 526,092 |

| | Thousands of Euros | | |
|----------------------------|--------------------|------------------|----------------|
| | Total debt | Hedged debt | Debt exposure |
| At 31 December 2019 | | | |
| Europe | 1,514,805 | 1,383,942 | 130,863 |
| ROW | 100,110 | 13,142 | 86,968 |
| LatAm | 139,044 | 52,589 | 86,455 |
| | 1,753,959 | 1,449,673 | 304,286 |

In relation to the hedged debt as of 31 December 2020, it mainly corresponds to the issuance of two simple bonds for an amount of EUR 603,047 thousand in 2020 (2019: EUR 602,178 thousand) and for EUR 703,576 thousand in 2020 (2019: EUR 702,456 thousand) (Note 24). Additionally, there are liabilities for credit accounts and fixed interest rate bank loans in Chile, The Philippines, Peru, Colombia, Argentina, Brazil and Ecuador.

At 31 December 2020, had interest rates on bank loans and borrowings been 100 basis points higher, with the other variables remaining constant, post-tax profit would have been EUR 3,728 thousand lower (2019: EUR 1,393 thousand less), mainly as a result of a greater expenditure due to the variable interest rates.

32.2. Capital risk management

Prosegur's capital management is aimed at safeguarding its capacity to continue operating as a going concern, with the aim of providing returns for shareholders and profits for other equity holders, while maintaining an optimum capital structure to reduce the cost of capital.

To maintain and adjust the capital structure, Prosegur can adjust the amount of dividends payable to shareholders, reimburse capital, issue new shares or dispose of assets to reduce debt.

Like other groups in the sector, Prosegur controls its capital structure on a leverage ratio basis. This ratio is calculated as net financial debt divided by total capital. Net financial debt is the sum of current and non-current financial liabilities (excluding other non-bank borrowings) plus/less net derivative financial instruments, less cash and cash equivalents, less other current financial assets, as presented in the statement of financial position. Total capital is the sum of equity plus net financial debt, as presented in the statement of financial position.

The leverage ratio is calculated as follows:

| Thousands of Euros | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-------------------------|
| Financial liabilities (Note 24) | 1,910,037 | 1,621,938 |
| Less: other non-bank borrowings (Note 24) | (103,638) | (122,333) |
| Less: Cash and cash equivalents (Note 21) | (767,011) | (530,677) |
| Less: Other current financial assets (Note 21) | (150,000) | (319,621) |
| Net financial debt | <u>889,388</u> | <u>649,307</u> |
| Plus: Finance lease liabilities (Note 12) | 92,516 | 132,021 |
| Net financial debt including finance lease liabilities | 981,904 | 781,328 |
| Net Equity | 718,117 | 898,340 |
| Total capital | <u>2,681,926</u> | <u>2,460,996</u> |
| Leverage ratio | <u>36.61 %</u> | <u>31.75 %</u> |
| Ratio of Net Financial Debt/Own Stock | <u>1.37</u> | <u>0.87</u> |

32.3. Financial instruments and fair value

Classification and fair value

The carrying amounts and fair values of financial instruments, classified by category, are as follows, including the levels of fair value. If the fair values of financial assets and liabilities not measured at fair value are not included it is because Prosegur believes that these are close to their book values owing, to a large extent, to the short-term maturities of these instruments.

| 31/12/2020 | Carrying amount | | | | | Fair value | | | |
|---|-------------------------------------|-----------------------|-----------------------------------|--------------------|--------------------|-------------|-----------|---------|--------------------|
| | Financial assets available for sale | Loans and receivables | Financial assets held for trading | Debts and payables | Total | Level 1 | Level 2 | Level 3 | Total |
| Thousands of Euros | | | | | | | | | |
| Financial assets not measured at fair value | | | | | | | | | |
| Deposits and guarantees | — | 6,938 | — | — | 6,938 | | | | |
| Clients and other receivables | — | 675,685 | — | — | 675,685 | | | | |
| Other current financial assets | — | 150,000 | — | — | 150,000 | | | | |
| Cash and cash equivalents | — | 767,011 | — | — | 767,011 | | | | |
| | — | 1,599,634 | — | — | 1,599,634 | | | | |
| Financial liabilities measured at fair value | | | | | | | | | |
| Contingent payments | — | — | (3,833) | — | (3,833) | — | — | (3,833) | (3,833) |
| | — | — | (3,833) | — | (3,833) | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Financial liabilities due to the issuance of debentures | — | — | — | (1,306,623) | (1,306,623) | (1,248,533) | — | — | (1,248,533) |
| Financial liabilities with credit institutions | — | — | — | (499,776) | (499,776) | — | (492,190) | — | (492,190) |
| Other financial liabilities | — | — | — | (103,638) | (103,638) | — | (103,638) | — | (103,638) |
| Finance lease liabilities | — | — | — | (92,516) | (92,516) | — | (92,516) | — | (92,516) |
| Suppliers and other payables | — | — | — | (563,177) | (563,177) | — | (563,177) | — | (563,177) |
| | — | — | — | (2,565,730) | (2,565,730) | | | | |

31/12/2019

| Thousands of Euros | Carrying amount | | | | | Fair value | | | |
|---|-------------------------------------|-----------------------|-----------------------------------|--------------------|--------------------|-------------|-----------|---------|--------------------|
| | Financial assets available for sale | Loans and receivables | Financial assets held for trading | Debts and payables | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets not measured at fair value | | | | | | | | | |
| Deposits and guarantees | — | 3,285 | — | — | 3,285 | | | | |
| Clients and other receivables | — | 806,256 | — | — | 806,256 | | | | |
| Other current financial assets | — | 319,621 | — | — | 319,621 | | | | |
| Cash and cash equivalents | — | 530,677 | — | — | 530,677 | | | | |
| | — | 1,659,839 | — | — | 1,659,839 | | | | |
| Financial liabilities measured at fair value | | | | | | | | | |
| Contingent payments | — | — | (49,117) | — | (49,117) | — | — | 30,288 | 30,288 |
| | — | — | (49,117) | — | (49,117) | | | | |
| Financial liabilities not measured at fair value | | | | | | | | | |
| Financial liabilities due to the issuance of debentures | — | — | — | (1,304,634) | (1,304,634) | (1,292,564) | — | — | (1,292,564) |
| Financial liabilities with credit institutions | — | — | — | (194,971) | (194,971) | — | (193,039) | — | (193,039) |
| Other financial liabilities | — | — | — | (122,333) | (122,333) | — | (113,062) | — | (113,062) |
| Finance lease liabilities | — | — | — | (132,021) | (132,021) | — | (132,021) | — | (132,021) |
| Suppliers and other payables | — | — | — | (639,630) | (639,630) | — | (639,630) | — | (639,630) |
| | — | — | — | (2,393,589) | (2,393,589) | | | | |

Valuation methods and inputs employed for financial instruments measured at fair value:

The following are the valuation methods used in 2020 to determine Level 3 fair values, as well as the unobservable inputs employed and the quantitative information of each significant non-observable Level 3 input. The sensitivity analyses are as follows:

| Type | Valuation method* | (Unobservable) inputs employed | Interrelationship between key inputs and fair value | Sensitivity analysis |
|---------------------|---|--------------------------------|--|--|
| Contingent payments | Discounted cash flows: The valuation model considers the present value of the net cash flows to be generated by the business. The expected cash flows are determined considering the scenarios that may be exercised by Gross Margin and EBITDA forecasts, the amount to be paid in each scenario and the probability of each scenario. The expected net cash flows are discounted using a risk-adjusted discount rate. | -EBITDA -Gross Margin | -The estimated fair value would increase (decrease) according to the value of EBITDA. -The estimated fair value would increase (decrease) according to the value of gross margin. | -If estimated EBITDA and gross margin were within 5% of the agreed scenario, the value of the contingent payments would have varied by EUR 283 thousand; if these were within 10%, the value of contingent payments would have varied by EUR 567 thousand. -In the event of a 5% reduction in EBITDA and gross margin would have varied by EUR -283 thousand, and a 10% reduction would have resulted in a variation in contingent payments of EUR -567 thousand. |

Valuation methods for financial instruments not measured at fair value:

| Type | Valuation method | (Unobservable) inputs employed |
|--|-----------------------|--------------------------------|
| Financial liabilities with credit institutions | Discounted cash flows | Not applicable |
| Finance lease liabilities | Discounted cash flows | Not applicable |
| Other financial liabilities | Discounted cash flows | Not applicable |

Transfer of assets and liabilities among the various levels

During the reporting period ending at 31 December 2020 there were no transfers of assets and liabilities among the various levels.

33. Other information

The average headcount of Prosegur is as follows:

| | 2020 | 2019 |
|----------------------|----------------|----------------|
| Operations personnel | 142,058 | 148,284 |
| Other | 9,750 | 9,388 |
| | 151,808 | 157,672 |

The average headcount of operations personnel employed by equity-accounted subsidiaries in 2020 is 9,550 employees (2019: 8,864 employees).

The average headcount of personnel employed in Spain with a disability of 33% or more, by category, is as follows:

| | 2020 | 2019 |
|----------------------|------------|------------|
| Operations personnel | 203 | 224 |
| Indirect personnel | 46 | 65 |
| | 249 | 289 |

At year end the distribution by gender of Prosegur personnel is as follows:

| | 2020 | | 2019 | |
|----------------------|----------------|---------------|----------------|---------------|
| | Man | Woman | Man | Woman |
| Operations personnel | 113,181 | 25,578 | 125,228 | 25,317 |
| Other | 5,151 | 3,321 | 5,365 | 3,463 |
| | 118,332 | 28,899 | 130,593 | 28,780 |

The distribution by gender of the Board of Directors and Senior Management personnel of Prosegur is as follows:

| | 2020 | | 2019 | |
|--------------------|-----------|----------|-----------|----------|
| | Man | Woman | Man | Woman |
| Board of Directors | 6 | 2 | 6 | 2 |
| Senior Management | 8 | — | 8 | — |
| | 14 | 2 | 14 | 2 |

Ernst & Young, S.L., the auditors of the Annual Accounts of Prosegur, have invoiced the following fees for professional services during the year (in 2019, KPMG Auditores, S.L. were the auditors of the Annual Accounts of the Group):

| | Thousands of Euros | |
|------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Auditing fees | 768 | 961 |
| Other audit-related services | 50 | 40 |
| | 818 | 1,001 |

Under other services related to the audit, these correspond mainly to limited audits of interim financial statements, reports on procedures agreed for compliance with covenants and others, comfort letters in relation to securities issues provided by Ernst & Young, S.L. to Prosegur Compañía de Seguridad, S.A. and subsidiaries during the year ending at 31 December 2020.

Audit services detailed in the above table include the total fees for services rendered in 2020 and 2019, irrespective of the date of invoice.

Additionally, other Ernst & Young S.L. affiliates have invoiced Prosegur the following fees and expenses for professional services during the year:

| | Thousands of Euros | |
|------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Audit services | 1,349 | 1,450 |
| Other audit-related services | — | 116 |
| Tax advisory services | 433 | 147 |
| Other services | 332 | 602 |
| | 2,114 | 2,315 |

On the other hand, other auditors have invoiced Prosegur the following fees and expenses for professional services during the year:

| | Thousands of Euros | |
|----------------|--------------------|-----------|
| | 2020 | 2019 |
| Audit services | 20 | 20 |
| | 20 | 20 |

34. Events after the reporting date

In February 2021, the maturity was extended to February 2026 for both the syndicated loan contracted by Prosegur for EUR 200,000 thousand and that contracted by Prosegur Cash for EUR 300,000 thousand. (Note 24).

35. Summary of the main accounting policies

The main accounting policies used in the preparation of these Consolidated Annual Accounts are described below. These principles have been applied consistently throughout the reporting periods presented, with the exception of the contents of Note 35.1.

35.1. Accounting standards

These consolidated annual accounts have been prepared using the same accounting principles used by the Prosegur Group for the preparation of the Consolidated Annual Accounts at 1 January 2019, with the exception of the compulsory standards and modifications adopted by the European Union from 1 January 2020.

a) Standards effective from 01 January 2019

IFRS 16 Leases

This standard establishes that companies which are the lessee in lease contracts will recognise in the consolidated statement of financial position a right of use asset for the “underlying asset” and a liability for payments arising from lease contracts. Furthermore, the operating lease expense has been replaced by a charge for straight-line amortisation of right of use assets and an interest expense on lease liabilities.

This standard introduced no significant changes in the accounting for lease contracts by the lessor.

The Group previously classified leases as operating or finance leases under IAS 17. With respect to the leases classified as finance leases in accordance with IAS 17, the carrying amount of the right of use asset and the lease liability on the date of first-time application date will be the carrying amount of the lease asset and the lease liability immediately prior to that date, measured in accordance with IAS 17. With respect to those leases, the lessee will record the asset by right of use and the lease liability in accordance with this standard as of the date of first-time application (Note 12).

The main leases correspond to leases for buildings and transport elements. The term of the leases depends on the type of building and transport element. Some contracts include options to renew for an additional period after a non-cancellable period.

The Prosegur Group opted to use the modified retrospective approach on transition which involves applying the standard retroactively with the cumulative effect from the date of first-time application, without restating the information presented in 2018 under the aforementioned standards. Under this option, the Prosegur Group has calculated the lease liability as the current value of the outstanding instalments on the contracts in force at the date of first-time application determined on the basis of the incremental interest rates on the aforementioned date and has retrospectively calculated the value of the right-of-use asset, using that rate for this.

The right of use and lease liability were defined according to the original contract term.

The Prosegur Group has also chosen to not recognise in the balance sheet the lease liabilities and the right of use asset corresponding to short-term lease contracts (leases for one year or less) and leases for low value assets (USD 5 thousand or less).

The following table reflects the impact of the application of IFRS 16 in Retained earnings and other reserves which is reflected in the item of “Other Changes” on the consolidated statement of changes in equity:

| | Thousands of Euros |
|---|------------------------|
| | 01 January 2019 |
| Right of use | |
| Deferred tax assets | 130,286 |
| Long-term lease liabilities | 4,221 |
| Short-term lease liabilities | (101,749) |
| Retained earnings and other reserves | (41,729) |
| | (8,971) |

A reconciliation is provided below between the operating lease commitments presented at 31 December 2018 and the lease liabilities recognised at 1 January 2019:

| | <u>Thousands of Euros</u> |
|---|---------------------------|
| Operating lease commitments at 31 December 2018 (Note 29) | 113,723 |
| Impact of the financial updating of future payments on the application date | (20,507) |
| Low-cost and short-term leases | (21,161) |
| Differences in term and discount rate | 71,423 |
| Reclassification IAS 17 (Note 12) | 13,610 |
| Finance lease liabilities at 1 January 2019 | <u>157,088</u> |

IFRIC 23. Uncertainty over Income Tax Treatments

This interpretation includes how to apply the recognition and valuation criteria of IAS 12 when there is uncertainty regarding the tax authority's acceptance of a specific tax treatment used by the Group in its tax settlement.

If the Group considers it is likely that the tax authority will accept an uncertain tax treatment, the Group will establish the taxable gain (loss), the tax bases, unused tax losses, unused tax credits or the tax rates consistent with the tax treatment used or intended to be used in its income tax returns.

If the Group considers it unlikely that the tax authority will accept an uncertain tax treatment, the Group will reflect the effect of the uncertainty to establish the taxable gain (loss), the tax bases, unused tax losses or credits or the corresponding tax rates. The Group will reflect the effect of the uncertainty for each uncertain tax treatment by using the most likely amount or the expected value of the probability-weighted amounts.

The impact upon transition of adopting IFRIC 23 at 1 January 2019 was EUR 60,884 thousand, having recorded that impact under the heading of Retained earnings and other reserves which appears under the item for "Transition adjustments" of the consolidated statement of changes in equity, and in Other risks under the heading of current tax liabilities (Note 27).

b) Standards effective from 01 January 2020**Amendments to IFRS 3 Business combinations.**

The amendments change the business definition in IFRS 3 to help entities determine whether a transaction should be recorded as a business combination or as the acquisition of a group of assets. This distinction is important, as the acquirer only recognises goodwill when a business is acquired.

The new definition of business emphasises that the product of a business is to provide goods and services to clients that generate investment income (such as dividends or interest) or that generate other income from ordinary activities; whereas the previous definition focused on providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Amendments to IFRS 16 rent amendments related to COVID-19

These amendments allow, as a practical solution, lessees to choose not to count the rent concessions derived from COVID-19, as an amendment of the lease. Where appropriate, the lessee will account for the concessions applying the criteria of IFRS 16 Leases as if said concessions were not a modification.

This practical solution can only be applied to rent concessions that have been a direct consequence of COVID-19. Which requires meeting the following conditions: (i) the change in the lease payments results in a review of the lease consideration that is substantially the same as, or less than, the consideration that was immediately prior to the change; (ii) any reduction in lease payments only affects payments that were originally due on or before 30 June 2021, and; (iii) there are no substantive changes in other terms and conditions of the lease.

Other standards that are amended without having any significant impact on the Prosegur Cash Group are as follows:

- Revised version of the Conceptual Framework of IFRS. The revised conceptual framework includes a new chapter on valuation, improves definitions and guidance, and clarifies more important areas such as prudence and uncertainty valuation.
- Amendments to IAS 1 and IAS 8: Definition of materiality. Changes are made to the definition of material to make it easier to make judgments about what is material.

On the date of these Consolidated Annual Accounts, none of these regulations is expected to have a significant effect on the consolidated financial statements of the Group.

c) Standards and interpretations issued, but which are not applicable in this year

- Amendments to IAS 1 Presentation of financial statements: classification of financial liabilities as current or non-current. The IASB clarifies the requirements to be applied in classifying liabilities as current or non-current.
- Amendments to IFRS 3 Business combinations. Reference to the conceptual framework. These interpretations replace the reference to the 1989 Conceptual Framework with a reference to that of 2018, without significantly changing its requirements.
- Amendments to IAS 16 Property, plant and equipment: Amounts obtained prior to the intended use. These changes prohibit deducting the amount of the sales obtained from the asset from the acquisition cost of the assets while it taken to the place and given conditions

necessary for it to be able to operate in the manner foreseen by the Management. Instead, these amounts will be recorded in the income statement.

- Amendments to IAS 37 Costs of fulfilling a contract. The costs that entities have to include when evaluating whether a contract is onerous or in losses are detailed. The amendments propose a "direct cost approach".

35.2. Consolidation principles

Subsidiaries

Subsidiaries, including structured entities, are those controlled by the Company, either directly or indirectly via subsidiaries. The Company controls a subsidiary when as a result of its involvement therein it is exposed or entitled to variable returns and has the ability to influence such returns via the power exercised on that entity. The Company has the power when it holds substantive rights in force which provide it with the ability to manage relevant activities. The Company has exposure or rights to variable returns for its involvement in the subsidiary when the returns obtained from said involvement may vary according to the entity's economic performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from the date on which Prosegur obtains control until the date that control ceases.

Transactions and balances held with Group companies and any unrealised profits or losses have been eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

Subsidiary accounting policies are changed where necessary for consistency with the principles adopted by Prosegur.

The annual accounts or financial statements of the subsidiaries used in the consolidation process have been prepared as of the same date and for the same period as those of the Parent.

Business combinations

Prosegur applies the acquisition method for business combinations. The acquisition date is the date on which Prosegur obtains control of the acquiree.

The consideration paid for the business combination is determined on the acquisition date based on the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent liabilities that depend on future events or compliance with certain conditions in exchange for the control of the acquired business.

The consideration paid excludes any disbursement that does not form part of the exchange for the business acquired. Costs relating to the acquisition are recognised as an expense as they are incurred.

On the date of acquisition Prosegur recognises the acquired assets, the liabilities assumed (and any non-controlling interest) at fair value. A non-controlling interest in the acquired business is recognised by the amount pertaining to the percentage share in the fair value of the acquired net assets. This criterion is only applicable to non-controlling interests that grant present access to economic rights and the right to the proportional share of the net assets of the acquired entity in the event of liquidation. Otherwise, the non-controlling interests are valued at fair value or value based on market conditions. Liabilities assumed include contingent liabilities insofar as they represent present obligations arising from past events and their fair value may be reliably measured. Prosegur also recognises indemnification assets transferred by the seller at the same time and using the same

valuation criteria applied to the item that is subject to indemnification from the acquired business, taking into consideration, where applicable, the insolvency risk and any contractual limit on the indemnity amount.

The assets and liabilities assumed are classified and designated for their subsequent valuation on the basis of the contractual agreements, economic conditions, accounting and operating policies and other conditions on the acquisition date, except the lease and insurance contracts.

The excess of the consideration given, plus the value assigned to non-controlling interests, over the value of the net assets acquired and liabilities assumed is recognised as goodwill. As appropriate, any shortfall after evaluating the consideration given and the value assigned to non-controlling interests, and after identifying and measuring the net assets acquired, is recognised in profit/(loss).

If it is only possible to determine a business combination provisionally at the end of the reporting period, the identifiable net assets are initially recognised at their provisional amounts and adjustments made during the valuation period are recognised as if they had been known at that date. Comparative figures for the previous year are restated where applicable. In any event, adjustments to the provisional values only reflect information relating to facts and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amounts recognised at that date (Note 30).

Potential profit from tax losses and other deferred tax assets of the acquiree not recognised due to not meeting the recognition criteria on the acquisition date, is accounted for, to the extent that it does not correspond to an adjustment in the valuation period, as gains from income tax.

The contingent consideration is classified in accordance with the underlying contractual terms as a financial asset or financial liability, equity instrument or provision. Subsequent changes in the fair value of a financial asset or financial liability are recognised in consolidated profit/(loss) or other comprehensive income, provided that they do not arise from a valuation period adjustment. Contingent consideration classified as equity is not remeasured, and subsequent settlement is recognised in equity. Contingent consideration classified as a provision is subsequently recognised in accordance with the relevant valuation standard.

The cost of the business combination includes contingent consideration, if this is probable at the acquisition date and can be reliably estimated. Subsequent recognition of contingent consideration or subsequent variations to contingent considerations are recognised as a prospective adjustment to the cost of the business combination.

Non-controlling interests

Non-controlling interests in subsidiaries are recognised at the acquisition date at the proportional part of the fair value of the identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date were recognised at the proportional part of the equity of the subsidiaries at the date of first consolidation.

The consolidated profit/(loss) for the year and changes in equity of the subsidiaries attributable to Prosegur holding and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at the end of the year, without considering the possible exercise or conversion of potential voting rights and after discounting the effect of dividends, agreed or otherwise, on preference shares with cumulative rights classified in equity accounts. However, Prosegur holding and non-controlling interests are calculated taking into account the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently allow access to the economic benefits associated with the interests held, such as entitlement to a share in future dividends and changes in the value of subsidiaries.

The excess of losses attributable to non-controlling interests incurred prior to 1 January 2010, which cannot be attributed to them as such losses exceed their interest in the equity of the subsidiary, is recognised as a decrease in equity attributable to equity holders of the parent, except when the non-controlling interests are obliged to assume part or all of the losses and are in a position to make the necessary additional investment. Profits obtained in subsequent years are allocated to equity attributable to shareholders of the parent until the non-controlling interest's share in prior years' losses is recovered.

Profit/(loss) and each component of other comprehensive income are allocated to equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their investment, even if this results in a balance receivable from non-controlling interests. Agreements entered into between Prosegur and non-controlling interests are recognised as a separate transaction.

Associates

Associates are those significantly influenced by the Company, directly or indirectly, via subsidiaries. Significant influence means the power to intervene in a company's finance and operating policy, without implying the existence of control or joint control thereupon. When assessing whether an entity has significant influence, the existence of potential voting rights that are exercisable or convertible at the end of each reporting period are considered, as well as the potential voting rights held by Prosegur or by another entity.

Investments in associates are accounted for using the equity method (equity-accounted) from the date on which significant influence is exercised until the date when the Company can no longer prove the existence of said significant influence.

Investments in associates are initially recognised at acquisition cost. Any surplus between the cost of investment and the percentage belonging to Prosegur of the fair values of identifiable net assets is posted as goodwill, which is included in the carrying amount of the investment.

The share of Prosegur in the profit or loss of the associate entities obtained since the date of acquisition is recognised as an increase or decrease in value of the investments, with a debit or credit made to the item Interest in the P&L of the associates, accounted for under the equity method (equity-accounted) in the consolidated income statement (consolidated statement of comprehensive income). In addition, the share of Prosegur in the other comprehensive income of the associates obtained since acquisition date is posted as an increase or decrease of the value of investments in the associates, recognising the difference in Other comprehensive income. Dividend distributions are recognised as reductions in the value of the investments.

Impairment

Prosegur applies impairment criteria in order to determine whether or not it is necessary to record impairment losses additional to those already recognised in the net investment of the associate or in any other financial asset held therewith as a result of the application of the equity method.

Calculation of impairment is determined as the result of the comparison between the carrying amount associated with the net investment in the associate with its recoverable value, the latter being understood as the greater value between the value in use or fair value less costs of sale or disposal via any other channel. In this regard, value in use is calculated on the basis of the share of Prosegur in the current value of estimated cash flows from ordinary activities and amounts which might result from the final sale of the associate.

The recoverable amount of the investment of an associate is valued according to each associate, unless it is not a cash-generating unit (CGU) (Note 35.10).

Impairment losses are not allocated to goodwill or other assets implicit in the investment in associates arising from the application of the acquisition method. In subsequent years, value reversals of investments are recognised in profit/(loss), insofar as there is an increase in recoverable value. Impairment losses are presented separately from the Prosegur share in the profit/(loss) of the associates.

Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions relating to the relevant activities require the unanimous consent of Prosegur and the remaining venturers or operators. The assessment of the existence of joint control is carried out according to the definition of control of subsidiaries.

Joint Ventures

Investments in joint ventures are accounted for applying the equity method. This method consists of including under the consolidated balance sheet heading “Investments accounted for using the equity method” the value of net assets and goodwill, if applicable, corresponding to the holding in the joint venture. Net profit/(loss) obtained each year corresponding to the percentage interest in joint ventures is shown in the consolidated income statement as “Share in profit/(loss) of equity-accounted investees”. Prosegur decided to present that profit/(loss) as part of its operating income as it considered that the profit/(loss) of its joint ventures form part of its operations.

Dividend distributions from joint ventures are recognised as reductions in the value of the investments. The losses of joint ventures which pertain to Prosegur are limited to the value of the net investments, except for those cases in which Prosegur has assumed legal or constructive obligations, or else has made payments in the name of joint ventures.

Joint Operations

In regard to joint operations, in its Consolidated Annual Accounts Prosegur recognises its assets, including its interest in jointly controlled assets; its liabilities, including its interest in liabilities assumed jointly with other operators; the income obtained from the sale of its share of production arising from the joint operation, and its expenses, including the part pertaining to its joint expenses.

In sales transactions or contributions by Prosegur to joint operations, only the results pertaining to the share of the rest of operators are recognised, unless the losses should highlight a loss or impairment of value of assets transferred, in which case, these will be recognised in full.

In transactions where Prosegur purchases from joint operations, results are only recognised when assets acquired are sold to third parties, unless the losses should highlight a loss of value or impairment of the acquired assets, in which case Prosegur shall recognise the proportional share of the losses pertaining to it in full.

The acquisition by Prosegur of the initial and subsequent interest in a joint operation, is recognised applying the criteria applied for business combinations, by the percentage share held in the individual assets and liabilities. However, in the subsequent acquisition of an additional share of a joint operation, the previous share in individual assets and liabilities is not subject to revaluation.

35.3. Consolidated income statement based on function

Prosegur opts to present the expenses recognised in the income statement using a classification based on their function within the company, as it considers that this method provides users with more relevant information than a classification of expenses based on their nature.

35.4. Segment reporting

A business segment is a group of assets and operations that is engaged in providing products or services and which is subject to risks and rewards that are different from those of other segments.

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and rewards that are different from those of segments operating in other economic environments.

Costs are directly allocated to each of the defined segments. Each geographical area has its own functional structure. Certain functional overheads are common to all activity segments and are distributed according to the time spent or extent of use.

35.5. Foreign currency transactions

Functional and presentation currency

The Consolidated Annual Accounts of each Prosegur entity are presented in the currency of the main economic environment in which it operates ("functional currency"). The figures disclosed in the Consolidated Annual Accounts are expressed in thousands of Euros (unless stated otherwise), the Parent's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency profit and loss arising on the settlement of these transactions and on the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement, unless they are recognised directly in equity as cash flow hedges.

Foreign exchange profit and loss relating to loans and cash and cash equivalents are recognised in the income statement under financial income or expenses.

Changes in the fair value of monetary securities denominated in foreign currencies and classified as available for sale are analysed to distinguish between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equity instruments at fair value through profit or loss, are recognised as changes in fair value. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are recognised in the revaluation reserve in equity.

Differences on translation of deferred tax assets and liabilities denominated in foreign currencies and deferred income taxes are included in profit/(loss).

In the consolidated statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates prevailing at the date the cash flows occurred. The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as "Effect of exchange differences on cash".

Translation of foreign operations

Prosegur applied the exemption permitted by IFRS 1 First-time Adoption of International Financial Reporting Standards relating to cumulative translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are included in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- i. Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing exchange rate at the reporting date;
- ii. Income and expenses of each income statement are translated at the average monthly exchange rate;
- iii. All resulting exchange differences are recognised as translation differences in other comprehensive income.

On consolidation, exchange differences arising on the translation of a net investment in foreign entities, and of loans and other instruments in foreign currency designated as hedges of these investments, are recognised in the shareholders' equity. When these investments are sold, the exchange differences are recognised in the income statement as part of the profit or loss on the sale.

35.6. Property, Plant and Equipment

Land and buildings mainly comprise operating regional offices. Property, plant and equipment are recognised at cost less depreciation and any accumulated impairment losses, except in the case of land, which is presented at cost net of any impairment losses.

Historical cost includes all expenses directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, provided that it is probable that the future economic benefits associated with the items will flow to Prosegur and the cost of the item can be reliably measured. The carrying amount of the replaced item is derecognised. Other repairs and maintenance costs are taken to the income statement when incurred.

Land is not depreciated. Other assets are depreciated on a straight-line basis to allocate the cost or revalued amount to residual value over the following estimated useful lives:

| | Ratio (%) |
|---------------------------------------|-----------|
| Constructions | 2 and 3 |
| Technical installations and machinery | 10 to 25 |
| Other installations and tools | 10 to 30 |
| Furniture | 10 |
| Computer equipment | 25 |
| Transport elements | 10-16 |
| Other property, plant and equipment | 10 to 25 |

Prosegur reviews the residual values and useful lives of assets and adjusts them, if necessary, as a change in accounting estimates at the end of each reporting period.

When the carrying amount of an asset exceeds its estimated recoverable amount, it is immediately written down to the latter (Note 35.10).

Profit and loss on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount of the asset and are recognised in the income statement.

35.7. Rights of use and lease liabilities

On 1 January 2019, the Group adopted IFRS 16, on Leases. The Prosegur Group opted to use the combined modified retrospective approach on transition which involves applying the standard retroactively with the cumulative effect from the date of first-time application, without restating the information presented in 2018 under the aforementioned standards.

At the start of a contract, Prosegur evaluates whether it contains a lease. A contract is or contains a lease if it grants the right to control the use of the asset identified for a period of time in exchange for a consideration. The length of time during which the Prosegur Group uses an asset includes consecutive and non-consecutive periods of time. Prosegur only reassesses the conditions when a contract is amended.

In contracts containing one or more components which are lease-related and non-lease-related, Prosegur assigns the consideration set in the contract for each lease component according to the sales price of each individual lease-related component, and the aggregate individual price of the non-lease-related components.

In contracts with one or more lease and non-lease components, the Group deems all components as one sole lease component.

The Prosegur Group has also chosen to not recognise in the balance sheet the lease liabilities and the right of use asset corresponding to short-term lease contracts (leases for one year or less) and leases for low value assets (USD 5 thousand or less). For this type of contracts, the Group recognises straight-line payments during the lease term.

Lessee accounting

At the commencement of the lease term, Prosegur recognises a right of use asset and lease liability. The right of use asset is composed of the amount of the lease liability, any payment for the lease made on or prior to the starting date, less any incentives received, the initial direct costs incurred and an estimate of the costs for decommissioning or restoration to be incurred, as indicated in the accounting policy provisions.

The Prosegur Group measures the lease liability as the current value of the lease payments which are outstanding at the commencement date. The Prosegur Group discounts lease payments at the appropriate incremental interest rate, unless the implicit interest rate of the lessor may be determined reliably.

The pending lease payments are comprised of fixed payments, less any incentive to be collected, the variable payments that depend on an index or rate, initially appraised by the index or rate applicable on the starting date, the amounts expected to be paid for residual value guarantees, the price of exercising the purchase option whose exercise is reasonably certain and any compensation payments for contract termination, providing the term of the lease reflects the termination option.

The Prosegur Group measures the right of use assets at cost, less accumulated depreciation and impairment losses, adjusted by any reassessment of the lease liability.

If the contract transfers ownership of the asset to the Group at the end of the lease term or if the right of use asset includes the price of the purchase option, the depreciation criteria indicated in Note 35.6 are applied from the lease commencement date until the end of the useful life of the asset. Otherwise, Prosegur depreciates the right of use asset from the commencement date until the date of the useful life of the right or the end of the lease term, whichever is the earlier.

The Prosegur Group applies the criteria for impairment of non-current assets set out in Note 35.10 to right of use assets.

The Prosegur Group measures the lease liability increasing it by the financial expenses accrued, decreasing it by the payments made and reassessing the carrying amount due to any amendments to the lease or to reflect any reviews of the in-substance fixed lease payments.

The Prosegur Group records any variable payments that were not included in the initial valuation of the liability in the profit/(loss) for the period in which the events resulting in payment were produced.

The Group records any reassessments of the liability as an adjustment to the right of use asset, until it is reduced to zero, and subsequently in income/(loss).

The Prosegur Group reassesses the lease liability discounting the lease payments at an updated rate, if any change is made to the lease term or any change in the expectation of the purchase option is being exercised on the underlying asset.

The Group reassesses the lease liability if there is any change in the amounts expected to be paid for a residual value guarantee or any change in the index or rate used for determining payments, including any change for reflecting changes in market rents once these have been reviewed.

The Group recognises an amendment to the lease as a separate lease if it increases the scope of the lease by adding one or more rights of use and the amount of consideration for the lease increases by an amount consistent with the individual price for the increased scope and any adjustment to the individual price to reflect the specific circumstances of the contract.

If the amendment does not result in a separate lease, on the amendment date the Group assigns the consideration to the amended contract as indicated above, it re-determines the term of the lease and reassesses the value of the liability discounting the revised payments at the revised interest rate. The Group writes down the carrying amount of the right of use asset to reflect the partial or total end of the lease in any amendments that reduce the scope of the lease and it records the profit or loss in income. For all other amendments, the Group adjusts the carrying amount of the right of use asset.

Lessor accounting

The Group will classify each lease either as an operating lease or as a finance lease.

A lease will be classified as a finance lease if it substantially transfers all risks and benefits inherent to the ownership of an underlying asset. A lease will be classified as an operational lease if it does not substantially transfer all risks and benefits inherent to the ownership of an underlying asset.

Finance leases

On the starting date, the Group recognises those assets in its statement of financial position maintained by means of a finance lease, and presents them as receivables for an amount equal to that of the net investment in the lease. The implicit interest rate is used in the lease to measure the net investment in the lease. The initial direct costs other than those withstood by the lessors that are manufacturers or distributors, are included in the initial appraisal of the net investment in the lease and reduce the amount of income recognised during the lease term.

The lease payments included in the appraisal of the net investment in the lease include the following payments for the right of use of the underlying asset during the lease term that have not been received on that date: fixed payments, less any incentive to be paid, variable payments that depend on an index or rate, initially appraised by the index or rate applicable on the starting date, any residual value guarantees furnished by the lessor to the lessee, the price of exercising the purchase option whose exercise is reasonably certain and any compensation payments for contract termination, providing the term of the lease reflects the termination option.

The Group recognises the financial income during the term of the lease, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease.

The Group distributes the financial income on a systematic, rational basis throughout the term of the lease and deducts the lease payments for the year from the gross investment in the lease, to reduce both the principal and the unearned financial income.

Operating leases

The Group recognises lease payments arising from operating leases as income, either on a straight-line basis, or using another systematic basis. The Group applies another systematic basis if it is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

The Group recognises the costs, including depreciation, incurred for obtaining lease income as an expense.

The Group adds the initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognises those costs as an expense over the lease term on the same basis as the lease income.

The Group books the amendment of an operating lease as a new lease from the effective date of the amendment and considers that any lease payments already made or due in relation to the original lease form part of the payments under the new lease.

35.8. Intangible assets

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of Prosegur's share of the acquired subsidiary's identifiable net assets at the acquisition date. Goodwill impairment is verified every year (Note 35.10) posted at cost less accumulated impairment losses. Profit and loss on the sale of an entity include the carrying amount of the goodwill allocated to the sold entity.

For impairment testing purposes, goodwill is allocated to cash-generating units (CGU). Goodwill is allocated to those CGU that are expected to benefit from the business combination from which the goodwill arose.

Goodwill encompasses the part corresponding to the minority interests in the Group.

Client portfolios

The relationships with clients that Prosegur recognises under client portfolios are separable and based on a contractual relationship, thus meeting the requirements set out in prevailing legislation for consideration as intangible assets separate from goodwill. In general, these are client service contracts that have been acquired from third parties or recognised in the allocation of fair values in business combinations.

Portfolios of contracts with clients are recognised at fair value on the acquisition date less amortisation and accumulated impairment losses.

The fair value allocated to client contract portfolios acquired from third parties is the purchase price. To determine the fair value of intangible assets allocated in business combinations in the form of client relationships, Prosegur uses the income approach, discounting the cash flows generated by these relationships at the date of acquisition of the subsidiary. Cash flows are estimated based on the sales, operating investments and EBITDA margins projected in the Company's business plans.

Prosegur amortises client portfolios on a straight-line basis over their estimated useful lives. The useful life is estimated based on indicators such as average length of relationship with clients or the average annual client churn rate. The useful lives allocated to these intangible assets are reviewed at the end of each reporting period. Client portfolios have useful lives of between 5 and 22 years.

Client portfolios are allocated to cash-generating units (CGU) in accordance with their respective business segment and the country of operation.

Moreover, at the end of each reporting period, Prosegur assesses whether the recoverable amount is affected by any impairment loss. The tests to determine whether there are indications of impairment of client portfolios mainly consist of:

- Verifying whether events have taken place that could have a negative impact on the estimated cash flows from the contracts making up the portfolio (such as a decline in total sales or EBITDA margins).
- Updating the estimated client churn rates to identify any changes to the periods for which client portfolios are expected to generate revenues.

If there are indications of impairment, the recoverable amount of a client portfolio is based on the current value of the reassessed cash flows from the contracts over their useful lives.

If client churn rates have risen, Prosegur reassesses the useful lives of client portfolios.

Trademarks and licences

Trademarks and licences are presented at historical cost. They have defined useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks and licences are amortised on a straight-line basis to allocate the cost over their estimate useful lives (1.6 to 30 years).

Computer software

Computer software licences acquired are capitalised at cost of acquisition or cost of preparation of the specific software for its use. These expenses are amortised over the estimated useful lives of the assets (3 to 5 years).

Computer software maintenance costs are charged as expenses when incurred.

35.9. Property investments

Prosegur classifies as property investments the buildings to be used in full or in part to obtain rent, capital gains or both, instead of for use in the production or supply of goods or services, or else for the administrative purposes of Prosegur or sale in the ordinary course of business. Property investments are initially recognised at cost, including transactions costs.

Prosegur values property investments subsequent to initial recognition applying the criteria of cost or attributed cost used for property, plant and equipment. The amortisation methods are those contained in that section. The estimate useful life of property investments is of 50 years.

35.10. Impairment losses

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss. The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating units, CGU). Impaired non-financial assets other than goodwill are reviewed at the end of each reporting period to assess whether the loss has been reversed.

Impairment losses on goodwill

Goodwill has been allocated to Prosegur's cash-generating units (CGU) in accordance with their respective country of operation. Goodwill is allocated to CGU for impairment testing purposes. Goodwill is allocated to those CGU that are expected to benefit from the business combination from which the goodwill arose.

The recoverable amount is the higher between its fair value less costs to sell or otherwise dispose and its value in use, which is understood to be the present value of estimated future cash flows. To estimate the value in use Prosegur prepares forecasts of future cash flows before tax based on the most recent budgets approved by Management. These budgets incorporate the best available estimates of income and expenses of the cash-generating units (CGU) using past experience and future expectations. These budgets have been prepared for the next five years, and future cash flows have been calculated by applying non-increasing estimated growth rates that do not exceed the average long-term growth rate for the business in which the CGU operates.

Management determined EBITDA (earnings before interest, tax, depreciation and amortisation) based on past returns and the foreseeable development of the market.

To calculate present value, cash flows are discounted at a rate that reflects the cost of capital of the business and the geographical region in which it operates. This calculation takes into account the current value of money and the risk premiums of each country used generally among analysts for the geographical area.

If the recoverable amount is less than the carrying amount of the asset, the difference is recognised under impairment losses in the consolidated income statement (Note 13).

Impairment losses on goodwill are not reversible.

As well as testing for impairment, a sensitivity analysis on goodwill is performed, which consists of verifying the impact of deviations in key assumptions on the recoverable amount of a CGU (Note 13).

35.11. Financial assets

Classification

Financial assets are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definition of a financial asset.

For the purposes of their valuation, financial assets are classified in categories of financial assets at fair value through profit or loss, separating those initially designated from those held for trading, financial assets measured at amortised cost and financial assets measured at fair value with changes in other comprehensive income, separating equity instruments designated as such from the rest of the financial assets. Prosegur classifies financial assets, other than those designated at fair value through profit or loss and equity instruments designated at fair value with changes in other comprehensive income, in accordance with the business model and the characteristics of the financial asset's contractual cash flows.

Prosegur classifies a financial asset at amortised cost, if it is held in the framework of a business model whose purpose is to hold financial assets for obtaining contractual cash flows and the contractual terms of the financial asset lead, on specific dates, to cash flows which are solely payments of principal and interest on the outstanding principal amount (SPPI).

Prosegur classifies a financial asset at fair value with changes in other comprehensive income, if it is held in the framework of a business model whose purpose is achieved by obtaining contractual cash flows and selling financial assets and the contractual terms of the financial asset lead, on specific dates, to cash flows that are SPPI.

The business model is determined by key staff of Prosegur and at a level that reflects the way in which groups of financial assets are managed jointly for achieving a specific business target. The business model of the Group represents the way in which it manages its financial assets for generating cash flows.

Financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows are managed for generating cash flows in the form of contractual receivables during the life of the instrument. The Group manages the assets held in the portfolio for collecting those specific contractual cash flows. To determine whether the cash flows are obtained by collecting contractual cash flows from the financial assets, the Group considers the frequency, the value and the timing of the sales in previous years, the reasons for those sales and the expectations in relation to the future sales activity.

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and sell them are managed for generating cash flows in the form of contract receivables and selling them depending on the different requirements of Prosegur.

Other financial assets are classified at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Prosegur provides money, goods or services directly to a debtor without the intention of trading the receivable. They are classified as current assets unless they mature in more than 12 months after the reporting date, in which case they are classified as non-current. Loans and receivables are generally recognised under Clients and other receivables in the statement of financial position (Note 35.13).

Equity instrument

In this category Prosegur classifies equity instruments of other companies that have not been classified in any other financial asset category.

Other non-current financial assets

In this category Prosegur includes fixed-term deposits and third-party borrowings.

Recognition, valuation and derecognition of financial assets

Acquisitions and disposals of financial assets are recognised on the trade date, i.e. the date on which Prosegur commits to acquire or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not recognised at fair value through profit or loss. Investments are derecognised when they expire or the contractual rights to the cash flows from the investment have been transferred and Prosegur has transferred substantially all the risks and rewards of ownership.

The equity instruments are subsequently recorded at their fair value with changes in other comprehensive income or in the income statement, in keeping with the above.

Loans and receivables and other financial assets are subsequently accounted at amortised cost using the effective interest method.

Unrealised profit and loss arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or incur irreversible impairment losses, the accumulated adjustments in fair value are included in the income statement as profit and loss on the securities.

Prosegur tests financial assets or groups of financial assets for impairment at the end of each reporting period. In the case of equity securities classified as available for sale, to determine whether they are impaired the Company considers whether a significant or prolonged decline has reduced the fair value of the securities to below cost.

If such evidence exists for financial assets available for sale, the cumulative loss, calculated as the difference between the acquisition cost and the current fair value less any impairment loss previously recognised, is reclassified from equity to the income statement. Impairment losses recognised for equity instruments through the income statement cannot be reversed.

Prosegur derecognises financial assets when they expire or the rights over the effective cash flows of the corresponding financial asset have been assigned, and the risks and benefits inherent to their ownership have been substantially transferred, such as in assignments of trade receivables in factoring operations in which the company has no credit risk or interest rate risk.

Conversely, Prosegur does not derecognise financial assets, and recognises financial liabilities in an amount equal to the consideration received, in assignments of financial assets in which the risks and benefits inherent to their ownership are substantially retained, such as discounted cash or factoring with recourse, in which the assigning company retains subordinated financing or other types of guarantees that substantially absorb all the expected losses.

35.12. Inventories

Inventories are measured at the lower of cost and net realisable value, with the following exceptions:

- Inventories held in warehouses and uniforms are measured at weighted average cost.
- Work in progress is measured at the cost of the installation, which includes materials and spare parts used and the standard cost of the corresponding labour, which does not differ from the actual costs incurred during the year.

The net realisable value is the estimated selling price in the normal course of business less any variable costs to sell.

35.13. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. An impairment of trade receivables is established when there is objective evidence that Prosegur will not be able to collect all amounts due as per the original terms of the receivables, and a credit risk impairment based on the expected loss, which is calculated on the basis of the average percentage of the bad debts of each client over recent years, applied to sales due but for which no provision has yet been made. Financial difficulties affecting the debtor, the likelihood that the debtor will enter insolvency proceedings or a financial restructuring process, or a default or delay in payments are considered to indicate that a receivable is impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the current value of the estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the allowance account is used and the loss is taken to the income statement. When a receivable is a bad debt, it is written off against the allowance account for receivables.

35.14. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits in credit institutions, other short-term, highly liquid investments with a maturity of three months or less and bank overdrafts. Bank overdrafts are recognised in the statement of financial position as current financial liabilities.

35.15. Share capital

Ordinary shares are classified as equity.

35.16. Own shares

The acquisition by the Group of equity instruments of the Parent Company is presented at acquisition cost separately as a reduction in net equity in the consolidated statement financial position, regardless of the reason for the acquisition. No profit/(loss) was recognised in transactions with own equity instruments.

The subsequent amortisation of the Parent's equity instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the purchase price and the nominal share price is charged or credited to reserves.

The transaction costs relating to own equity instruments are recognised as a reduction in net equity once any tax effect has been taken into account.

35.17. Provisions

Provisions for restructuring and litigation are recognised when:

- i. Prosegur has a present obligation (legal or constructive) as a result of past events.
- ii. It is more probable than an outflow of resources will be required to settle the obligation.
- iii. A reliable estimate has been made of the amount of the obligation.

Where there is a number of similar obligations, the probability that an outflow will be required for the settlement is determined by considering the class of obligations as a whole. A provision is recognised even if an outflow of resources in connection with any item included in the same class of obligations is unlikely.

Restructuring provisions include lease cancellation penalties and employee termination benefits. No provision is recognised for future operating losses.

Management estimates the provisions for future claims based on historical claims, as well as any recent trends indicating that past information on costs could differ from future claims. Additionally, Management is assisted by external labour, legal and tax advisors to make the best estimates (Note 23).

Provisions are measured at the current value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in the provision due to the passage of time are recognised as an interest expense.

35.18. Financial liabilities

Financial liabilities are classified on initial recognition in accordance with the economic substance of the contractual arrangement and the definitions of financial liability.

Financial liabilities are initially recognised at fair value less any transaction costs and are subsequently measured at amortised cost. Any difference between the funds obtained (net of arrangement costs) and the repayment amount is recognised in the income statement over the term of the liability using the effective interest rate method.

Liabilities are classified as current unless Prosegur has an unconditional right to defer settlement for at least twelve months after the reporting date.

Fees and commissions paid for credit facilities are recognised as loan transaction costs provided that it is probable that one or all of them will be drawn down. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that the credit facility is likely to be drawn down, the fees and commissions are capitalised as a prepayment for liquidity services and amortised over the term of the credit facility.

35.19. Current and deferred taxes

Tax expense for the year comprises current tax and deferred tax. Tax is recognised in the income statement unless it is paid on items recognised directly in equity, in which case the tax is also recognised in equity.

The current tax expense is calculated in accordance with tax laws that have been enacted or substantially enacted at the reporting date in the countries in which the subsidiaries and associates

operate and generate taxable income. Management regularly assesses the judgements made in tax returns where situations are subject to different interpretation under tax laws, recognising, if necessary, the corresponding provisions based on the expected tax liability.

A significant degree of judgement is required to determine the provision for income tax payable globally. In many transactions and calculations during the ordinary course of business, the final tax amount is uncertain.

If the Group considers it is likely that the tax authority will accept an uncertain tax treatment, the Group will establish the taxable gain (loss), the tax bases, unused tax losses, unused tax credits or the tax rates consistent with the tax treatment used or intended to be used in its income tax returns.

If the Group considers it unlikely that the tax authority will accept an uncertain tax treatment, the Group will reflect the effect of the uncertainty to establish the taxable gain (loss), the tax bases, unused tax losses or credits or the corresponding tax rates. The Group will reflect the effect of the uncertainty for each uncertain tax treatment by using the most likely amount or the expected value of the probability-weighted amounts.

Deferred tax is calculated using the balance sheet method, based on temporary differences that arise between the tax base of assets and liabilities and their carrying amounts in the Consolidated Annual Accounts. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised.

Deferred tax assets or liabilities are measured using the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised provided that it is likely that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred tax assets and liabilities are recognised in respect of the temporary differences that arise from investments in subsidiaries and associates, except where Prosegur is able to control the timing of the reversal of the temporary differences and it is probable that they will reverse in the foreseeable future.

Prosegur recognises the translation of a deferred tax asset into Public Administration receivables when it is payable pursuant to the provisions of tax legislation in force. Likewise, Prosegur recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to do so and intends either to settle liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group only offsets deferred income tax assets and liabilities if there is a legal right to offsetting in respect of the tax authorities and said assets and liabilities correspond to the same tax authority, and to the same taxable entity or different taxable entities that intend to settle or realise current tax assets and liabilities in their net amount or realise the assets and settle the liabilities simultaneously, in each of the future years in which they expect to settle or recover significant amounts of deferred tax assets or liabilities.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

35.20. Employee benefits

Compensation based on the quoted share price of Prosegur shares – 2020 Plan

At the Shareholders General Meeting held on 27 April 2018, the shareholders approved the 2020 Plan of long-term incentives for the Executive Director and the Senior Management of Prosegur. The 2020 Plan is generally linked to value creation during the 2018-2020 period and foresees the payment of incentives based on shares or in cash to the Executive Director and Senior Management.

The 2020 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022. The dates for assessment of 2020 Plan are as follows:

Final assessment date: 31/12/2020

Length-of-service bonus date: 2023

Compensation based on the quoted share price of Prosegur shares – 2017 Plan

At the Shareholders General Meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for the Executive Director and the Senior Management of Prosegur. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of incentives based on shares or in cash to the Executive Director and Senior Management.

For the purpose of determining the value in cash of each share to which the beneficiary is entitled, the average quotation price of the Prosegur shares on the Madrid Stock Exchange will be taken as reference during the last fifteen trading sessions of the month prior to the one in which the shares are to be awarded.

Quantification of the total incentive will depend on the degree of achievement of the targets established in line with the strategic plan.

The 2017 Plan has a duration of three years, based on length of service and the achievement of targets, and includes an additional length-of-service bonus verified over the following two years. The Plan measures target achievement from 01 January 2015 until 31 December 2017 and length of service from 01 January 2015 until 31 December 2019. The dates for assessment of 2017 Plan are as follows:

- Final assessment date: 31 December 2017.
- Length-of-service bonus date: 2020.

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the end of the year or at the payment time.

The fair value of the incentives referred to the share Cash quotation price was estimated on the basis of Prosegur Cash's share quotation price at the close of the period or at the payment time.

Termination benefits

Termination benefits are recognised on the earlier date between the one on which Prosegur may no longer withdraw the offer and when restructuring costs entailing the payment of termination benefits are recognised.

In termination benefits resulting from the decision of employees to accept an offer, it is deemed that Prosegur may no longer withdraw the offer, on the earlier date between the one on which the employees accept the offer and when a restriction on the ability of Prosegur to withdraw the offer takes effect.

In the case of benefits for involuntary termination, it is considered that Prosegur can no longer withdraw the offer when the plan has been notified to affected employees and union representatives, and the actions necessary to complete it indicate that the occurrence of significant changes to the plan are unlikely, the number of employees to be terminated, their employment category or duties and place of employment and the anticipated termination date are identified, and it establishes the termination benefits that the employees are going to receive in sufficient detail so that the employees are able to determine the type and amount of remuneration they will receive when terminated.

If Prosegur expects to settle the benefits in their entirety within twelve months of the reporting period, the liability is discounted using the market performance yield corresponding to the issue of high-quality corporate bonds and debentures.

Short-term employee remuneration

Short-term employee remuneration is remuneration to employees, other than termination benefits, whose payment is expected to be settled in its entirety within 12 months of the end of the reporting period in which the employees have rendered the services for the remuneration.

Short-term employee remuneration is reclassified as long-term if the characteristics of the remuneration are modified or if a non-provisional change occurs in settlement expectations.

Prosegur recognises the anticipated cost of short-term remuneration as paid leave whose rights accumulate as the employees render the services granting them the right to collection. If the leaves are not cumulative, the expense is recognised as the leaves take place.

Profit-sharing plans and bonuses

Prosegur calculates the liability and expense for bonuses and profit-sharing using a formula based on EBITDA (earnings before interest, tax, amortisation and depreciation).

Prosegur recognises this cost when a present, legal or constructive obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

Management remuneration

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration committees. At the end of the reporting period, provision has been made for these plans based on Prosegur Management's best possible estimate of the extent to which targets will be met.

Defined benefit schemes

Prosegur includes in defined benefit plans those financed through the payment of insurance premiums where there is the legal or constructive obligation to directly pay employees the benefits committed as soon as they are payable or to pay additional amounts if the insurer does not disburse the benefits corresponding to services provided by employees in the year or in previous years.

Liabilities for defined benefits recognised in the consolidated statement of financial position correspond to the current value of the defined benefit obligations existing at the reporting date, less the fair value at said date of the assets under the scheme.

The current value of employee benefits depends on a number of factors determined using various assumptions on an actuarial basis. The assumptions employed to calculate the net expense (income) include the discount rate. Any change in these assumptions will affect the carrying amount of employee benefits.

In those cases in which the result obtained from the undertaking of the aforementioned operations is negative, in other words an asset arises, Prosegur recognises this up to the limit of the amount of the current value of any economic benefit available in the form of reimbursements from the scheme or reductions in future contributions thereto. The economic benefit is available for Prosegur if it is realisable at any moment during the life of the plan or in the settlement of plan liabilities, even if not immediately realisable at the reporting date.

Income or expense related to defined benefit schemes is recognised as other employee benefits expenses and is the sum of the net current service cost and the net interest cost of the net liabilities or assets for defined benefits. The recalculation of the valuation of net liabilities or assets for defined benefits is recognised in other comprehensive income. The latter includes actuarial profits and losses, the net return on scheme assets and any change in the effects of the asset limit, excluding any quantities included in the net interest on liabilities or assets. The costs of administering plan assets and all types of taxes characteristic of these, other than those included in the actuarial assumptions, are deducted from the net return of the scheme assets. Amounts deferred in other comprehensive income are reclassified to retained earnings in the same reporting period.

Prosegur likewise recognises the cost of past services as an expense of the reporting period on the earlier date between the one on which the modification or reduction of the plans takes place and when the corresponding restructuring or termination benefits are recognised.

The current value of defined benefit obligations is calculated annually by independent actuaries using the projected credit unit method. The discount interest rate of the net asset or liability for defined benefits is calculated based on the yield on high-quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligations.

Discretionary contributions of employees or third parties to defined benefit schemes reduce the service cost for the reporting period in which they are received. Contributions of employees or third parties established in the terms of the plan reduce the service cost of the service periods if they are associated with the service or reduce recalculations. Changes in contributions associated with the service are recognised as a cost for a current or past service, if they are not established in the formal terms of the scheme and do not derive from a constructive obligation or as actuarial losses and gains, if they are established in the formal terms of the scheme or derive from a constructive obligation.

Prosegur does not offset assets and liabilities among different schemes except in cases in which a legal right exists to offset surpluses and deficits generated by the various schemes and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously obligations in schemes with deficits.

Assets or liabilities for defined benefits are recognised as current or non-current depending on the term of realisation or maturity of the relevant benefits.

35.21. Revenue recognition

Recognition of revenue from contracts with clients (IFRS 15)

On 1 January 2018, the Group adopted IFRS 15, concerning the recognition of revenue from contracts with clients. The Prosegur Group opted for the transition option provided in the Standard, which involves applying IFRS 15 recognising the cumulative effect as an adjustment at the date of initial application, without restating the information presented in 2017 under the aforementioned standards.

Pursuant to IFRS 15, revenue is recognised in an amount reflecting the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a client, when the client obtains the control of the goods or services provided. Determining the time at which said control is transferred (at a specific time or over a period of time) requires the exercise of judgement by the Group. This Standard replaces the following standards: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue, and the related interpretations (IFRIC 13) Client Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Clients; and SIC-31 Revenue – Barter Transactions Involving Advertising Services).

Moreover, with the application of IFRS 15 incremental costs of obtaining a contract must be recognised as an asset (success fees, mainly, and other expenses paid to third parties) and are recognised in the income statement to the extent that the revenue related to that asset is allocated.

IFRS 15 establishes a new five-step model applied to the accounting for revenue from contracts with clients:

Step 1: Identify the contract(s) with the client

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue recognition by business:

Guarding and cash services

Most of Prosegur's revenue comes from active surveillance services, protection of individuals and premises, and cash in transit. The new IFRS 15 standard requires the use of a uniform method for recognising revenue for contracts and performance obligations with similar characteristics. The method chosen by the Group to measure the value of the services the control of which is transferred to the client over time is the product method, provided that through the contract and during its execution it is possible to measure the progress in the work carried out. Product methods recognise revenue on the basis of direct measurements of the value for the client of the goods or services transferred so far in relation to the pending goods or services pledged in the contract.

Revenue from services is recognised during the period in which they are rendered. In fixed price contracts, revenue is recognised to the extent that current services are rendered at the end of the period as a proportion of the total services rendered.

If the services provided by Prosegur exceed the unconditional right to payment, a contractual asset is recognised. If the payment received by the client exceeds the recognised income, a contractual liability is recognised.

If the contract includes an hourly rate, the revenue is recognised for the amount that Prosegur is entitled to collect. Billing is performed monthly and the collection right is unconditional once the bill is raised.

Technology Services

Part of the Company's revenue corresponds to contracts with clients for studying and fitting security-related systems. These projects are considered as a single performance obligation implemented over time. This is because the projects are designed specifically for the clients and involve projects with a high degree of integration. The revenue from projects is recognised over time due to the fact that Prosegur's work produces an asset controlled by the clients and furthermore with no alternative use for Prosegur; it is entitled to collect for the work completed up until reporting date.

Prosegur books the revenue from contracts using the method of allocating resources based on the costs incurred in relation to total estimated costs. Prosegur makes adjustments according to progression for inefficiencies not initially contemplated in the contract. Conversely, Prosegur only recognises revenue in relation to the cost incurred, to the extent that Prosegur delivers an item that is not different, the client expects to take control of the item prior to obtaining the service for that item, the cost of the item delivered is significant in respect of the total expected costs and Prosegur purchases the item from a supplier and is not significantly involved in the design and manufacture of the item.

Prosegur adjusts the rate of progression according to the change in circumstances and records the impact as a change in the estimate prospectively.

Revenue recognised according to the progression rate is recognised as an asset under contract, as the amount is not due, and as an account receivable if there is an unconditional right to collect. If the payment received by the client exceeds the recognised income, a contractual liability is recognised.

Alarm Services

Within Prosegur there is a segment of activity called home security, whose purpose is the installation of alarm connections, either for sale or for hire. The method chosen by the Group to measure the value of the services the control of which is transferred to the client over time is the product method, provided that through the contract and during its execution it is possible to measure the progress in the work carried out.

With regard to the installation of alarm connections for sale, the revenue from the installation is recognised at the time when this takes place. The cost of the equipment, which includes its price, is recognised at the time of installation. The services provided subsequently to the installation are recognised throughout the period in which they are provided, and the costs associated with these services are recognised when they are incurred.

With regard to the installation of alarm connections for hire, the revenue from the installation is recognised over the term of the contract. The cost of the equipment, which includes its price, is recognised and depreciated applying the criteria for the accounting policy of property, plant and equipment in accordance with the useful life of the systems installed. The services provided subsequently to the installation are recognised throughout the period in which they are provided, and the costs associated with these services are recognised when they are incurred.

The services of alarm installation and connection are highly interrelated due to the fact that Prosegur could not fulfil its promise if it delivers each item or performs each service separately.

Additionally, and in relation to the two methods of sale, Prosegur recognises the incremental costs of obtaining a contract with a client as an asset, to the extent that it expects to recover those costs.

Generally the incremental costs of obtaining contracts with a client arise from sales commissions for sales staff and labour for installation work. The amount of these costs is recognised and depreciated applying the criteria for the accounting policy of property, plant and equipment in accordance with the useful life of the systems installed.

Interest received

Interest received is recognised over the period of the outstanding principal and considering the effective interest rate applicable. When a receivable is impaired, Prosegur writes down the carrying amount to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument. The discounting continues to be recognised as a reduction in the interest received. Interest on impaired loans is recognised using the effective interest method.

Dividend received

Dividends received are recognised when the right to receive payment is established.

35.22. Borrowing costs

Prosegur recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as an increase in the value of these assets. Qualifying assets are those which require a substantial period of time before they can be used or sold.

Prosegur recognises the gross amount payable to clients in relation to work on all current contracts when the progress billings exceed the costs incurred plus recognised profit (or less recognised losses).

35.23. Non-current assets held for sale

Non-current assets (or disposable groups) are classified as held for sale when the carrying amount is mainly recoverable through a sale, provided that the sale is considered highly probable. These assets are recognised at the lower of the carrying amount and the fair value less costs to sell, provided that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

35.24. Distribution of dividends

Dividends distributed to Prosegur's shareholders are recognised as a liability in the Group Consolidated Annual Accounts in the year in which the dividends are approved by the Shareholders General Meeting. Interim dividends will also show as a liability in the Consolidated Annual Accounts of the Prosegur Group in the year in which the interim payment is approved by the Board of Directors.

35.25. Environmental issues

The cost of armoured vehicles compliant with the Euro VI standard on non-polluting emissions is recognised as an increase in the carrying amount of the asset. At the end of 2020, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

35.26. Consolidated statement of cash flows

In the consolidated statement of cash flows, prepared using the indirect method, the following expressions are used with the following meanings:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to a low risk of material changes in value.
- Operating activities: the ordinary activities of companies belonging to the consolidated group and other activities that are not classified as investing or financing activities.
- Investing activities: the acquisition and disposal of non-current assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that lead to changes in equity and in financing liabilities. In particular this section includes bank overdrafts.

35.27 Operating Leases

When a Prosegur Group entity is the lessee

Leases of property, plant and equipment in which Prosegur Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the commencement of the lease term at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is broken down into reductions in the payable and the finance costs, so as to produce a constant rate of interest on the remaining balance of the liability. The lease payable, net of the corresponding finance cost, is recognised under financial liabilities. The interest within the finance cost is taken to the income statement over the lease term so as to produce a constant periodic interest rate on the remaining balance of the liability in each period. Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset and the lease term when there is no possibility of Prosegur assuming ownership; otherwise, they are depreciated over the estimated useful life of the asset.

Leases in which the lessor retains a significant part of the risks and rewards of ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised on the income statement as an expense on a straight-line basis over the lease term.

When a Prosegur Group entity is the lessor

Assets leased to third parties under operating lease contracts are recognised as property, plant and equipment in the statement of financial position. These assets are depreciated over their expected useful lives based on criteria consistent with those applied to similar assets owned by the Prosegur Group. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

35.28. Hyperinflation

Retroactively from 1 January 2018, Prosegur applied IAS 29 for the first time and, as a result, IAS 21.42, due to the Argentine economy's being considered as hyperinflationary on 1 July 2018.

The status of hyperinflation is indicated by the characteristics of Argentina's economic environment, which include cumulative inflation over the last three years in excess of 100%. As a result, the financial statements of the Argentine companies of the Prosegur Group have used hyperinflationary accounting for the year 2018 and have not restated the previous financial information.

Hyperinflation accounting was applied to all assets and liabilities of the subsidiary company prior to translation. The historical cost of the non-monetary assets and liabilities and the various equity items of this company was adjusted as of its date of acquisition or inclusion in the consolidated statement of financial position through the end of 2018 to reflect changes in the purchasing power deriving from inflation. The initial equity shown in the stable currency was affected by the cumulative effect of restatement for inflation of non-monetary items from the date of their first-time recognition and the effect of converting those balances at the closing rate at the beginning of 2018. The Prosegur Group chose to recognise the difference between equity at the end of 2017 and equity at the beginning of 2018 in reserves, along with the cumulative translation differences up to that date, 1 January 2018. The Prosegur Group adjusted the 2020 and 2019 income statements to reflect the financial gain corresponding to the impact of inflation on net monetary assets. The various items on the income statement and the cash flow statement for 2020 and 2019 were adjusted by the inflation rate since they were generated, with a balancing entry in net financial results and net exchange difference, respectively.

The various items on the income statement and the cash flow statement for 2018 were adjusted by the inflation rate since they were generated, with a balancing entry in net financial results and net exchange difference, respectively.

The inflation rates used to compile the information were the domestic wholesale price index (IPIM) through 31 December 2016, and the consumer price index (CPI) from 1 January 2017. IPIM affords greater weighting to manufacturing and primary products that are less representative with respect to the totality of activities conducted, while the CPI considers goods and services that are representative of household consumption expenditure.

As a consequence of the IFRIC decision agenda taken in 2020, the Prosegur Group changed the presentation it had previously made of the translation differences of the business in Argentina, which had been considered reserves. In its decision agenda, the IFRIC clarified that the effects of inflation corrected by IAS 29 in the country's equity affected by hyperinflation (excluding the part of the net monetary position that directly affects profit/(loss)) have a currency effect similar to which occurs when converting the country's financial statements into presentation currency, so both items must be reflected within translation differences.

VII. APPENDIX I. – Subsidiaries within the consolidation scope

Information at 31 December 2020

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|---|----------------|---|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Soluciones Integrales de Seguridad España S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | A |
| Prosegur Gestión de Activos, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 7 | A |
| Prosegur Global Alarmas, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Compañía Ridur 2016, S.A. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 8 | B |
| Formación, Selección y Consultoría, S.A. | Santa Sabina 8 (Madrid) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 7 | B |
| Prosegur Gestión de Activos Internacional S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 5 | B |
| Prosegur International SIS S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global SIS, S.L.U. | a | 5 | B |
| Prosegur USAP Internacional S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 5 | B |
| Prosegur International Alarmas S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global Alarmas SLU | a | 5 | B |
| Prosegur Soluciones, S.A.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global Alarmas ROW S.L.U. | a | 3 | A |
| MIV Gestión, S.A. | Avda. Gran Vía 175-177, Pol. Gran Vía Sur, 08908 L 'Hospitalet de Llobregat (Barcelona) | 100.00 | % Prosegur Servicios de Efectivo España, S.L.U. | a | 2 | B |
| Prosegur Ciberseguridad, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global Cyber Security, S.L.U | a | 1 | A |
| Indiseg Evolium Group | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Ciberseguridad, S.L. | a | 1 | B |
| Prosegur Assets Management, S.A. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Prosegur Global SIS S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Prosegur Servicios de Efectivo España S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Prosegur Global CIT S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Cash, S.A. | a | 5 | A |
| Prosegur Cash, S.A. | Santa Sabina 8 (Madrid) | 53.30 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| | | 21.68 | % Prosegur Assets Management, S.L. | | | |
| Prosegur Smart Cash Solutions, S.L. (former Prosegur Colombia 3), S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 5 | B |
| Prosegur AVOS España, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Cash, S.A. | a | 2 | A |
| Armor Acquisition S.A. | Pajaritos, 24 (Madrid) | 95.00 | % Prosegur Internationale Handels GmbH | a | 5 | A |
| | | 5.00 | % Prosegur Global CIT, S.L.U. | | | |
| Juncadella Prosegur Internacional, S.A. | Pajaritos, 24 (Madrid) | 68.79 | % Armor Acquisition, S.A. | a | 5 | A |
| | | 31.21 | % Prosegur International Handels GmbH | | | |
| Prosegur International CIT 1, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 5 | B |
| Inversiones CIT 2, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 5 | B |
| Prosegur Global Alarmas ROW S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Prosegur Global CIT ROW S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Cash, S.A. | a | 5 | A |
| Prosegur Global SIS ROW SLU | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| ESC Servicios Generales, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | A |
| Contesta Teleservicios, S.A. | Antonio Lopez, 247 (Madrid) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | A |
| Integrum 2008 SL | Antonio Lopez, 247 (Madrid) | 100.00 | % Contesta Teleservicios, S.A. | a | 2 | B |
| Bloggers Broker, S.L. | Antonio Lopez, 247 (Madrid) | 100.00 | % Contesta Teleservicios, S.A. | a | 2 | B |
| Contesta Servicios Auxiliares, S.L. | Antonio Lopez, 247 (Madrid) | 100.00 | % Contesta Teleservicios, S.A. | a | 2 | B |
| Prosegur Colombia 1, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT S.L.U. | a | 5 | B |
| Prosegur Colombia 2, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT S.L.U. | a | 5 | B |
| Prosegur Global Cyber Security, S.L.U. | Pajaritos, 24 (Madrid) | 70.50 | % Prosegur Compañía de Seguridad S.A. | a | 5 | B |
| Segtech Ventures SCR, S.A. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Assets Management, S.L. | a | 5 | A |
| Prosegur Servicios de Pago EP S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT ROW SLU | a | 2 | A |
| Risk Management Solutions S.L.U. | Ochandiano, 8 (Madrid) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | A |
| Complificer S.L.U. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | B |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Work 4 Data Lab, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Risk Management Solutions S.L.U. | a | 2 | B |
| Alpha3 Cashlabs, S.L. | Pajaritos, 24 (Madrid) | 92.96 | % Prosegur Cash, S.A. | a | 2 | B |
| Wohcash APP SL | La Paz 44 - 4º, 46003 (Valencia) | 51.00 | % Alpha3 Cashlabs, S.L. | a | 2 | B |
| Prosegur Finance, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 6 | B |
| Prosegur ODH, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 3 | B |
| CASH Centroamerica Uno, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT, S.L.U | a | 2 | B |
| CASH Centroamerica Tres, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT, S.L.U | a | 2 | B |
| Gelt Cash Transfer, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Alpha3 Cashlabs, S.L. | a | 2 | B |
| Netijam Technologies S.L. | Cedaceros, 11 (Madrid) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | B |
| Garantis Sumarmas S.L. | Cedaceros, 11 (Madrid) | 100.00 | % Netijam Technologies S.L. | a | 2 | B |
| QSNet Comunicaciones y Servicios S.L. | Ateca 4 (Zaragoza) | 50.00 | % Netijam Technologies S.L. | a | 2 | B |
| Prosegur Global BSI International S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 1 | B |
| Tapia Seguridad, S.L. | Parque Tecnológico de Asturias, Parcela 32, Cayés Llanera (Asturias) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | B |
| Prosegur Custodia de Activos Digitales, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Alpha3 Cashlabs, S.L. | a | 2 | B |
| Prosegur BSI España, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global BSI International S.L. | a | 1 | B |
| MiRubi internet S.L. | Avda. Manoteras 38 (Madrid) | 100.00 | % Alpha3 Cashlabs, S.L. | a | 2 | B |
| Prosegur International Handels GmbH | Poststrabe, 33 (Hamburg) | 100.00 | % Malcoff Holding BV | a | 5 | B |
| Prosegur Cash Services Germany GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Prosegur Services Germany GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur USAP International SLU | a | 7 | C |
| Prosegur SIS Germany GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | C |
| Prosegur Spike GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur Cash, S.A. | a | 2 | C |
| Prosegur Gestion d'Actifs France S.C.I. | Place Berthe Morisot (Saint-Priest) | 95.00 | % Prosegur Gestión de Activos S.L.U. | a | 7 | B |
| | | 5.00 | % Prosegur Gestion de Activos Internacional S.L.U. | | | |
| Malcoff Holdings BV | Herikerbergweg 238 (Amsterdam) | 100.00 | % Prosegur Global CIT, S.L.U | a | 5 | B |
| Prosegur Uruguay BV | Herikerbergweg 238 (Amsterdam) | 100.00 | % Prosegur, S.A. | a | 5 | B |
| Luxpai Holdo S.A.R.L. | 23, Av. Monterey (Luxembourg) | 100.00 | % Prosegur Global SIS ROW SLU | a | 5 | B |
| Pitco Reinsurance, S.A. | 23, Av. Monterey (Luxembourg) | 100.00 | % Luxpai CIT SARL | a | 2 | A |
| Luxpai CIT S.A.R.L. | 23, Av. Monterey (Luxembourg) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Yellow RE, S.A. | 23, Av. Monterey (Luxembourg) | 100.00 | % Luxpai Holdo S.A.R.L. | a | 5 | A |
| Prosegur AVOS Portugal Unipessoal Ltda | Avenida de Berna nº 54 (Lisbon) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | B |
| Prosegur Gestão de Activos Imobiliarios S.A. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| Prosegur Companhia de Segurança, Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | A |
| Prosegur Distribuição e Serviços, Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | A |
| Prosegur Agencia Promoção e Comercialização de Productos e Serviços, Unipessoal LDA. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Global Alarmas ROW, S.L.U. | a | 3 | A |
| Dognædis Ltda. | Coimbra | 100.00 | % Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| Prosegur Logística e Tratamento de Valores Portugal, Unipessoal Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Prosegur Alarmes Dissuasão Portugal Unipessoal Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Global Alarmas ROW, S.L.U. | a | 3 | A |
| Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur USAP International, S.L.U. | a | 7 | B |
| | | 94.79 | % Juncadella Prosegur Internacional, S.A. | | | |
| Transportadora de Caudales de Juncadella S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 4.98 | % Armor Acquisition, S.A. | a | 2 | A |
| | | 0.23 | % Prosegur Holding CIT ARG, S.A. | | | |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|--|----------------|---|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Seguridad, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 | % Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 | % Prosegur Argentina Holding S.A. | | | |
| Prosegur Argentina Holding, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 56.21 | % Prosegur Global SIS, S.L.U. | a | 5 | A |
| | | 43.79 | % Prosegur International SIS SLU | | | |
| Prosegur Inversiones Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 56.56 | % Prosegur Global SIS, S.L.U. | a | 5 | A |
| | | 43.44 | % Prosegur International SIS SLU | | | |
| Prosegur Holding CIT ARG, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 | % Prosegur Global CIT, S.L.U. | a | 5 | A |
| | | 5.00 | % Prosegur International CIT 1, S.L. | | | |
| Prosegur Sistemas Integrales de Seguridad, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 | % Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 | % Prosegur Argentina Holding S.A. | | | |
| Prosegur Seguridad y Vigilancia, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 | % Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 | % Prosegur Argentina Holding S.A. | | | |
| Prosegur Gestión de Activos ARG S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 80.00 | % Prosegur Gestión de Activos, S.L.U. | a | 3 | A |
| | | 20.00 | % Prosegur Gestión de Activos Internacional, S.L.U. | | | |
| Grupo N, S.A. | La Rioja N° 441, oficinas D, E and F (Ciudad de Córdoba) | 90.00 | % Prosegur Global CIT, S.L.U. | a | 2 | A |
| | | 10.00 | % Prosegur Internacional CIT 1, S.L. | | | |
| VN Global BPO, S.A. | La Rioja N° 441, oficinas D, E and F (Ciudad de Córdoba) | 90.00 | % Prosegur Global CIT, S.L.U. | a | 2 | A |
| | | 10.00 | % Prosegur Internacional CIT 1, S.L. | | | |
| Dinero Gelt S.A. | Calle Grecia (Ciudad de Buenos Aires) | 95.00 | % Transportadora de Caudales de Juncadella S.A. | a | 2 | B |
| | | 5.00 | % Prosegur Holding CIT ARG, S.A. | | | |
| Prosegur Vigilancia Activa, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 | % Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 | % Prosegur Argentina Holding S.A. | | | |
| Servicios Auxiliares Petroleros, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 100.00 | % Prosegur Gestión de Activos ARG S.A. | a | 1 | A |
| Xiden, S.A.C.I. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 10.00 | % Prosegur International SIS, S.L.U. | a | 1 | A |
| | | 90.00 | % Prosegur Global SIS, S.L.U. | | | |
| Prosegur Tecnología Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 90.00 | % Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 10.00 | % Prosegur International SIS, S.L.U. | | | |
| General Industries Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 90.00 | % Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 10.00 | % Prosegur International SIS, S.L.U. | | | |
| Prosegur Holding, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 80.00 | % Prosegur Global Alarmas SLU | a | 5 | A |
| | | 11.40 | % Prosegur International Alarmas SLU | | | |
| Prosegur Inversiones, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 8.60 | % Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| | | 80.00 | % Prosegur Global Alarmas SLU | | | |
| Prosegur Activa Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 11.41 | % Prosegur International Alarmas SLU | a | 3 | A |
| | | 8.59 | % Prosegur Compañía de Seguridad S.A. | | | |
| Prosegur, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 90.00 | % Prosegur Holding, S.A. | a | 1 | A |
| | | 10.00 | % Prosegur Inversiones, S.A. | | | |
| | | 95.00 | % Prosegur Inversiones Argentina, S.A. | a | | |
| | | 5.00 | % Prosegur Argentina Holding S.A. | | | |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Servin Seguridad, S.A. | Montevideo 666 (Ciudad de Buenos Aires) | 95.00 % | Prosecur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 % | Prosecur Argentina Holding S.A. | | | |
| Prosecur Holding SIS Ltda | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 90.00 % | Prosecur Global SIS, S.L.U. | a | 5 | A |
| | | 10.00 % | Prosecur International SIS SLU | | | |
| Segurpro Vigilancia Patrimonial S.A. | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 100.00 % | Prosecur Holding SIS Ltda | a | 1 | A |
| Prosecur Serviços e Participações Societárias S.A. | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 39.76 % | Juncadella Prosecur Internacional, S.A. | a | 5 | A |
| | | 60.24 % | Prosecur Global CIT, S.L.U. | | | |
| Prosecur Logística e Armazenamento Ltda | Av. Marginal do Ribeirão dos Cristais, 200 (São Paulo) | 100.00 % | Prosecur Serviços e Participações Societárias S.A. | a | 2 | B |
| Log Cred Tecnologia Comercio e Serviços Ltda | Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas) | 100.00 % | Prosecur Serviços e Participações Societárias S.A. | a | 2 | B |
| Luma Empreendimentos Eireli- ME | Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas) | 100.00 % | Prosecur Serviços e Participações Societárias S.A. | a | 2 | B |
| Cipher S.A. | Rua Alexandre Dumas, 1658 (São Paulo) | 70.50 % | Prosecur Companhia de Seguridad, S.A. | a | 1 | B |
| Prosecur Pay Consultoria em Tecnologia da Informação Ltda | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 100.00 % | Prosecur Serviços e Participações Societárias S.A. | a | 2 | B |
| Prosecur Brasil S.A. Transportadora de Valores e Segurança | Av. Guaratã, 633, (Belo Horizonte) | 99.99 % | Prosecur Serviços e Participações Societárias S.A. | a | 2 | A |
| Gelt Brasil Consultoria em Tecnologia da Informação Ltda | Av. Pedroso de Moraes, 2120 (São Paulo) | 100.00 % | Prosecur Alpha3 Cashlabs, S.L. | a | 2 | B |
| Segurpro Sistemas de Segurança Ltda | Av. Guaratã, 667 (Belo Horizonte) | 72.38 % | Prosecur Global SIS, S.L.U. | a | 1 | B |
| | | 27.62 % | Prosecur International SIS SLU | | | |
| Prosecur Administração de Recebíveis Ltda. | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 99.79 % | Prosecur Global SIS, S.L.U. | a | 1 | B |
| | | 0.21 % | Segurpro Sistemas de Segurança Ltda | | | |
| Segurpro Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda. | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 90.00 % | Prosecur Global SIS, S.L.U. | a | 1 | B |
| | | 10.00 % | Prosecur International SIS SLU | | | |
| Prosecur Activa Alarmas S.A. | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 41.99 % | Prosecur Global Alarmas SLU | a | 3 | B |
| | | 58.01 % | Prosecur International Alarmas SLU | | | |
| Prosecur Gestão de Ativos Ltda. | Rodovia BR 116, nº 13876, KM 102 (Curitiba) | 99.99 % | Prosecur Gestión de Activos S.L.U. | a | 7 | B |
| | | 0.01 % | Prosecur Companhia de Seguridad S.A. | | | |
| Juncadella Prosecur Group Andina S.A. | Los Gobelinos 2567 (Santiago de Chile) | 99.99 % | Juncadella Prosecur Internacional, S.A. | a | 5 | A |
| | | 0.01 % | Armor Acquisition, S.A. | | | |
| | | 86.17 % | Prosecur Global CIT, S.L.U. | | | |
| Capacitaciones Ocupacionales Sociedad Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 10.00 % | Prosecur International CIT 1, S.L. | a | 2 | A |
| | | 1.55 % | Prosecur International Handels GmbH | | | |
| | | 2.28 % | Juncadella Prosecur Group Andina S.A. | | | |
| | | 99.98 % | Prosecur Global CIT, S.L.U. | | | |
| Servicios Prosecur Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 0.01 % | Prosecur International Handels GmbH | a | 2 | A |
| | | 0.01 % | Juncadella Prosecur Group Andina S.A. | | | |
| Servicios de Seguridad Prosecur Regiones Limitada | Los Gobelinos 2567 (Santiago de Chile) | 99.00 % | Prosecur Chile, S.A. | a | 1 | A |
| | | 1.00 % | Prosecur Global SIS S.L.U. | | | |
| Empresa de Transportes Companhia de Seguridad Chile Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 60.00 % | Juncadella Prosecur Group Andina S.A. | a | 2 | A |
| | | 40.00 % | Prosecur International Handels GmbH | | | |
| | | 99.99 % | Prosecur Global SIS, S.L.U. | | | |
| Prosecur Tecnologia Chile Ltda. | Avenida del Condor 720 301 (Santiago de Chile) | 0.01 % | Prosecur Companhia de Seguridad S.A. | a | 1 | A |
| | | 0.00 % | Prosecur Chile S.A. | | | |
| Prosecur Activa Chile S.L. | Avenida del Condor 720 301 (Santiago de Chile) | 90.00 % | Prosecur Global Alarmas SLU | a | 3 | A |
| | | 10.00 % | Prosecur International Alarmas SLU | | | |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Gestion de Activos Chile Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 90.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 10.00 % | Prosegur Gestion de Activos Internacional S.L.U. | | | |
| Prosegur Chile, S.A. | Los Gobelinos 2567 (Santiago de Chile) | 70.00 % | Prosegur, S.A. | a | 1 | A |
| | | 30.00 % | Prosegur Global SIS, S.L.U. | | | |
| Prosegur Ciberseguridad, S.A.S. | TV 23 95-53 (Bogotá) | 100.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| Procesos Técnicos de Seguridad y Valores S.A.S. | DB 74 # 6-51 (Bogotá) | 99.51 % | Inversiones CIT 2, S.L.U. | a | 2 | A |
| Compañía Colombiana de Seguridad Transbank Ltda | Avda. Américas 41-09 (Bogotá) | 50.00 % | Prosegur Colombia 1, S.L.U. | a | 2 | A |
| | | 49.00 % | Prosegur Colombia 2, S.L.U. | | | |
| Corresponsales Colombia SAS | Calle 11 No. 31-89 Edificio Bosko Oficina 501 de Medellín (Bogotá) | 1.00 % | Prosegur Smart Cash Solutions, S.L. | a | 2 | A |
| | | 100.00 % | Prosegur Cash, S.A. | | | |
| Compañía Transportadora de Valores Prosegur de Colombia S.A. | Avda. De las Américas, 42-25 (Bogotá) | 94.90 % | Prosegur Global CIT, S.L.U. | a | 2 | A |
| | | 5.10 % | Prosegur International CIT 1, S.L.U. | | | |
| Prosegur Procesos S.A.S. | Avda. De las Américas, 42-25 (Bogotá) | 0.00 % | Prosegur Cash, S.A. | a | 2 | A |
| | | 0.00 % | Prosegur Servicios de Efectivo España, S.L.U. | | | |
| Inversiones BIV S.A.S. | Avda. De las Américas, 42-25 (Bogotá) | 0.00 % | Prosegur Global CIT ROW S.L.U. | a | 2 | A |
| | | 100.00 % | Inversiones CIT 2, S.L.U. | | | |
| Prosegur Vigilancia y Seguridad Privada Ltda. | TV 23 95-53 (Bogotá) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 5 | A |
| Prosegur Tecnología S.A.S. | Calle 32 (Cartagena) | 94.00 % | Inversiones BIV SAS | a | 4 | A |
| Servimax Servicios Generales S.A.S. | Cra. 50 No. 71-80 (Bogotá) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| Prosegur Sistemas Electrónicos S.A.S. | TV 23 95-53 (Bogotá) | 100.00 % | Inversiones BIV SAS | a | 1 | A |
| Prosegur Seguridad Electrónica, S.A.S. | Cra. 50 No. 71-80 (Bogotá) | 100.00 % | Prosegur Global SIS S.L.U. | a | 1 | A |
| Servimax Servicios Temporales S.A.S. | Cra. 50 No. 71-80 (Bogotá) | 100.00 % | Prosegur International Alarmas SLU | a | 3 | A |
| Prosegur Gestión de Activos de Colombia S.A.S. | Calle 32 (Cartagena) | 100.00 % | Inversiones BIV SAS | a | 1 | B |
| Prosegur Gestión de Activos Paraguay, S.A. | C/ Artigas, esq. Concepción Leyes de Chávez (Asunción) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 95.00 % | Prosegur Gestión de Activos, S.L.U. | | | |
| Prosegur Ciberseguridad Paraguay S.A. | C/ Artigas, esq. Concepción Leyes de Chávez (Asunción) | 5.00 % | Prosegur Gestion de Activos Internacional S.L.U. | a | 7 | A |
| | | 90.00 % | Prosegur Global Cyber Security, S.L.U. | | | |
| Prosegur Paraguay S.A. | C/ Artigas, esq. Concepción Leyes de Chávez (Asunción) | 10.00 % | Prosegur Ciberseguridad, S.L. | a | 1 | B |
| | | 99.00 % | Juncadella Prosegur Internacional, S.A. | | | |
| Soluciones Integrales de Seguridad Prosegur Paraguay S.A. | Avda. Artigas N° 960 (Asunción) | 1.00 % | Transportadora de Caudales Juncadella, S.A. | a | 2 | A |
| | | 95.00 % | Prosegur Global SIS, S.L.U. | | | |
| Alarmas Prosegur Paraguay S.A. | Avda. Artigas N° 960 (Asunción) | 5.00 % | Prosegur International SIS SLU | a | 1 | A |
| | | 90.00 % | Prosegur Global Alarmas SLU | | | |
| Proservicios S.A. | Av. Los Proceres 250 (Lima) | 10.00 % | Prosegur International Alarmas SLU | a | 3 | A |
| | | 95.00 % | Proseguridad S.A. | | | |
| Prosegur Consumer Finance Perú S.A.C. | Av. República de Panamá 3890 (Lima) | 5.00 % | Prosegur International SIS SLU | a | 1 | B |
| | | 90.00 % | Prosegur Compañía de Seguridad, S.A. | | | |
| Prosegur Cash Servicios, S.A.C. | Av. Morro Solar 1086 (Lima) | 10.00 % | Prosegur Assets Management, S.A. | a | 6 | B |
| | | 90.00 % | Prosegur Cash, S.A. | | | |
| Compañía de Seguridad Prosegur S.A. | Av. Morro Solar 1086 (Lima) | 10.00 % | Prosegur Global CIT S.L.U. | a | 2 | B |
| | | 52.00 % | Juncadella Prosegur Internacional, S.A. | | | |
| | | 48.00 % | Transportadora de Caudales de Juncadella S.A. | a | 2 | A |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Proseguridad S.A. | Av. Los Proceres 250 (Lima) | 64.89 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 35.11 % | Prosegur International SIS SLU | | | |
| Prosegur Cajeros S.A. | La Chira, 103 (Lima) | 52.00 % | Juncadella Prosegur Internacional, S.A. | a | 2 | B |
| | | 48.00 % | Transportadora de Caudales de Juncadella S.A. | | | |
| Prosegur Tecnología Perú S.A. | La Chira, 103 (Lima) | 99.00 % | Prosegur Compañía de Seguridad S.A. | a | 1 | B |
| | | 1.00 % | Prosegur International SIS S.L.U. | | | |
| Reguard Security Corp, S.A. | Av. Los Proceres 250 (Lima) | 84.86 % | Proseguridad S.A. | a | 1 | B |
| | | 10.14 % | Inversiones RB, S.A. | | | |
| Proseguridad Selva S.A. | Cas. Palmawasi San Martin (Tocache) | 5.00 % | Prosegur International SIS S.L.U. | a | 1 | B |
| | | 90.00 % | Reguard Security Corp, S.A. | | | |
| Inversiones RB, S.A. | Avenida Nicolás Arriola, 780 (Lima) | 10.00 % | Prosegur International SIS SLU | a | 5 | B |
| | | 95.00 % | Proseguridad S.A. | | | |
| Prosegur Activa Peru, S.A. | Av. República De Panama 3890 (Lima) | 50.29 % | Prosegur Global Alarmas SLU | a | 3 | A |
| | | 49.67 % | Prosegur International Alarmas SLU | | | |
| Prosegur Gestión de Activos, S.A. | La Chira, 103 - Surco - Lima | 0.04 % | Prosegur Compañía de Seguridad S.A. | a | 7 | A |
| | | 90.00 % | Prosegur Gestión de Activos, S.L.U. | | | |
| Prosegur Mexico S de RL de C.V. | Avenida Nuevo León No. 265 (México DF) | 10.00 % | Prosegur Gestion de Activos Internacional S.L.U. | a | 5 | A |
| | | 0.00 % | Prosegur Global Alarmas SLU | | | |
| Prosegur Compañía de Seguridad Privada S.A. de C.V. | Avenida Nuevo León No. 265 (México DF) | 85.60 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 14.40 % | Prosegur International SIS SLU | | | |
| Prosegur Seguridad Privada S.A. de C.V. | Avenida Nuevo León No. 265 (México DF) | 100.00 % | Prosegur Mexico S de RL de CV | a | 1 | B |
| | | 0.00 % | Prosegur Global SIS, S.L.U. | | | |
| Prosegur Consultoría y Servicios Administrativos S de RL de C.V. | Avenida Nuevo León No. 265 (México DF) | 100.00 % | Prosegur Mexico S de RL de CV | a | 7 | A |
| | | 0.00 % | Prosegur Compañía de Seguridad Privada S.A. de | | | |
| Prosegur Custodias, S.A. de C.V. | Avenida Nuevo León No. 265 (México DF) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 1 | A |
| | | 0.00 % | Prosegur Gestion de Activos Internacional S.L.U. | | | |
| Prosegur Tecnología S.A. de C.V. | Avenida Nuevo León No. 265 (México DF) | 100.00 % | Prosegur Mexico S de RL de CV | a | 1 | A |
| | | 0.00 % | Prosegur Compañía de Seguridad Privada S.A. de | | | |
| Prosegur Servicios Integrales en Seguridad Privada S.A. de CV | Avenida Nuevo León No. 265 (México DF) | 100.00 % | Prosegur Mexico S de RL de CV | a | 7 | B |
| | | 0.00 % | Prosegur Compañía de Seguridad Privada S.A. de | | | |
| Marlina S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| Prosegur Ciberseguridad Uruguay, S.A. (ex-Loredat S.A.) | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 7 | A |
| Prosegur Transportadora de Caudales S.A. | Guarani 1531 (Montevideo) | 99.91 % | Juncadella Prosegur Internacional, S.A. | a | 2 | A |
| | | 0.09 % | Armor Acquisition, S.A. | | | |
| Prosegur Activa Uruguay, S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Global Alarmas SLU | a | 3 | A |
| Nautiland, S.A. | Michelini, Zelmar 1121 (Maldonado) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | B |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Blindados, S.R.L. | Guarani 1531 (Montevideo) | 99.00 % | Prosegur Transportadora de Caudales, S.A. | a | 2 | B |
| | | 1.00 % | Prosegur Global CIT, S.L.U. | | | |
| Genper, S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| GSM Telecom S.A. | Del pino, Simon 1055, (Maldonado) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | B |
| Coral Melody S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | B |
| Tecnofren S.A. | Michellini, Zelmar 1121 (Maldonado) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | B |
| Roytronic S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | B |
| Prosegur Uruguay Compañía de Seguridad, S.A. | Guarani 1531 (Montevideo) | 90.00 % | Prosegur Uruguay BV S.A. | a | 1 | A |
| | | 10.00 % | Prosegur Global SIS, S.L.U. | | | |
| Pitco Asia Pacific Ltd. | Prudential Tower, The Gateway, Harbour City, 21 (Hong Kong) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 1 | B |
| Imperial Dragon Security Ltd. | Suite 1201 Tower 2, The Gateway, 25 (Hong Kong) | 100.00 % | Luxpai Holdo S.A.R.L. | a | 5 | B |
| Pitco Shanghai Trading Co Ltd. | Suite 1146, No. 567 Langao Road (Shanghai) | 100.00 % | Luxpai Holdo S.A.R.L. | a | 5 | B |
| Shanghai Meiyu Information Technology Co Ltd. | Room 519, Zhidan Road No. 180-190, (Shanghai) | 100.00 % | Shanghai Pitco Information Technology Co | a | 5 | B |
| Shanghai Pitco Information Technology Co Ltd. | Room 517, Zhidan Road No. 180-190 (Shanghai) | 100.00 % | Pitco Shanghai Trading Co Ltd | a | 5 | B |
| Shanghai Bigu Investment Co Ltd. | Room 1373, Building 4, (Shanghai) | 100.00 % | Shanghai Pitco Consulting Management Co Ltd | a | 5 | B |
| Shanghai Pitco Consulting Management Co Ltd. | Room 1601, Building 4, (Shanghai) | 100.00 % | Pitco Shanghai Trading Co Ltd | a | 5 | B |
| Shangxi Laide Security Service Co Ltd. | Building 18, Hengshan housing estate, (Taiyuan) | 70.00 % | Shanghai Bigu Investment Co Ltd | a | 1 | B |
| Shanghai Prosegur Security Service Co Ltd. | Room 446, Building 3, (Shanghai) | 100.00 % | Shanghai Bigu Investment Co Ltd | a | 1 | B |
| Nanjing Zhong Dun Security Services Co Ltd. | Room 212, No 359, Building A (Nanjing City) | 80.00 % | Shanghai Meiyu Information Technology Co Ltd | a | 1 | B |
| Command Security China Limited | 26/F, The Hennessy, 256 Hennessy Road, Wan Chai, (Hong Kong) | 100.00 % | Prosegur Services Group Incorporated | a | 1 | B |
| Shanghai Bigu Security Technology Co Ltd | 1st floor, Building 13, Zhengbo Road No. 1881, Fengxian District, Shanghai | 100.00 % | Shanghai Bigu Investment Co Ltd | a | 1 | B |
| Prosec Services Pte Ltd. | 111 Geylang Road, #01-01 (Singapore) | 100.00 % | Luxpai Holdo S.A.R.L. | a | 1 | A |
| Singpai Pte Ltd. | 80 Robinson Road #02-00 (Singapore) | 100.00 % | Luxpai CIT S.A.R.L. | a | 5 | A |
| Prosec Cash Services Pte Ltd. | 111 Geylang Road, #01-01 (Singapore) | 100.00 % | Singpai Pte Ltd | a | 2 | B |
| Prosegur Singapore Pte LTD | 3 New Industrial Road (Singapore) | 100.00 % | Luxpai Holdo S.A.R.L. | a | 1 | A |
| Singpai Alarms Private Ltd. | 111 Geylang Road, #01-01 (Singapore) | 100.00 % | Prosegur Global Alarms ROW S.L.U. | a | 5 | A |
| Focal Investigation & Security Agency Pte Ltd | 5001 Beach, Road, #04-22 (Singapore) | 100.00 % | Prosegur Global SIS ROW SLU | a | 1 | A |
| Prosegur SIS USA Incorporated (formerly Prosegur Security | 251 Little Falls Drive Street, Wilmington - New Castle 19808 (Delaware) | 100.00 % | Prosegur Global SIS ROW, SLU | a | 1 | B |
| Prosegur Security Monitoring Incorporated | 220 Howard Street - Lowell (Massachusetts - USA) | 100.00 % | Prosegur Security USA Incorporated | a | 1 | B |
| Cipher Security LLC | 703 Waterford Way Suite 490, Miami, Florida 33126 - (USA) | 100.00 % | Cipher Security Limited | a | 1 | B |
| Prosegur Security Integration LLC | 755 NW 17th Avenue, ste 101 (USA) | 77.08 % | Prosegur Security USA Incorporated | a | 1 | B |
| Prosegur Services Group Incorporated | 512, Herndon Parkway Suite A, Herndon Virginia 20170, USA | 100.00 % | Prosegur Security USA Incorporated | a | 1 | B |
| Prosegur Technology International Incorporated | 251 Little Falls Drive Street, Wilmington - New Castle 19808 - Delaware - | 100.00 % | Prosegur Security USA Incorporated | a | 1 | B |
| Prosegur EAS USA LLC | 512 Herndon Parkway, Suite A - Herndon, VA 20170 - USA | 77.08 % | Prosegur SIS Security USA Incorporated | a | 1 | B |
| Prosegur Security USA Incorporated | 251 Little Falls Drive, Wilmington, 19808 New Castle (Delaware) | 96.50 % | Prosegur SIS Security USA Incorporated | a | 1 | B |
| Prosegur Australia Holdings PTY Limited | Level 1, 65 Epping Road, Macquarie Park NSW 2113 | 100.00 % | Prosegur Global CIT ROW, SLU | a | 5 | A |
| Prosegur Australia Investments PTY Limited | Level 1, 65 Epping Road, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 5 | B |
| Prosegur Australia Pty Limited | Level 1, 65 Epping Road, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Investments PTY Limited | a | 2 | B |
| Prosegur Services Pty Ltd | Level 1, 65 Epping Road, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 2 | B |
| Prosegur Assets Management Pty Ltd | Level 1, 65 Epping Road, Macquarie Park NSW 2113 | 100.00 % | Prosegur Gestion de Activos, SLU | a | 7 | A |
| Cash Services Australia Pty Limited | Level 5, 205 Pacific Highway, St Leonards NSW 2065 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 2 | B |

Information at 31 December 2020 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur SPV 1 PTY Limited | Level 1, 65 Epping Road, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 2 | B |
| Beagle Watch Armed Response Proprietary Limited | 1st Floor Unison House, 190 Smith Street (Fairland) 2030 (Johannesburg) | 100.00 % | Prosegur Global Alarmas ROW S.L.U. | a | 5 | B |
| Beagle Technical (Pty) Ltd. | Unison House, 190 Smit Street, Fairland - Gauteng 2195 | 100.00 % | Beagle Watch Armed Response Proprietary Limited | a | 3 | B |
| Beagle Control (Pty) Ltd. | Unison House, 190 Smit Street, Fairland - Gauteng 2195 | 100.00 % | Beagle Watch Armed Response Proprietary Limited | a | 3 | B |
| Prime Hiring India Private Ltd | Regus Elegance, 2F, Elegance Jasola District Centre, Old Mathura Road (New Delhi) | 99.99 % | Luxpai Holdo SARL | a | 1 | B |
| | | 0.01 % | Pitco Asia Pacific Ltd | | | |
| Prosegur CIT Integral System India Private Ltd. | Regus Elegance, 2F, Elegance Jasola District Centre, Old Mathura Road (New Delhi) | 95.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | B |
| | | 5.00 % | Luxpai CIT SARL | | | |
| PT Prosegur Cash Indonesia | Gedung Gajah Blok A, B, C Lantai 3A Unit BIV, Jl. Dr. Saharjo N° 111, RT/RW 001/01, | 49.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Dognaedis Limited | Gallows Hill Warwick CV34 6UW, (United Kingdom) | 100.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| Cipher Security Limited | 45 Pall Mall, St James's, SW1Y 5JG, (London, UK) | 70.50 % | Prosegur Compañia de Seguridad S.A. | a | 1 | B |
| Prosegur Security UK Limited | Innovation Centre, Gallows Hill, Warwick CV34 6UW (United Kingdom) | 100.00 % | Prosegur Compañia de Seguridad S.A. | a | 1 | B |
| Prosegur Alarm Hizmetleri Anonim Sirket | Maslak, Ahi Evran Caddesi No: 21 Kat: 13 Polaris Plaza (Istanbul) | 100.00 % | Prosegur Global Alarmas ROW S.L.U. | a | 3 | B |
| CASH Centroamerica Dos | Distrito Panamá (Panama) | 16.67 % | Prosegur Global CIT S.L.U. | a | 2 | B |
| Consortio CSC two Panama | Avenida Doce de Octubre 1A (entre 50 y calle 80) - Pueblo Nuevo - Panama | 51.00 % | Prosegur Services Group Incorporated | a | 1 | B |
| | | 49.94 % | CASH Centroamerica 1 | | | |
| Protección de Valores S.A. | Km 4.5 Carretera a Masaya, (Managua) | 39.94 % | CASH Centroamerica 2 | a | 2 | A |
| | | 10.12 % | CASH Centroamerica 3 | | | |
| Proteccion de Valores S.A. de CV | Calle Padres Aguilar No. 9 (San Salvador) | 60.00 % | CASH Centroamerica 1 | a | 2 | A |
| | | 40.00 % | CASH Centroamerica 2 | | | |
| Prosegur Gestion de Activos Honduras S de RL | Ciudad de San Pedro Sula, Departamento de Cortes | 90.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | B |
| | | 10.00 % | Prosegur Gestión de Activos Internacional S.L. | | | |
| Protección de Valores S.A. | Colonia San Ignacio, 4ta calle 5ta Avenida, (Tegucigalpa) | 60.00 % | CASH Centroamerica 1 | a | 2 | A |
| | | 40.00 % | CASH Centroamerica 2 | | | |
| Gestion de Activos Cash Guatemala S.A. | 6A. Calle 6-38 Edificio Tivoli Plaza, 7 Nivel Zona 9 (Guatemala) | 90.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | B |
| | | 10.00 % | Prosegur Gestión de Activos Internacional S.L. | | | |
| Corporacion Allium S.A. | 15 Avenida "A" 3-67 Oficina No 5 Zona 13 (Guatemala) | 90.00 % | Prosegur Global CIT S.L.U. | a | 2 | B |
| | | 10.00 % | Prosegur International CIT 1, S.L. | | | |
| Prosegur Filipinas Holding Corporation | 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City (The Philippines) | 100.00 % | Prosegur Global CIT ROW S.L.U. | a | 2 | B |
| Prosegur Global Resources Holding Philippines Incorporated | 18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (The Philippines) | 100.00 % | Prosegur Global CIT ROW S.L.U. | a | 2 | A |
| Armored Transport Plus Incorporated | Unit 401 J & L Bldg, 251 EDSA, Wack-Wack, Mandaluyong City (Philippines) | 36.00 % | Prosegur Global Resources Holding Philippines Incorporated | a | 2 | B |
| E-CTK Solutions Incorporated | Suite 21G Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City (Philippines) | 36.00 % | Prosegur Global Resources Holding Philippines Incorporated | a | 2 | A |
| Fortress Armored Transport Incorporated | IWMPC Bldg., Ilang-Ilang St. Alido Subd. Brgy. Bulihan Malolos Bulacan (Philippines) | 36.00 % | Prosegur Global Resources Holding Philippines Incorporated | a | 2 | A |
| Consultoría de Negocios CCR Consulting Costa Rica, S.A. | San Jose, Costa Rica | 70.00 % | Prosegur Global CIT, S.L.U. | a | 2 | B |
| | | 30.00 % | Prosegur International CIT 1, S.L. | | | |
| Prosegur BSI Canada Limited | 700 - 401 WEST GEORGIA STREET, VANCOUVER BC V6B 5A1-CANADA | 77.08 % | Prosegur Compañia de Seguridad S.A. | a | 1 | B |
| Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. | Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. | 90.00 % | Prosegur Cash, S.A. | a | 2 | A |
| | | 10.00 % | Prosegur Global CIT S.L.U. | | | |
| Tevlogistic S.A. | Tevlogistic S.A. | 99.99 % | Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. | a | 2 | B |
| | | 0.01 % | Prosegur Global CIT S.L.U. | | | |
| Transportadora Ecuatoriana de Productos Valorados Setaproval S.A. | Transportadora Ecuatoriana de Productos Valorados Setaproval S.A. | 99.99 % | Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. | a | 2 | B |
| | | 0.01 % | Prosegur Global CIT S.L.U. | | | |

Information at 31 December 2019

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|---|----------------|---|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Soluciones Integrales de Seguridad España S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global SIS ROW SLU | a | 1 | A |
| Prosegur Gestión de Activos, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 7 | A |
| Prosegur Global Alarmas, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Compañía Ridur 2016, S.A. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 8 | B |
| Formación, Selección y Consultoría, S.A. | Santa Sabina 8 (Madrid) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | B |
| Prosegur Gestión de Activos Internacional S.L. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 5 | B |
| Prosegur Internacional SIS S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 5 | B |
| Prosegur USAP Internacional S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 5 | B |
| Prosegur Internacional Alarmas S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global Alarmas SLU | a | 5 | B |
| Prosegur Soluciones, S.A.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global Alarmas ROW S.L.U. | a | 3 | A |
| MIV Gestión, S.A. | Carretera Carga Aerea Of A002 (Barcelona) | 100.00 % | Prosegur Servicios de Efectivo España, S.L.U. | a | 2 | B |
| Prosegur Ciberseguridad, S.L. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| Indiseg Evoliom Group | Rambla Catalunya 43 (Barcelona) | 100.00 % | Prosegur Ciberseguridad, S.L. | a | 1 | B |
| Prosegur Assets Management, S.A. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Prosegur Global SIS S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Prosegur Servicios de Efectivo España S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Prosegur Alarmas España S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global Alarmas ROW S.L.U. | a | 3 | A |
| Prosegur Global CIT S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Cash, S.A. | a | 5 | A |
| Prosegur Cash, S.A. | Santa Sabina 8 (Madrid) | 51.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| | | 21.50 % | Prosegur Assets Management, S.L. | | | |
| Prosegur Colombia 3, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT ROW, S.L.U. | a | 5 | B |
| Prosegur AVOS España, S.L. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Armor Acquisition S.A. | Pajaritos, 24 (Madrid) | 95.00 % | Prosegur Internationale Handels GmbH | a | 5 | A |
| | | 5.00 % | Prosegur Global CIT, S.L.U. | | | |
| Juncadella Prosegur Internacional, S.A. | Pajaritos, 24 (Madrid) | 68.79 % | Armor Acquisition, S.A. | a | 5 | A |
| | | 31.21 % | Prosegur Internationale Handels GmbH | | | |
| Prosegur Internacional CIT 1, S.L. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT, S.L.U. | a | 5 | B |
| Inversiones CIT 2, S.L.U. (ex Prosegur Internacional CIT 2, S.L.U.) | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT, S.L.U. | a | 5 | B |
| Prosegur Global Alarmas ROW S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | A |
| Prosegur Global CIT ROW S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Cash, S.A. | a | 5 | A |
| Prosegur Global SIS ROW SLU | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | B |
| ESC Servicios Generales, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global SIS ROW SLU | a | 1 | A |
| Contesta Teleservicios, S.A. | Antonio Lopez, 247 (Madrid) | 100.00 % | Prosegur AVOS España, S.L. | a | 2 | C |
| Integrum 2008 SL | Antonio Lopez, 247 (Madrid) | 100.00 % | Contesta Teleservicios, S.A. | a | 2 | B |
| Bloggers Broker, S.L. | Antonio Lopez, 247 (Madrid) | 100.00 % | Contesta Teleservicios, S.A. | a | 2 | B |
| Contesta Servicios Auxiliares, S.L. | Antonio Lopez, 247 (Madrid) | 100.00 % | Contesta Teleservicios, S.A. | a | 2 | B |
| Prosegur Colombia 1, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT S.L.U. | a | 5 | B |
| Prosegur Colombia 2, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT S.L.U. | a | 5 | B |
| Prosegur Global Cyber Security, S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Compañía de Seguridad S.A. | a | 5 | B |
| Segtech Ventures, S.A. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Assets Management, S.L. | a | 5 | A |
| Prosegur Servicios de Pago EP S.L.U. | Pajaritos, 24 (Madrid) | 100.00 % | Prosegur Global CIT ROW SLU | a | 2 | A |
| Risk Management Solutions S.L.U. | Ochandiano, 8 (Madrid) | 100.00 % | Prosegur AVOS España, S.L. | a | 2 | A |

Information at 31 December 2019 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Compliofficer S.L.U. | Ochandiano, 8 (Madrid) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | B |
| Work 4 Data Lab, S.L. | Arquimedes, 4 (Madrid) | 100.00 | % Risk Management Solutions S.L.U. | a | 2 | B |
| Prosegur Alpha3 Cashlabs, S.L. | Pajaritos, 24 (Madrid) | 87.30 | % Prosegur Cash, S.A. | a | 2 | B |
| Wocash APP SL | La Paz 44 - 4º, 46003 (Valencia) | 51.00 | % Prosegur Alpha3 Cashlabs, S.L. | a | 2 | B |
| Prosegur Finance, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 6 | B |
| Prosegur ODH, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 3 | B |
| CASH Centroamerica Uno, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 2 | B |
| CASH Centroamerica Tres, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 2 | B |
| Gelt Cash Transfer, S.L. | Pajaritos, 24 (Madrid) | 100.00 | % Prosegur Alpha3 Cashlabs, S.L. | a | 2 | B |
| Netijam Technologies S.L. | Cedaceros, 11 (Madrid) | 100.00 | % Prosegur AVOS España, S.L. | a | 2 | B |
| Garantis Sumarmas S.L. | Cedaceros, 11 (Madrid) | 100.00 | % Netijam Technologies S.L. | a | 2 | B |
| Prosegur International Handels GmbH | Poststrabe, 33 (Hamburg) | 100.00 | % Malcoff Holding BV | a | 5 | B |
| Prosegur Cash Services Germany GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Prosegur Services Germany GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur USAP International SLU | a | 7 | C |
| Prosegur SIS Germany GmbH | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | C |
| Prosegur Berlin SL & Co KG | Kokkolastrasse 5 (Ratingen) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | B |
| BaS Solution GmbH | Daimlerstrasse 25 (Munich) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | C |
| Prosegur Security Holding France SAS | Place Berthe Morisot (Saint-Priest) | 100.00 | % Prosegur Global SIS ROW SLU | a | 5 | A |
| Prosegur Services France S.A.S. | Place Berthe Morisot (Saint-Priest) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| Prosegur Securite Humaine S.A.S. | Place Berthe Morisot (Saint-Priest) | 100.00 | % Prosegur Security Holding France SAS | a | 1 | A |
| Prosegur Events SASU | Place Berthe Morisot (Saint-Priest) | 100.00 | % Prosegur Security Holding France SAS | a | 1 | A |
| Prosegur Gestion d'Actifs France S.C.I. | Place Berthe Morisot (Saint-Priest) | 95.00 | % Prosegur Gestión de Activos S.L.U. | a | 7 | B |
| | | 5.00 | % Prosegur Gestion de Activos International S.L.U. | | | |
| Prosegur Accueil et Service S.A.S. | 14 Rue des Serruriers (Metz) | 100.00 | % Prosegur Security Holding France SAS | a | 1 | A |
| Prosegur Technologie S.A.S.U. | Bâtiment 2 (St Jean Bonnefonds) | 100.00 | % Prosegur Security Holding France SAS | a | 1 | A |
| Prosegur Formation et Competences, S.A.R.L. | Place Berthe Morisot (Saint-Priest) | 100.00 | % Prosegur Security Holding France SAS | a | 1 | A |
| Prosegur Securite | 18 Av. Morane Saulnier (Vélizy-Villacoublay) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 8 | B |
| Securite Europeenne de L'Espace Industriel S.A. | 15 Rue de Louvres (Chennevières-lès-Louvres) | 59.98 | % Prosegur Compañía de Seguridad S.A. | a | 8 | B |
| | | 40.02 | % Esta Service SAS | | | |
| Esta Service S.A.S. | 84 Rue des Acoeries (Saint-Etienne) | 100.00 | % Prosegur Compañía de Seguridad S.A. | a | 8 | A |
| Force Gardiennage S.R.L. | 92 Boulevard Emile Delmas (La Rochelle) | 4.80 | % Prosegur Compañía de Seguridad S.A. | a | 8 | B |
| | | 95.20 | % Esta Service SAS | | | |
| Prosegur Securite Rapprochee | Place Berthe Morisot (Saint-Priest) | 100.00 | % Prosegur Security Holding France SAS | a | 1 | A |
| Malcoff Holdings BV. | Herikerbergweg 238 (Amsterdam) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 5 | B |
| Prosegur Uruguay BV | Herikerbergweg 238 (Amsterdam) | 100.00 | % Prosegur, S.A. | a | 5 | B |
| Luxpai Holdo S.A.R.L. | 23, Av. Monterey (Luxembourg) | 100.00 | % Prosegur Global SIS ROW SLU | a | 5 | B |
| Pitco Reinsurance, S.A. | 23, Av. Monterey (Luxembourg) | 100.00 | % Luxpai CIT SARL | a | 2 | A |
| Luxpai CIT S.A.R.L. | 23, Av. Monterey (Luxembourg) | 100.00 | % Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Yellow RE, S.A. | 23, Av. Monterey (Luxembourg) | 100.00 | % Luxpai Holdo S.A.R.L. | a | 5 | B |
| Prosegur Gestão de Activos Imobiliarios S.A. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| Prosegur Companhia de Segurança, Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 | % Prosegur Global SIS ROW SLU | a | 1 | A |

Information at 31 December 2019 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|---|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Distribuição e Serviços, Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 % | Prosegur Global SIS ROW SLU | a | 1 | A |
| Prosegur Agencia Promoção e Comercialização de Productos e Serviços, Unipessoal LDA. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 % | Prosegur Global Alarmas ROW, S.L.U. | a | 3 | A |
| Dognaedis Lda. | Coimbra | 100.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| Prosegur Logística e Tratamento de Valores Portugal, Unipessoal Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | A |
| Prosegur Alarmes Dissuasão Portugal Unipessoal Ltda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 % | Prosegur Global Alarmas ROW, S.L.U. | a | 3 | A |
| Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Lda. | Av. Infante Dom Henrique, 326 (Lisbon) | 100.00 % | Prosegur USAP Internacional, S.L.U. | a | 7 | B |
| Transportadora de Caudales de Juncadella S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 94.99 % | Juncadella Prosegur Internacional, S.A. | a | 2 | A |
| | | 5.00 % | Armor Acquisition, S.A. | | | |
| | | 0.01 % | Prosegur Holding CIT ARG, S.A. | | | |
| Prosegur Seguridad, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 % | Prosegur Argentina Holding S.A. | | | |
| Prosegur Argentina Holding, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 56.21 % | Prosegur Global SIS, S.L.U. | a | 5 | A |
| | | 43.79 % | Prosegur International SIS SLU | | | |
| Prosegur Inversiones Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 56.56 % | Prosegur Global SIS, S.L.U. | a | 5 | A |
| | | 43.44 % | Prosegur International SIS SLU | | | |
| Prosegur Holding CIT ARG, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Global CIT, S.L.U. | a | 5 | A |
| | | 5.00 % | Prosegur International CIT 1, S.L. | | | |
| Prosegur Sistemas Integrales de Seguridad, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 % | Prosegur Argentina Holding S.A. | | | |
| Prosegur Seguridad y Vigilancia, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 % | Prosegur Argentina Holding S.A. | | | |
| Prosegur Gestión de Activos ARG S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 80.00 % | Prosegur Gestión de Activos, S.L.U. | a | 3 | A |
| | | 20.00 % | Prosegur Gestión de Activos Internacional, S.L.U. | | | |
| Grupo N, S.A. | La Rioja N° 441, oficinas D, E and F (Ciudad de Córdoba) | 90.00 % | Prosegur Global CIT, S.L.U. | a | 2 | |
| | | 10.00 % | Prosegur Internacional CIT 1, S.L. | | | |
| VN Global BPO, S.A. | La Rioja N° 441, oficinas D, E and F (Ciudad de Córdoba) | 90.00 % | Prosegur Global CIT, S.L.U. | a | 2 | |
| | | 10.00 % | Prosegur Internacional CIT 1, S.L. | | | |
| Prosegur Vigilancia Activa, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 % | Prosegur Argentina Holding S.A. | | | |
| Servicios Auxiliares Petroleros, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Inversiones Argentina, S.A. | a | 1 | A |
| | | 5.00 % | Prosegur Argentina Holding S.A. | | | |
| Xiden, S.A.C.I. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 10.00 % | Prosegur International SIS, S.L.U. | a | 1 | A |
| | | 90.00 % | Prosegur Global SIS, S.L.U. | | | |
| Prosegur Tecnología Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 90.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 10.00 % | Prosegur International SIS, S.L.U. | | | |
| General Industrias Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 90.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 10.00 % | Prosegur International SIS, S.L.U. | | | |
| Prosegur Holding, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 80.00 % | Prosegur Global Alarmas SLU | a | 5 | A |
| | | 11.40 % | Prosegur International Alarmas SLU | | | |
| | | 8.60 % | Prosegur Compañía de Seguridad S.A. | | | |

Information at 31 December 2019 (continued)

| Company name | Registered office | % of Par Value | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|--|----------------------|------------------------|----------|---------|
| | | | Company | Owning Shareholdings | | | |
| Prosegur Inversiones, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 80.00 % | Prosegur Global Alarmas SLU | | a | 5 | A |
| | | 11.40 % | Prosegur Internacional Alarmas SLU | | | | |
| | | 8.60 % | Prosegur Compañía de Seguridad S.A. | | | | |
| Prosegur Activa Argentina, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 90.00 % | Prosegur Holding, S.A. | | a | 3 | A |
| | | 10.00 % | Prosegur Inversiones, S.A. | | | | |
| Prosegur, S.A. | Tres Arroyos 2835 (Ciudad de Buenos Aires) | 95.00 % | Prosegur Inversiones Argentina, S.A. | | a | 1 | A |
| Servin Seguridad, S.A. | Montevideo 666 (Ciudad de Buenos Aires) | 5.00 % | Prosegur Argentina Holding S.A. | | | | |
| | | 95.00 % | Prosegur Inversiones Argentina, S.A. | | a | 1 | A |
| Prosegur Holding SIS Ltda | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 5.00 % | Prosegur Argentina Holding S.A. | | | | |
| | | 90.00 % | Prosegur Global SIS, S.L.U. | | a | 5 | |
| Segurpro Vigilancia Patrimonial S.A. | Rua Fernando de Albuquerque, 31 (São Paulo) | 10.00 % | Prosegur Internacional SIS SLU | | | | |
| | | 100.00 % | Prosegur Holding SIS Ltda | | a | 1 | |
| Prosegur Serviços e Participações Societárias S.A. | Av. Thomas Edison, 813 (São Paulo) | 47.08 % | Juncadella Prosegur Internacional, S.A. | | a | 5 | A |
| | | 52.92 % | Prosegur Global CIT, S.L.U. | | | | |
| Prosegur Logística e Armazenamento Ltda | Av. Marginal do Ribeirão dos Cristais, 200 (São Paulo) | 90.00 % | Prosegur Global CIT, S.L.U. | | a | 2 | B |
| | | 10.00 % | Prosegur Internacional CIT 1, S.L. | | | | |
| Log Cred Tecnologia Comercio e Serviços Ltda | Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas) | 100.00 % | Prosegur Serviços e Participações Societárias S.A. | | a | 2 | B |
| Luma Empreendimentos Eireli- ME | Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas) | 100.00 % | Prosegur Serviços e Participações Societárias S.A. | | a | 2 | B |
| Cipher S.A. | Rua Alexandre Dumas, 1658 (São Paulo) | 68.17 % | Prosegur Global Ciber Security S.L.U. | | a | 5 | B |
| Prosegur Pay Consultoria em Tecnologia da Informação Ltda | Av. Ermano Marchetti, nº 1.435 (São Paulo) | 90.00 % | Prosegur Global CIT, S.L.U. | | a | 2 | B |
| | | 10.00 % | Prosegur Internacional CIT 1, S.L. | | | | |
| Transfederal Transporte de Valores Ltda | Saan Quadra 3, Número 360, ASA Norte (Brasília) | 100.00 % | Prosegur Brasil S.A. Transportadora de Valores e Segurança | | a | 2 | |
| | | 99.99 % | Prosegur Serviços e Participações Societárias S.A. | | | | |
| Segurpro Sistemas de Segurança, Ltda (formerly Prosegur Sistemas de Segurança Ltda.) | Av. Guaratã, 667 (Belo Horizonte) | 72.38 % | Prosegur Global SIS, S.L.U. | | a | 1 | A |
| | | 27.62 % | Prosegur Internacional SIS SLU | | | | |
| Prosegur Administração de Recebíveis Ltda. | Av. Thomas Edison, 813 (São Paulo) | 99.79 % | Prosegur Global SIS, S.L.U. | | a | 1 | B |
| | | 0.21 % | Segurpro Sistemas de Segurança, Ltda (formerly Prosegur Sistemas de Segurança Ltda.) | | | | |
| Segurpro Tecnologia em Sistemas de Segurança Eletrônica e Incendios Ltda. | Rua Barão do Bananal, 1301, (São Paulo) | 90.00 % | Prosegur Global SIS, S.L.U. | | a | 1 | A |
| | | 10.00 % | Prosegur Internacional SIS SLU | | | | |
| Prosegur Activa Alarmes S.A. | Av. Thomas Edison, 813 (São Paulo) | 41.99 % | Prosegur Global Alarmas SLU | | a | 3 | B |
| | | 58.01 % | Prosegur Internacional Alarmas SLU | | | | |
| Prosegur Gestão de Ativos Ltda. | Rodovia BR 116, nº 13876, KM 102 (Curitiba) | 99.99 % | Prosegur Gestión de Activos S.L.U. | | a | 7 | B |
| | | 0.01 % | Prosegur Compañía de Seguridad S.A. | | | | |
| Juncadella Prosegur Group Andina S.A. | Los Gobelinos 2567 (Santiago de Chile) | 99.99 % | Juncadella Prosegur Internacional, S.A. | | a | 5 | A |
| | | 0.01 % | Armor Acquisition, S.A. | | | | |
| Capacitaciones Ocupacionales Sociedad Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 86.17 % | Prosegur Global CIT, S.L.U. | | a | 2 | A |
| | | 10.00 % | Prosegur Internacional CIT 1, S.L. | | | | |
| Servicios Prosegur Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 1.55 % | Prosegur Internationale Handels GmbH | | | | |
| | | 2.28 % | Juncadella Prosegur Group Andina S.A. | | | | |
| | | 99.98 % | Prosegur Global CIT, S.L.U. | | a | 2 | A |
| | | 0.01 % | Prosegur Internationale Handels GmbH | | | | |
| | | 0.01 % | Juncadella Prosegur Group Andina S.A. | | | | |

Information at 31 December 2019 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Servicios de Seguridad Prosegur Regiones Limitada | Los Gobelinos 2567 (Santiago de Chile) | 99.00 % | Prosegur Chile, S.A. | a | 1 | A |
| | | 1.00 % | Prosegur Global SIS S.L.U. | | | |
| Empresa de Transportes Compañía de Seguridad Chile Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 60.00 % | Juncadella Prosegur Group Andina S.A. | a | 2 | A |
| | | 40.00 % | Prosegur International Handels GmbH | | | |
| | | 99.99 % | Prosegur Global SIS, S.L.U. | | | |
| Prosegur Tecnologia Chile Ltda. | Avenida Loboza 8395 (Santiago) | 0.01 % | Prosegur Compañía de Seguridad S.A. | a | 1 | A |
| | | 0.00 % | Prosegur Chile S.A. | | | |
| Prosegur Activa Chile S.L. | Catedral 1009 (Santiago de Chile) | 90.00 % | Prosegur Global Alarmas SLU | a | 3 | A |
| | | 10.00 % | Prosegur International Alarmas SLU | | | |
| Prosegur Gestion de Activos Chile Ltda. | Los Gobelinos 2567 (Santiago de Chile) | 90.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 10.00 % | Prosegur Gestion de Activos Internacional S.L.U. | | | |
| Prosegur Chile, S.A. | Los Gobelinos 2567 (Santiago de Chile) | 70.00 % | Prosegur, S.A. | a | 1 | A |
| Prosegur Ciberseguridad, S.A.S. | TV 23 95-53 (Bogotá) | 30.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| Procesos Técnicos de Seguridad y Valores S.A.S. | DB 74 # 6-51 (Bogotá) | 100.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| | | 99.34 % | Prosegur International CIT 2, S.L.U. | | | |
| Compañía Colombiana de Seguridad Transbank Ltda (ex G4S Cash Solutions Colombia Ltda) | Avda. Américas 41-09 (Bogotá) | 50.00 % | Prosegur Colombia 1, S.L.U. | a | 2 | A |
| | | 49.00 % | Prosegur Colombia 2, S.L.U. | | | |
| | | 1.00 % | Prosegur Colombia 3, S.L.U. | | | |
| | | 94.90 % | Prosegur Global CIT, S.L.U. | | | |
| Compañía Transportadora de Valores Prosegur de Colombia S.A. | Avda. De las Américas, 42-25 (Bogotá) | 5.10 % | Prosegur International CIT 1, S.L.U. | a | 2 | A |
| | | 0.00 % | Prosegur Cash, S.A. | | | |
| | | 0.00 % | Prosegur Servicios de Efectivo España, S.L.U. | | | |
| | | 0.00 % | Prosegur Global CIT ROW S.L.U. | | | |
| Prosegur Procesos S.A.S. | Avda. De las Américas, 42-25 (Bogotá) | 100.00 % | Prosegur International CIT 2, S.L.U. | a | 2 | A |
| Inversiones BIV S.A.S. | Calle 32 (Cartagena) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 5 | A |
| Prosegur Vigilancia y Seguridad Privada Ltda. | Calle 32 (Cartagena) | 94.00 % | Inversiones BIV SAS | a | 4 | A |
| Prosegur Tecnologia S.A.S. | Cra. 50 No. 71-80 (Bogotá) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| Servimax Servicios Generales S.A.S. | Calle 32 (Cartagena) | 100.00 % | Inversiones BIV SAS | a | 1 | A |
| Prosegur Sistemas Electrónicos S.A.S. | Cra. 50 No. 71-80 (Bogotá) | 100.00 % | Prosegur International Alarmas SLU | a | 1 | A |
| Prosegur Seguridad Electrónica, S.A.S. | Cra. 50 No. 71-80 (Bogotá) | 100.00 % | Prosegur International Alarmas SLU | a | 3 | A |
| Servimax Servicios Temporales S.A.S. | Calle 32 (Cartagena) | 100.00 % | Inversiones BIV SAS | a | 1 | B |
| Prosegur Gestión de Activos de Colombia S.A.S. | AC 13 No. 42A-24 (Bogotá) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| Prosegur Gestión de Activos Paraguay, S.A. | C/ Artigas, esq. Concepción Leyes de Chávez (Asunción) | 95.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 5.00 % | Prosegur Gestion de Activos Internacional S.L.U. | | | |
| Prosegur Ciberseguridad Paraguay S.A. | C/ Artigas, esq. Concepción Leyes de Chávez (Asunción) | 90.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| | | 10.00 % | Prosegur Ciberseguridad, S.L. | | | |
| Prosegur Paraguay S.A. | C/ Artigas, esq. Concepción Leyes de Chávez (Asunción) | 99.00 % | Juncadella Prosegur Internacional, S.A. | a | 2 | A |
| | | 1.00 % | Transportadora de Caudales Juncadella, S.A. | | | |
| Soluciones Integrales de Seguridad Prosegur Paraguay S.A. | Avda. Artigas Nº 960 (Asunción) | 95.00 % | Prosegur Global SIS, S.L.U. | a | 1 | A |
| | | 5.00 % | Prosegur International SIS SLU | | | |
| Alarmas Prosegur Paraguay S.A. | Avda. Artigas Nº 960 (Asunción) | 95.00 % | Prosegur Global Alarmas SLU | a | 3 | A |
| | | 5.00 % | Prosegur International Alarmas SLU | | | |

Information at 31 December 2019 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|---|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Proservicios S.A. | Av. Los Proceres 250 (Lima) | 95.00 | % Proseguridad S.A. | a | 1 | A |
| | | 5.00 | % Prosegur Internacional SIS SLU | | | |
| Compañía de Seguridad Prosegur S.A. | Av. Morro Solar 1086 (Lima) | 52.00 | % Juncadella Prosegur Internacional, S.A. | a | 2 | A |
| | | 48.00 | % Transportadora de Caudales de Juncadella S.A. | | | |
| Proseguridad S.A. | Av. Los Proceres 250 (Lima) | 64.89 | % Prosegur Global SIS, S.L.U. | a | 1 | B |
| | | 35.11 | % Prosegur Internacional SIS SLU | | | |
| Prosegur Cajeros S.A. | La Chira, 103 (Lima) | 52.00 | % Juncadella Prosegur Internacional, S.A. | a | 2 | B |
| | | 48.00 | % Transportadora de Caudales de Juncadella S.A. | | | |
| Prosegur Tecnología Perú S.A. | La Chira, 103 - Surco - Lima | 99.00 | % Prosegur Compañía de Seguridad S.A. | a | 1 | B |
| | | 1.00 | % Prosegur Global Alarmas SLU | | | |
| Reguard Security Corp, S.A. | Av. Los Proceres 250 (Lima) | 84.86 | % Proseguridad S.A. | a | 1 | B |
| | | 10.14 | % Inversiones RB, S.A. | | | |
| | | 5.00 | % Prosegur Internacional SIS S.L.U. | | | |
| Proseguridad Selva S.A. | Cas. Palmawasi San Martín (Tocache) | 90.00 | % Reguard Security Corp, S.A. | a | 1 | B |
| | | 10.00 | % Prosegur Internacional SIS SLU | | | |
| Inversiones RB, S.A. | Avenida Nicolás Arriola, 780 (Lima) | 95.00 | % Proseguridad S.A. | a | 5 | B |
| | | 5.00 | % Prosegur Internacional SIS SLU | | | |
| | | 50.29 | % Prosegur Global Alarmas SLU | | | |
| Prosegur Activa Peru, S.A. | Av. República De Panama 3890 (Lima) | 49.67 | % Prosegur Internacional Alarmas SLU | a | 3 | A |
| | | 0.04 | % Prosegur Compañía de Seguridad S.A. | | | |
| Prosegur Servicios Administrativos, S.A. | Av. Los Proceres 250 (Lima) | 99.00 | % Prosegur Compañía de Seguridad S.A. | a | 7 | B |
| | | 1.00 | % Prosegur Global Alarmas SLU | | | |
| Prosegur Gestión de Activos, S.A. | La Chira, 103 - Surco - Lima | 90.00 | % Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 10.00 | % Prosegur Gestión de Activos Internacional S.L.U. | | | |
| | | 0.00 | % Prosegur Global Alarmas SLU | | | |
| Prosegur Mexico S de RL de C.V. | Norte 79 B No. 77 Colonia Sector Naval (Mexico City) | 85.60 | % Prosegur Global SIS, S.L.U. | a | 5 | A |
| | | 14.40 | % Prosegur Internacional SIS SLU | | | |
| Prosegur Compañía de Seguridad Privada S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval (Mexico City) | 100.00 | % Prosegur Mexico S de RL de CV | a | 1 | A |
| | | 0.00 | % Prosegur Global SIS, S.L.U. | | | |
| Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval (Mexico City) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 2 | A |
| | | 0.00 | % Prosegur Internacional CIT 1, SL | | | |
| Prosegur Seguridad Privada S.A. de C.V. | Norte 79 B No. 77 Colonia Sector Naval (Mexico City) | 100.00 | % Prosegur Mexico S de RL de CV | a | 1 | B |
| | | 0.00 | % Prosegur Compañía de Seguridad Privada S.A. de CV | | | |
| Prosegur Consultoría y Servicios Administrativos S de RL de C.V. | Norte 79 B No. 77 Colonia Sector Naval (Mexico City) | 100.00 | % Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 0.00 | % Prosegur Gestión de Activos Internacional S.L.U. | | | |
| Prosegur Servicios de Seguridad Privada Electrónica S.A. de C.V. | Piña, 297 (Mexico City) | 100.00 | % Prosegur Global CIT, S.L.U. | a | 2 | B |
| | | 0.00 | % Prosegur Internacional CIT 1, S.L. | | | |
| Prosegur Custodias, S.A. de C.V. | Alfredo Nobel, 21 (Mexico City) | 100.00 | % Prosegur Mexico S de RL de CV | a | 1 | A |
| | | 0.00 | % Prosegur Compañía de Seguridad Privada S.A. de CV | | | |
| Grupo Mercurio de Transportes S.A. de C.V. | Avda de las Granjas, 76 (Mexico City) | 100.00 | % Grupo Tratamiento y Gestión de Valores SAPI de CV | a | 2 | A |

Information at 31 December 2019 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|--|--|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Tecnologia S.A. de C.V. | Piña, 297 (Mexico City) | 100.00 % | Prosegur Mexico S de RL de CV | a | 1 | A |
| Grupo Tratamiento y Gestión de Valores SAPI de C.V. | Norte, 79 B (Mexico City) | 0.00 % | Prosegur Compañía de Seguridad Privada S.A. de CV | a | 5 | A |
| Centro Nacional de Formación Prosegur Asociación Civil | Avda de las Granjas, 76 (Mexico City) | 80.00 % | Prosegur Global CIT, S.L.U. | a | 7 | B |
| Marlina S.A. | Guarani 1531 (Montevideo) | 50.00 % | Prosegur Mexico S de RL de CV | a | 7 | B |
| Prosegur Ciberseguridad Uruguay, S.A. (ex-Loredat S.A.) | Guarani 1531 (Montevideo) | 50.00 % | Prosegur Compañía de Seguridad Privada S.A. de CV | a | 1 | |
| Prosegur Transportadora de Caudales S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Gestión de Activos, S.L.U. | a | 2 | B |
| Prosegur Activa Uruguay, S.A. | Guarani 1531 (Montevideo) | 99.91 % | Juncadella Prosegur Internacional, S.A. | a | 3 | A |
| Nautiland, S.A. | Michelini, Zelmar 1121 (Maldonado) | 0.09 % | Armor Acquisition, S.A. | a | 3 | B |
| Blindados, S.R.L. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Global Alarmas SLU | a | 2 | B |
| Genper, S.A. | Guarani 1531 (Montevideo) | 99.00 % | Prosegur Transportadora de Caudales, S.A. | a | 1 | A |
| GSM Telecom S.A. | Del pino, Simon 1055, (Maldonado) | 1.00 % | Prosegur Global CIT, S.L.U. | a | 3 | B |
| Coral Melody S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Global SIS, S.L.U. | a | 3 | A |
| Tecnofren S.A. | Michelini, Zelmar 1121 (Maldonado) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | A |
| Roytronic S.A. | Guarani 1531 (Montevideo) | 100.00 % | Prosegur Activa Uruguay, S.A. | a | 3 | B |
| Prosegur Uruguay Compañía de Seguridad, S.A. | Guarani 1531 (Montevideo) | 90.00 % | Prosegur Uruguay BV S.A. | a | 1 | A |
| Pitco Asia Pacific Ltd. | Suite 1201 Tower 2, The Gateway, 25 (Hong Kong) | 10.00 % | Prosegur Global SIS, S.L.U. | a | 1 | B |
| Imperial Dragon Security Ltd. | Suite 1201 Tower 2, The Gateway, 25 (Hong Kong) | 100.00 % | Luxpai Holdo SARL | a | 5 | B |
| Pitco Shanghai Trading Co Ltd. | North Shanxi Road 1438, (Shanghai) | 100.00 % | Luxpai Holdo SARL | a | 5 | B |
| Shanghai Meiyu Information Technology Co Ltd. | Room 519, Zhidan Road No. 180-190, (Shanghai) | 100.00 % | Shanghai Pitco Information Techology Co | a | 5 | B |
| Shanghai Pitco Information Technology Co Ltd. | Room 517, Zhidan Road No. 180-190 (Shanghai) | 100.00 % | Pitco Shanghai Trading Co Ltd | a | 5 | B |
| Shanghai Bigu Investment Co Ltd. | Room 1373, Building 4, (Shanghai) | 100.00 % | Shanghai Pitco Consulting Management Co Ltd | a | 5 | B |
| Shanghai Pitco Consulting Management Co Ltd. | Room 1601, Building 4, (Shanghai) | 100.00 % | Pitco Shanghai Trading Co Ltd | a | 5 | B |
| Shangxi Laide Security Service Co Ltd. | Building 18, Hengshan housing estate, (Taiyuan) | 70.00 % | Shanghai Bigu Investment Co Ltd | a | 1 | B |
| Shanghai Prosegur Security Service Co Ltd. | Room 446, Building 3, (Shanghai) | 100.00 % | Shanghai Bigu Investment Co Ltd | a | 1 | B |
| Nanjing Zhong Dun Security Services Co Ltd. | Room 212, No 359, Building A (Nanjing City) | 80.00 % | Shanghai Meiyu Information Technology Co Ltd | a | 1 | B |
| Command Security China Limited | 26/F, The Hennessy, 256 Hennessy Road, Wan Chai, (Hong Kong) | 100.00 % | Prosegur Services Group Incorporated | a | 1 | B |
| Shanghai Bigu Security Technology Co Ltd | 1st floor, Building 13, Zhengbo Road No. 1881, Fengxian District, Shanghai | 100.00 % | Shanghai Bigu Investment Co Ltd. | a | 1 | B |
| Prosec Services Pte Ltd. | 111 Geylang Road, #01-01 (Singapore) | 100.00 % | Luxpai Holdo S.A.R.L. | a | 1 | A |
| Singpai Pte Ltd. | 8 Cross Street #11-00, PWC Building (Singapore) | 100.00 % | Luxpai CIT S.A.R.L. | a | 5 | A |
| Prosec Cash Services Pte Ltd. | 111 Geylang Road, #01-01 (Singapore) | 100.00 % | Singpai Pte Ltd | a | 2 | B |
| Prosegur Singapore Pte LTD | 3 New Industrial Road (Singapore) | 100.00 % | Luxpai Holdo S.A.R.L. | a | 1 | A |
| Singpai Alarms Private Ltd. | 111 Geylang Road, #01-01 (Singapore) | 100.00 % | Prosegur Global Alarmas ROW S.L.U. | a | 5 | B |
| Focal Investigation & Security Agency Pte Ltd | 5001 Beach, Road, #04-22 (Singapore) | 100.00 % | Prosegur Globa SIS ROW SLU | a | 1 | A |
| Prosegur Security USA Incorporated (formerly Prosegur SIS USA Inc) | 2665 Le Jeune Road (USA) | 100.00 % | Prosegur Global SIS ROW SLU | a | 1 | B |
| Prosegur Security Monitoring Incorporated | 220 Howard Street - Lowell (Massachusetts - USA) | 88.50 % | Prosegur Security USA Incorporated (formerly Prosegur SIS USA Inc) | a | 1 | B |
| Cipher Security LLC | 703 Waterford Way Suite 490, Miami, Florida 33126 (USA) | 100.00 % | Prosegur UK Cipher UK | a | 1 | B |
| Best Security Acquisition LLC | 755 NW 17th Avenue, ste 101 (USA) | 77.08 % | Prosegur Security USA Incorporated (formerly Prosegur SIS USA Inc) | a | 1 | B |

Information at 31 December 2019 (continued)

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|---|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Services Group Incorporated | 512, Herndon Parkway Suite A, Herndon Virginia 20170, USA | 100.00 % | Prosegur Security USA Incorporated (formerly Prosegur SIS) | a | 1 | B |
| Prosegur Technology International Incorporated | 251 Little Falls Drive Street, Wilmington - New Castle 19808 - Delaware - USA | 100.00 % | Prosegur Security USA Incorporated (formerly Prosegur SIS) | a | 1 | B |
| Prosegur Australia Holdings PTY Limited | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 | 100.00 % | Prosegur Global CIT ROW, SLU | a | 5 | A |
| Prosegur Australia Investments PTY Limited | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 5 | B |
| Prosegur Australia Pty Limited | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Investments PTY Limited | a | 2 | A |
| Prosegur Services Pty Ltd. (formerly Prosegur Technology Pty Limited) | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 2 | B |
| Prosegur Assets Management Pty Ltd. | Level 2, Building B, 112 Talavera Rd, Macquarie Park NSW 2113 | 100.00 % | Prosegur Gestion de Activos, SLU | a | 7 | A |
| Cash Services Australia Pty Limited | Level 5, 205 Pacific Highway, St Leonards NSW 2065 | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 2 | B |
| Prosegur SPV 1 PTY Limited | | 100.00 % | Prosegur Australia Holdings PTY Limited | a | 2 | B |
| Beagle Watch Armed Response Proprietary Limited | 1st Floor Unison House, 190 Smith Street (Fairland) 2030 (Johannesburg) | 75.00 % | Prosegur Global Alarms ROW S.L.U. | a | 5 | B |
| Beagle Technical (Pty) Ltd. | Unison House, 190 Smit Street, Fairland - Gauteng 2195 | 100.00 % | Beagle Watch Armed Response Proprietary Limited | a | 3 | B |
| Beagle Control (Pty) Ltd. | Unison House, 190 Smit Street, Fairland - Gauteng 2195 | 100.00 % | Beagle Watch Armed Response Proprietary Limited | a | 3 | B |
| Prime Hiring India Private Ltd | Flat No. 1105-1106, Ashoka Estate, 24, Barakhamba Road (New Delhi) | 99.99 % | Luxpai Holdo SARL | a | 1 | B |
| Prosegur CIT Integral System India Private Ltd. | 92 Boulevard Emile Delmas (La Rochelle) | 95.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | B |
| PT Wiratanu Persada Tama | Gedung Gajah Blok A, B, C Lantai 3A Unit BIV, Jl. Dr. Saharjo No 111, RT/RW | 49.00 % | Prosegur Global CIT ROW, S.L.U. | a | 2 | B |
| Dognædis Limited | Gallows Hill Warwick CV34 6UW, (United Kingdom) | 100.00 % | Prosegur Global Cyber Security, S.L.U. | a | 1 | B |
| Cipher Security Limited | 45 Pall Mall, St James's, SW1Y 5JG, (London, UK) | 100.00 % | Cipher, S.A. | a | 1 | B |
| Prosegur Alarm Hizmetleri Anonim Sirket | Maslak, Ahi Evran Caddesi No: 21 Kat: 13 Polaris Plaza (Istambul) | 100.00 % | Prosegur Global Alarms ROW S.L.U. | a | 3 | B |
| CASH Centroamerica Dos | Distrito Panamá (Panama) | 16.67 % | Prosegur Global CIT S.L.U. | a | 2 | B |
| Consortio CSC two Panama | Avenida Doce de Octubre 1A (entre 50 y calle 80) - Pueblo Nuevo - Panama | 51.00 % | Prosegur Global CIT S.L.U. | a | 1 | B |
| Protección de Valores S.A. | Km 4.5 Carretera a Masaya, (Managua) | 39.94 % | CASH Centroamerica 1 | a | 2 | A |
| | | 10.12 % | CASH Centroamerica 3 | a | 2 | A |
| Proteccion de Valores S.A. de CV | Calle Padres Aguilar No. 9 (San Salvador) | 60.00 % | CASH Centroamerica 1 | a | 2 | A |
| | | 40.00 % | CASH Centroamerica 2 | a | 2 | A |
| Prosegur Gestion de Activos Honduras S de RL | Ciudad de San Pedro Sula, Departamento de Cortes | 90.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | A |
| | | 10.00 % | Prosegur Gestión de Activos Internacional S.L. | a | 7 | A |
| Protección de Valores S.A. | Colonia San Ignacio, 4ta calle 5ta Avenida, (Tegucigalpa) | 60.00 % | CASH Centroamerica 1 | a | 2 | A |
| | | 40.00 % | CASH Centroamerica 2 | a | 2 | A |
| Command Security Honduras SA | Torre San Carlos, P8, (Tegucigalpa) | 99.60 % | Prosegur Services Group Incorporated | a | 1 | B |
| Gestion de Activos Cash Guatemala S.A. | 6A. Calle 6-38 Edificio Tivoli Plaza, 7 Nivel Zona 9 (Guatemala) | 90.00 % | Prosegur Gestión de Activos, S.L.U. | a | 7 | B |
| | | 10.00 % | Prosegur Gestión de Activos Internacional S.L. | a | 7 | B |
| Corporacion Allium S.A. | 15 Avenida "A" 3-67 Oficina No 5 Zona 13 (Guatemala) | 90.00 % | Prosegur Global CIT S.L.U. | a | 2 | A |
| | | 10.00 % | Prosegur International CIT 1, S.L. | a | 2 | A |
| Prosegur Filipinas Holding Corporation | 21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City (The Philippines) | 100.00 % | Prosegur Global CIT ROW S.L.U. | a | 2 | B |
| Prosegur Global Resources Holding Philippines Incorporated | 18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (The Philippines) | 100.00 % | Prosegur Global CIT ROW S.L.U. | a | 2 | B |
| Armored Transport Plus Incorporated | 18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (The Philippines) | 36.00 % | Prosegur Global Resources Holding Philippines Incorporated | a | 2 | A |
| E-CTK Solutions Incorporated | 18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (The Philippines) | 36.00 % | Prosegur Global Resources Holding Philippines Incorporated | a | 2 | B |
| Fortress Armored Transport Incorporated | 18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (The Philippines) | 36.00 % | Prosegur Global Resources Holding Philippines Incorporated | a | 2 | A |
| | | 70.00 % | Prosegur Global CIT, S.L.U. | a | 2 | A |
| Consultoria de Negocios CCR Consulting Costa Rica, S.A. | San Jose, Costa Rica | 30.00 % | Prosegur International CIT 1, S.L. | a | 2 | B |
| Prosegur BSI Canada Limited | 700 - 401 WEST GEORGIA STREET, VANCOUVER BC V6B 5A1-CANADA | 77.08 % | Prosegur Compañía de Seguridad S.A. | a | 2 | B |

Basis of consolidation

- a. The company controls the investee, which is fully consolidated.
- b. Existence of significant influence, equity accounted.
- c. Temporary Joint Ventures are consolidated using the proportional consolidation method.

Activity

1. Activities from the Security business group.
2. Area of activities of the Cash business group.
3. Activities from the Alarms business group.
4. Activities included in more than one business group.
5. Holding company.
6. Financial services.
7. Ancillary services.
8. Dormant.

Auditor:

- A. Audited by EY (KPMG in 2019)
- B. Not subject to audit.
- C. Audited by other auditors.

VIII. APPENDIX II. – Breakdown of Joint Arrangements

Information at 31 December 2020 - Joint Ventures

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|---|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Holding Corporación S.L. | Pajaritos, 24 (Madrid) | 50.00 % | Prosegur Cia de Seguridad, S.A. | b | 5 | B |
| Prosegur Alarmas España S.L.U. | Pajaritos, 24 (Madrid) | 50.00 % | Prosegur Global Alarmas ROW S.L.U. | b | 3 | C |
| Dinero Gelt, S.L. | Moscatelar nº 1K, 28043 (Madrid) | 60.05 % | Prosegur Alpha3 Cashlabs, S.L. | a | 2 | B |
| Rosegur, S.A. | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 50.00 % | Through: Rosegur Holding Corporacion, S.L. | b | 4 | B |
| Rosegur Services, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 100.00 % | Through: Rosegur, S.A | b | 4 | B |
| Rosegur Fire, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 99.98 % | Through: Rosegur, S.A | b | 4 | B |
| Rosegur Training, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 99.98 % | Through: Rosegur, S.A | b | 4 | B |
| SIS Cash Services Private Ltd. | Annapurna Bhawan, Kurji, Patna 8000001 (Buharm India) | 49.00 % | Singpai Pte Ltd | b | 2 | B |
| SIS Prosegur Holdings Private Limited | Regus Elegance 2F, Elegance, Jasola District Centre, Old Mathura Road, New Delhi, South Delhi, Delhi, Delhi, India - 110025 | 100.00 % | SIS Cash Services Private Ltd. | b | 2 | B |
| SIS Prosegur Cash Logistics Private Limited | Annapurna Bhawan, Kurji, Patna 8000001 (Buharm India) | 100.00 % | SIS Cash Services Private Ltd. | b | 2 | B |
| Prosegur Technological Security Solutions LLC | Ayad Hammad Harazeen Building (Muroor St). 4th (Abu Dhabi) | 49.00 % | Prosegur Cia de Seguridad, S.A. | b | 5 | C |

Information at 31 December 2020 - Joint Operations. Temporary Joint Ventures

| Company name | Registered office | Share | | Notes | Activity |
|--|-----------------------------------|----------------|--------------------------------------|-------|----------|
| | | % of Par Value | Partner company in the joint venture | | |
| UTE FERROSER PCS UNIV. EUROPEA MADRID | Príncipe de Vergara, 135 (Madrid) | 95.00 % | | d | 1 |
| UTE PCS SSG LA FINCA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES VASBE GERENCIAS TERRITORIALES MNTO. JUSTICIA | Pajaritos, 24 (Madrid) | 43.00 % | | d | 1 |
| UTE PES SSG UNIVERSITAT POMPEU FABRA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC AEROPUERTO DE ALICANTE | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC UNIVERSIDAD POLITÉCNICA DE VALENCIA III | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE ESC AEROPUERTO DE SANTIAGO | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PSISE ESC MERCABARNA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR- ESC AENA EXP SEG 443/16 LOTE 3 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-ESC AENA EXP SEG 528/16 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR - ESC BANCO DE ESPAÑA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-MAGMACULTURA MUSEO NACIONAL DEL PRADO | Pajaritos, 24 (Madrid) | 50.00 % | MAGMA CULTURA | d | 1 |
| UTE PSIS-ESC GOBIERNO VASCO II | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR ESC GETXO KIROLAK 1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-ESC AEROPUERTO DE LLEIDA-ALGUAIRE | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE-PSEE MUSEOS VALENCIA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PSISE ESC HZ (Hipódromo de la Zarzuela) | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR-ESC OFICINA ANTIFRAU DE CATALUNYA IV | Pajaritos, 24 (Madrid) | 100.00 % | | d | 3 |
| UTE PSISE ESC MUSEO GUGGENHEIM DE BILBAO III | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR-ESC EMATSA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-ESC METRO DE GRANADA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-ESC MERCAOLID | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC AGENCIA TRIBUTARIA 2 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC FUND. PRIV.HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA) 2 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC CENTRO COMERCIAL LOS CIPRESES MERCASA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC DIVERTIA FESTEJOS GIJON | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR- ESC AENA EXP SEG 629/2017 LOTE 10 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC AENA MURCIA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-ESC PROMOCIÓN Y DESARROLLO DE LA CIUDAD DE BURGOS | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE PSEE FNMT - REAL CASA DE LA MONEDA DE MADRID | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR - ESC EMALCSA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC DIVERTIA FESTEJOS GIJON II | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC FUND. COLECCION THYSSEN-BORNEMISZA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR EyM (METRO Madrid security system) | Pajaritos, 24 (Madrid) | 50.00 % | | d | 1 |
| UTE PROSEGUR ESC MERCASA SALAMANCA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC UNIVERSIDAD POLITÉCNICA DE VALENCIA IV | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC AYUNTAMIENTO BURGOS LOTE 1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC PSA GROUP | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC CETARSA II | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE CIPHER CONSORCIO DE AGUAS DE LA ZONA GADITANA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR ESC AENA CONDUCCION | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE ESC GOBIERNO VASCO LOTES 1 Y 2 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |

Information at 31 December 2020 - Joint Operations. Temporary Joint Ventures (continued)

| Company name | Registered office | Share | | Notes | Activity |
|---|---|----------------|--------------------------------------|-------|----------|
| | | % of Par Value | Partner company in the joint venture | | |
| UTE PROSEGUR ESC AGENCIA TRIBUTARIA 3 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| SEGURIDAD TOTAL | Calle 19 B 34-69 (Bogotá) | 53.00 % | Seguridad SOS | d | 1 |
| SIGLO XXI | OFICINA TEUSAQUILLO PROSEGUR VIGILANCIA | 55.00 % | Seguridad SOS | d | 1 |
| SEGURIDAD INTEGRAL | Calle 19 B 34-69 (Bogotá) | 51.00 % | Seguridad SOS | d | 1 |
| SEGURIDAD PROAND 2018 | Calle 75 20B 69 (Bogotá) | 50.00 % | Andiseg LTDA | d | 1 |
| UNION TEMPORAL ESQUEMAS DE PROTECCION 20/20 | Calle Transversal 23 95-53 (Bogotá) | 45.00 % | | d | 1 |
| PROTECCION S&P | Calle 19 # 68B-76 (Bogotá) | 50.00 % | Seguridad SOS | d | 1 |
| PROTECCION ESPECIALIZADA 2021 | Calle 19 # 68B-76 (Bogotá) | 50.00 % | Seguridad SOS | d | 1 |

Information at 31 December 2019 - Joint Ventures

| Company name | Registered office | Share | | Basis of consolidation | Activity | Auditor |
|---|---|----------------|--|------------------------|----------|---------|
| | | % of Par Value | Company Owning Shareholdings | | | |
| Prosegur Holding Corporación S.L. | Pajaritos, 24 (Madrid) | 50.00 % | Prosegur Cia de Seguridad, S.A. | b | 5 | B |
| Dinero Gelt, S.L. | Moscatejar nº 1K, 28043 (Madrid) | 60.05 % | Prosegur Alpha3 Cashlabs, S.L. | a | 2 | B |
| Rosegur, S.A. | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 50.00 % | Through: Rosegur Holding Corporacion, S.L. | b | 4 | B |
| Rosegur Services, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 100.00 % | Through: Rosegur, S.A | b | 4 | B |
| Cobra Prestserv, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 100.00 % | Through: Rosegur, S.A | b | 4 | B |
| Rosegur Cash Services S.A. | Popa Lazar street no. 5-25, 1st floor, sector 2 (Bucharest) | 51.00 % | Through: Prosegur Cia de Seguridad, S.A. | b | 4 | B |
| Rosegur Fire, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 50.00 % | Through: Rosegur, S.A | b | 4 | B |
| Rosegur Training, SRL | Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucharest) | 50.00 % | Through: Rosegur, S.A | b | 4 | B |
| SIS Cash Services Private Ltd. | Annapurna Bhawan, Kurji, Patna 8000001 (Buharm India) | 49.00 % | Singpai Pte Ltd | b | 2 | B |
| SIS Prosegur Holdings Private Limited | Regus Elegance 2F, Elegance, Jasola District Centre, Old Mathura Road, New Delhi, South Delhi, Delhi, Delhi, India - 110025 | 100.00 % | SIS Cash Services Private Ltd. | b | 2 | B |
| SIS Prosegur Cash Logistics Private Limited | Annapurna Bhawan, Kurji, Patna 8000001 (Buharm India) | 100.00 % | SIS Cash Services Private Ltd. | b | 2 | B |
| Prosegur Technological Security Solutions LLC | Al falah Street- 211 (Abu Dhabi) | 49.00 % | Prosegur Cia de Seguridad, S.A. | b | 5 | C |

Information at 31 December 2019 - Joint Operations. Temporary Joint Ventures

| Company name | Registered office | Share | | Notes | Activity |
|--|-----------------------------------|----------------|--------------------------------------|-------|----------|
| | | % of Par Value | Partner company in the joint venture | | |
| UTE PCS SSG BSM BARCELONA UTE ACT 18/1982 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PCS SSG CENTRO SANITARIO CEUTA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE FERROSER PCS UNIV. EUROPEA MADRID | Príncipe de Vergara, 135 (Madrid) | 95.00 % | Ferrosfer | d | 1 |
| UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÀRIA) | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PCS SSG PALACIO DE CONGRESOS Y DE LA MÚSICA EUSKALDUNA JAUREGIA BILBAO | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PCS SSG PALAU DE LA MUSICA DE VALENCIA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PCS SSG AEROP. BARCELONA LOTE 1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE AEROPUERTO DE IBIZA | Pajaritos, 24 (Madrid) | 70.00 % | CSP Siglo XXI | d | 1 |
| UTE PCS SSG LA FINCA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR SERVIMAX AUTORITAT PORTUARIA DE BARCELONA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE ESC PCS GETXO KIROLAK | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR SERVIMAX HOSPITAL CLINIC DE BARCELONA I FUNDACION HOSPITAL | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR SERVIMAX AYTO. BILBAO | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR SERVIMAX EDIF. SAN SEB.-BILBAO (GOB. VASCO) | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES SSG FUND. PRIV. HOSPITAL DE LA SANTA CREU I SANT PAU (RECIENTE MODERNISTA) | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES VASBE GERENCIAS TERRITORIALES MNTD. JUSTICIA | Pajaritos, 24 (Madrid) | 43.00 % | Vasbe | d | 1 |
| UTE PROSEGUR ESC UNIVERSIDAD DE ALICANTE II | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES SSG UNIVERSITAT POMPEU FABRA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC CORA FASE I | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC MUSEO GUGGENHEIM II | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON IV | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC AEROPUERTO DE ALICANTE | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC INTEGRA II GENERAL MOTORS ESPAÑA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC AGENCIA TRIBUTARIA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC OFICINA ANTIFRAU DE CATALUNYA III | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC UNIVERSIDAD POLITECNICA DE VALENCIA III | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PES ESC AEROPUERTO DE MADRID-BARAJAS EXP 84/15 LOTE 1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE ESC PSEE EQUIPAMIENTOS MUSEISTICOS MALAGA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE ESC AEROPUERTO DE SANTIAGO | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE PSEE CETURSA SIERRA NEVADA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE ESC MERCABARNA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PSISE ESC PSEE REAL ALCAZAR DE SEVILLA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR- ESC AENA EXP SEG 443/16 LOTE 3 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR-ESC AENA EXP SEG 528/16 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 1 |
| UTE PROSEGUR ESC AGENCIA TRIBUTARIA-1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PSISE-PSEE CIEMAT | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR - ESC METRO LINEA 3-1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR - ESC BANCO DE ESPAÑA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR-MAGMACULTURA MUSEO NACIONAL DEL PRADO | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PSIS-ESC GOBIERNO VASCO II | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PES ESC HOSPITAL UNIVERSITARI VALL D'HEBRON V | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR ESC GETXO KIROLAK 1 | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR-ESC AEROPUERTO DE LLEIDA-ALGUAIRE | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PSISE-PSEE MUSEOS VALENCIA | Pajaritos, 24 (Madrid) | 100.00 % | | d | 2 |
| UTE PROSEGUR-ESC OFICINA ANTIFRAU DE CATALUNYA IV | Pajaritos, 24 (Madrid) | 100.00 % | | d | 3 |

Information at 31 December 2019 - Joint Operations. Temporary Joint Ventures (continued)

| Company name | Registered office | Share | | Notes | Activity |
|--|---|----------------|--------------------------------------|-------|----------|
| | | % of Par Value | Partner company in the joint venture | | |
| UTE CLECE PCS TEATRO KURSAAL MELILLA act 18/82 | Calle Industria (Seville) | 10.00 % | Clece | d | 1 |
| UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098 | Juan de Mariana, 15 (Madrid) | 11.56 % | Segur Iberica and others | d | 1 |
| UTE SERV. MNTOS. INTEGRALES IRON MOUNTAIN | Principe de Vergara, 135 (Madrid) | 42.20 % | Ferrovial Servicios | d | 1 |
| LIMPIEZA Y VIGILANCIA CÁCERES UTE (Centros Escolares y Dep. Municipales) | Principe de Vergara, 135 (Madrid) | 20.00 % | Ferrosfer | d | 1 |
| SEGURIDAD TOTAL | Calle 19 B 34-69 (Bogotá) | 53.00 % | Seguridad SOS | d | 1 |
| SIGLO XXI | OFICINA TEUSAQUILLO PROSEGUR VIGILANCIA | 55.00 % | Seguridad SOS | d | 1 |
| SEGURIDAD INTEGRAL | Calle 19 B 34-69 (Bogotá) | 51.00 % | Seguridad SOS | d | 1 |
| EPIG | Calle 21, 44-18 (Bogotá) | 24.00 % | Others | d | 1 |
| SIES 2010 | Calle 21, 44-18 (Bogotá) | 25.00 % | Others | d | 1 |
| SIES 2011 | Calle 21, 44-18 (Bogotá) | 23.00 % | Others | d | 1 |
| UNION TEMPORAL P&A | Edificio Ecotek | 52.00 % | Avizor | d | 1 |

Basis of consolidation

- a. The company controls the investee, which is fully consolidated.
- b. Existence of significant influence, equity accounted.
- c. Temporary Joint Ventures are consolidated using the proportional consolidation method.

Activity

1. Activities from the Security business group.
2. Area of activities of the Cash business group.
3. Activities from the Alarms business group.
4. Activities included in more than one business group.
5. Holding company.
6. Financial services.
7. Ancillary services.
8. Dormant.

Auditor:

- A. Audited by EY (KPMG in 2019)
- B. Not subject to audit.
- C. Audited by other auditors.

Notes:

- d. The purpose of the joint operations corresponds entirely to the services related to the Comprehensive Security Solutions business line.

JV Activity:

1. Active Joint Venture.
2. Dormant Joint Venture.
3. Joint Venture being wound up.

IX. APPENDIX III. – Summary Information on Joint Ventures

Information at 31 December 2020

| Thousands of Euros | SIS Cash Services Private Limited | SIS Prosegur Holdings Private Limited | Dinero Gelt | Movistar Prosegur Alarmas | Other companies of little significance | Total |
|--|---|---|--------------|------------------------------|--|----------------|
| Information on the statement of financial position | | | | | | |
| Non-current assets | 11,332 | 9,206 | 525 | 595,293 | 2 | 616,358 |
| Non-current liabilities | (8,214) | (1,268) | (100) | (7,319) | (48) | (16,949) |
| Total non-current net assets | 3,118 | 7,938 | 425 | 587,973 | (45) | 599,409 |
| Current assets | 17,327 | 12,930 | 1,585 | 74,975 | 600 | 107,417 |
| Cash and cash equivalents | 2,805 | 1,067 | 327 | 4,772 | 301 | 9,272 |
| Current liabilities | (16,235) | (14,670) | (830) | (138,443) | (401) | (170,579) |
| Total current net assets | 1,092 | (1,740) | 755 | (63,468) | 199 | (63,163) |
| Net assets | 4,210 | 6,197 | 1,180 | 524,506 | 154 | 536,246 |
| Percentage share | 49 % | 49 % | 52 % | 50 % | — | — |
| Share in net assets | 2,063 | 3,037 | 617 | 262,253 | 77 | 268,047 |
| Share accounting value | 2,063 | 3,037 | 617 | 262,253 | 77 | 268,047 |
| Income statement information | | | | | | |
| Revenue | 28,080 | 13,668 | 2,021 | 153,053 | 1,099 | 197,921 |
| Cost of sales | (25,810) | (14,961) | (2,826) | (154,246) | (1,071) | (198,914) |
| Financial income | — | — | 0.18125 | (5.70186) | — | (6) |
| Depreciation and amortisation | (1,512) | (470) | (37) | (27,636) | (58) | (29,713) |
| Financial expense | (1,708) | (686) | (5) | 564 | (89) | (1,925) |
| Expense (income) from income tax | (87) | 226 | — | (778) | 14 | (625) |
| Profit/(loss) of the year from ongoing operations | 475 | (1,754) | (810) | (1,408) | (47) | (3,548) |
| Profit/(loss) for the year | 475 | (1,754) | (810) | (1,408) | (47) | (3,548) |
| Profit/(loss) for Investments accounted for using the equity method | 233 | (859) | (424) | (707) | (24) | (1,781) |

Information at 31 December 2019

| Thousands of Euros | SIS Cash Services Private Limited | SIS Prosegur Holdings Private Limited | Dinero Gelt | Other companies of little significance | Total |
|--|---|---|--------------|--|----------------|
| Information on the statement of financial position | | | | | |
| Non-current assets | 12,448 | 10,380 | 381 | 105 | 23,314 |
| Non-current liabilities | (7,230) | (434) | (100) | (11) | (7,775) |
| Total non-current net assets | 5,218 | 9,946 | 281 | 94 | 15,539 |
| Current assets | 18,188 | 26,209 | 2,222 | 5,174 | 51,793 |
| Cash and cash equivalents | 259 | (105) | 1,028 | 761 | 1,943 |
| Current liabilities | (19,225) | (27,353) | (314) | (2,343) | (49,235) |
| Total current net assets | (1,037) | (1,144) | 1,908 | 2,831 | 2,558 |
| Net assets | 4,181 | 8,802 | 2,189 | 2,925 | 18,097 |
| Percentage share | 49 % | 49 % | 52.42 % | — | — |
| Share in net assets | 2,049 | 4,313 | 1,147 | 1,943 | 9,452 |
| Share accounting value | 2,049 | 4,313 | 1,147 | 1,943 | 9,452 |
| Income statement information | | | | | |
| Revenue | 26,220 | 15,766 | 494 | 76,022 | 118,502 |
| Cost of sales | (25,681) | (16,501) | (602) | (74,441) | (117,225) |
| Financial income | — | — | — | (27) | (27) |
| Depreciation and amortisation | (1,472) | (496) | (47) | (523) | (2,538) |
| Financial expense | (1,500) | (654) | (17) | (1,884) | (4,055) |
| Expense (income) from income tax | 92 | 55 | 65 | 103 | 315 |
| Profit/(loss) of the year from ongoing operations | (869) | (1,334) | (60) | (227) | (2,490) |
| Profit/(loss) for the year | (869) | (1,334) | (60) | (227) | (2,490) |
| Profit/(loss) for Investments accounted for using the equity method | (426) | (654) | (31) | (53) | (1,164) |



Consolidated Directors' Report for 2020

Prosegur Compañía de Seguridad, S.A. and Subsidiaries.

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Letter from the President

As every year, we welcome all the stakeholders with which the company interacts to this Directors' Report.

2020 has been an extraordinarily complex year for everyone. The COVID-19 coronavirus pandemic has marked all our actions. Therefore, the first thing I would like to do is to remember the employees of the company who have died from this virus. I also want to express my full appreciation to the extraordinary group of employees who make up Prosegur and who, in this atypical scenario, have continued to work with effort and dedication to remain alongside our clients.

During these months, we have seen countless examples that have highlighted our ability to go far beyond our responsibilities. Complex situations in which our new corporate purpose and the values that we want this company to represent have become more relevant than ever. I am deeply convinced that our purpose of "making the world a safer place by taking care of people and companies, staying at the forefront of innovation" has an even more intense meaning in the current circumstances.

The pandemic has also caused enormous economic uncertainty. The speed of its spread and its extraordinary scope have forced us to adopt various measures aimed at ensuring the viability of our activity. In the first half of 2020 alone, our sales fell 13.6%, EBITA fell 33.3%, and net profit fell 60%. Fortunately, and thanks to the measures implemented, we have achieved a significant improvement in the generation of operating cash, favoured by the efficiency in receipts and the containment of expenses.

Regarding the activities of our business units, I would like to point out the adaptability of Prosegur Security. In record time they have developed a proposal for Safety Solutions to generate spaces of trust, ensuring that the health measures implemented by the governments of the markets in which the unit operates are met.

In the case of Prosegur Cash, our subsidiary has played a fundamental role in the distribution of financial aid that governments, especially those of LatAm, have distributed in these months. Furthermore, the activities within the New Products unit continue to increase their weight in total billing and are showing strong resistance in the face of the pandemic.

Despite the context, Prosegur Alarms recorded positive organic growth and continued to strengthen its service offering with solutions such as ContiGo. In the financial year 2020, it is worth highlighting the activity in Spain with the March start-up of Movistar Prosegur Alarms. Without a doubt, an ambitious stake to lead and transform this sector through innovation.

I would also like to highlight the consolidation of Prosegur AVOS, our proposal in outsourcing high added value services, as a new business line. As well as the development of Cipher, our cybersecurity business unit. New activities that are the result of our ambition to continue innovating and leading our sector.

An area in which Prosegur has once again demonstrated its vision and leadership by being the first global security company to launch an open innovation programme. Under the name of COME IN, we want to show ourselves as an open, collaborative and disruptive company. And we do so because we are fully aware that collaboration with the entrepreneurial environment is going to be enormously enriching for us and, ultimately, for our clients.

Finally, I would like to refer to the work of the Prosegur Foundation, which, as a result of the pandemic, was forced to withdraw actions on the ground, to focus on essential initiatives. In adapting, it focused on the beneficiary with a clear commitment to networking and a more innovative mentality.

In this way, it launched initiatives such as the #AprendemosConectados campaign, where it offered on-line platforms with programming, science and maths challenges during the lockdowns. It also held Labour Orientation Workshops in Argentina, Chile, Colombia, Spain, Paraguay and Uruguay for university talent scholars. In the case of the schools in the Picitos Colorados programme, the company's professionals contributed with the delivery of books, school supplies and basic necessities to families with fewer resources. The Foundation also produced a total of 34 educational booklets with more than 140 activities related to cross-cutting subjects (mathematics, physical education, emotional intelligence or healthy eating) that benefited more than 4,700 LatAm students. And it delivered more than 100 devices to vulnerable students in Argentina, Chile, Colombia and Spain, in a line of work that will continue in 2021.

I would not like to miss the open innovation initiative, For a COVID Free face-to-face education. A challenge that the Prosegur Foundation, together with the company's Innovation area, launched in June and which received a total of 85 proposals from 20 countries in just four weeks. The winner was the Spanish start-up Nothingbutnet with its Soocial Distance solution. A technological tool to ensure the maintenance of social distance in high occupancy spaces, such as schools.

As I mentioned, 2020 was an extraordinarily tough year. A complex time in which the best of Prosegur has emerged once again: our team. I want to assure you that all of us who make up this company will continue to strive, every day, to: "Make the world a safer place", we will continue to "take care of people" and we will work hard to "stay at the forefront of innovation".

One more year, thank you very much for your trust.

Helena Revoredo

President

Message from the Executive Director

Welcome to the Prosegur Directors' Report for the 2020 financial year, a year that was an unprecedented challenge for everyone.

Throughout these months, we have had to face new situations never even imagined. These are very difficult times that are undoubtedly demanding the utmost commitment from everyone, both professionally and personally. In this context, I believe that the behaviour shown by all our professionals should make us feel tremendously proud of what Prosegur represents and of our position as leaders in the private security industry.

Already in the first weeks of the pandemic we understood the scope of the situation we were experiencing. And we began to deploy the necessary measures to, first of all, ensure the safety of our employees. Thus, all positions able to work from home have been doing so since last March. At the same time, we activated contingency plans to safeguard the health of all our professionals who, due to the nature of their position, were unable to telework.

These actions have allowed us to continue providing our services. Not without overcoming enormous difficulties, working with effort and dedication to remain alongside our clients. In short, throughout these months everyone has given the best of themselves to make the world a safer place.

At the same time, we launched various initiatives to control spending and protect cash, and it is a satisfaction to be able to affirm that all the measures implemented at the beginning of the crisis have yielded positive results. This has also been reflected in a very favourable increase in the operating cash flow generated, and we remain optimistic regarding the strength and resilience of our business model. Prosegur has shown great capacity to overcome this very adverse situation up to now. For this reason, we believe that all the actions we have been taking will also allow us to take advantage of the opportunities that arise in the immediate future.

In this regard, I would highlight the drive maintained in 2020 to meet the objectives of the company's strategic plan. First of all, it is important to point out the demonstrated capacity to react to provide clients and employees with the necessary tools to ensure business continuity. Likewise, advances in the process for digital transformation with regard to agility, scalability and operational excellence.

Regarding innovation, 2020 was a year of great progress as the weight of new products over total sales continued to grow in all business and, at the same time, we designed new security solutions to respond to the crisis caused by the pandemic. We were also the first global private security company to launch an open innovation programme. Our COME IN initiative has already completed a total of seven challenges for the different business and support areas.

On the growth of our activities, I would highlight the setting up of a joint venture with Telefónica for the development of the Movistar Prosegur Alarms business in Spain. An opportunity to transform and lead this segment. Also, in the second half of the year we were witness to the resilience of our business model, when the lockdowns were relaxed.

All of this gave us a year turnover of EUR 3,463 million, 17.5% down on 2019. As in previous years, the joint effect of the exchange rate had the greatest negative impact, while organic growth barely registered a minimal drop of 0.4%.

EBITA reached EUR 258 million in the first nine months of the year, 28% down. While the EBITA margin stood at 7.4%. The consolidated net result, discounting minority interests, therefore reached EUR 59 million, a fall of 48.2%.

Beyond these figures, I would highlight the renewal of our Standard & Poor's rating last October, with a BBB and a stable outlook. This was undoubtedly an endorsement of the great work done throughout the year.

Regarding the evolution of the activity in our business units, Prosegur Security experienced a slowdown in sales due to the lower clients activity, with the exception of sectors such as food distribution or those related to the world of health. On the positive side, the new Safety Solutions registered strong demand and reported returns above the business average. Although profitability was affected in general terms, the business unit managed to generate positive margin growth.

Prosegur Cash suffered a contraction in the volumes transported, associated with the decrease in consumption in most sectors. Instead, there was great demand in some LatAm markets to support the distribution of cash aid to the population affected by the pandemic.

Prosegur Alarms was severely affected during the lockdowns since the social distancing measures prevented the sale of our services that require physical interaction with clients during their marketing and installation. However, the positive sign is that the business recovered rapidly when commercial activity was resumed.

Finally, I would like to mention Prosegur's commitment to sustainability. In 2020, the Board of Directors and the Appointments and Remuneration Committee, which has been renamed the Appointment and Remuneration, Sustainability and Corporate Governance Committee, were granted new supervisory functions.

The fact of integrating Sustainability in this committee highlights the importance of this matter for the company. And we also want to extend our commitment to our strategic plan, which will be aligned with the Sustainable Development Goals. Our commitment is that each business unit should operate within the best environmental, social and good governance practices. With this we want to situate Prosegur as the sector benchmark in sustainability.

The year that we report on in this Report has been a great challenge for all of us. However, I trust that by reading this document you can gain a true picture of the extraordinary work done by the 160,000 professionals that make up this company. People who, in an environment of great uncertainty, have shown their best to "make the world a safer place." From here I give my deepest thanks to you all. As well as all the stakeholders with whom Prosegur interacts every day. To all of you, I repeat that you will always find a trusted partner in Prosegur.

Christian Gut
Executive Director



1. About Prosegur



Consolidated Directors' Report for 2020

This Directors' report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of the Directors' reports of listed companies, published by the National Securities Market Commission (CNMV).

1. About Prosegur

Prosegur, a global benchmark in the private security sector, is a business group made up of Prosegur Compañía de Seguridad, S.A. and its subsidiaries (boards, Prosegur), which provides private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Spain, the United States, the Philippines, Guatemala, Honduras, India, Indonesia, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, United Kingdom, Singapore, South Africa and Uruguay.



1.1. Business Model

The Prosegur business model is based on the responsibility and sustainability of its operations, as well as on the constant adaptation to new dynamics and demands of the environment.

Prosegur offers high added value services for several types of clients. The Company develops integrated physical and logical security solutions for companies, services specialising in cash in transit and alarm systems for the home and retail premises, and automation and outsourcing of the business processes. All of these are endowed with high technological components and an innovative approach to security.

1.1.1. Business lines

Prosegur comprises the following business:

| | | |
|---|---------------------------------|--|
|  | <p>PROSEGUR SECURITY</p> | <ul style="list-style-type: none"> > It provides comprehensive security services, based on an optimal combination of manned guarding and the latest technological and analytical capabilities. This chiefly includes the use of guards, mobility services, electronic security systems, comprehensive systems maintenance, fire protection, global risk analysis, consultancy and control centre activities. |
|  | <p>PROSEGUR CASH</p> | <ul style="list-style-type: none"> > It provides cash in transit services. The activity is focused on the transport of high value goods, comprehensive cash cycle management, solutions focused on the automation of payments in shops and integral management of ATMs. The activity is mainly focused on financial institutions, businesses, government agencies, central banks and mints. |



PROSEGUR ALARMS

- > It has a wide range of services that help to improve the security and security of families and businesses. They include the installation and maintenance of home alarms, as well as alarm monitoring via the alarm reception centre (ARC) and alarm response.



PROSEGUR AVOS

- > Develop and implement solutions aimed at redesigning, automating and outsourcing its customers' business processes. Using technology, Prosegur AVOS (Added Value Outsourcing Services) makes the operational management of companies' back and front office and the execution of business processes more efficient.



CIPHER

- > Prosegur's cybersecurity division, the company develops and implements robust and effective solutions to ensure the security of assets, information systems and people. Cipher's portfolio of solutions encompasses: Managed Security (MSS), Managed Detection and Response (MDR), Cybersecurity Intelligence Services (CIS), Advanced Red Team Services (RTS), Governance, Risk and Compliance (GRC), Cybersecurity Technology Integration (CTI).

1.1.2. Mission, Vision and Values

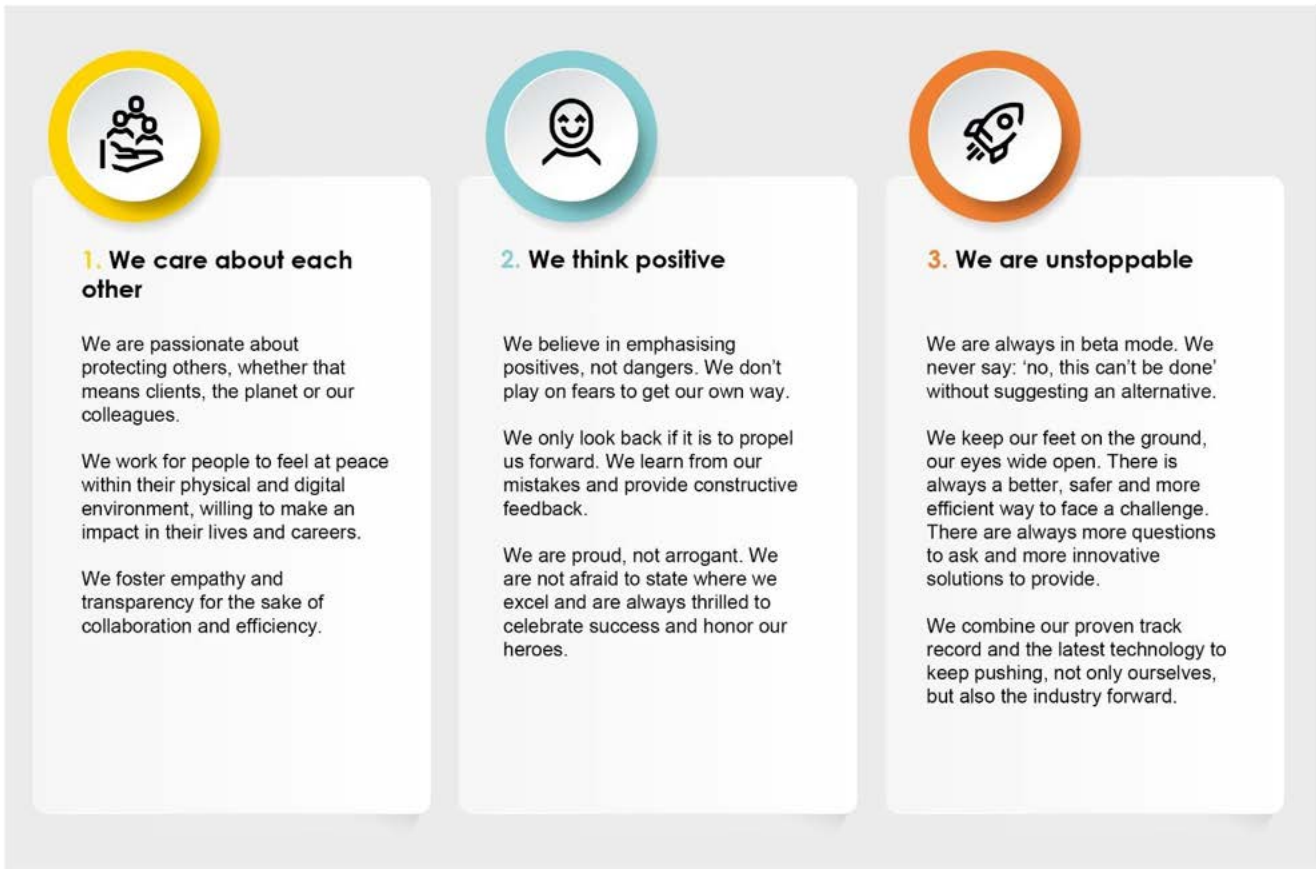
Prosegur undertook a review of its corporate identity in 2020 that reflects the transformation that the company is undertaking and shows its unambiguous leadership position through innovation. The new identity also aims to reinforce Prosegur's commitment to the security of people, companies and society as a whole.


This aspiration has been materialised in a new purpose and values that emphasise the company's responsibility towards its stakeholders and the fundamental role that Prosegur professionals play.

Purpose

To make the world a safer place by taking care of people and companies, staying at the forefront of innovation.

Values






1. We care about each other

We are passionate about protecting others, whether that means clients, the planet or our colleagues.

We work for people to feel at peace within their physical and digital environment, willing to make an impact in their lives and careers.

We foster empathy and transparency for the sake of collaboration and efficiency.




2. We think positive

We believe in emphasising positives, not dangers. We don't play on fears to get our own way.

We only look back if it is to propel us forward. We learn from our mistakes and provide constructive feedback.

We are proud, not arrogant. We are not afraid to state where we excel and are always thrilled to celebrate success and honor our heroes.



3. We are unstoppable

We are always in beta mode. We never say: 'no, this can't be done' without suggesting an alternative.

We keep our feet on the ground, our eyes wide open. There is always a better, safer and more efficient way to face a challenge. There are always more questions to ask and more innovative solutions to provide.

We combine our proven track record and the latest technology to keep pushing, not only ourselves, but also the industry forward.

1.1.3. Business environment

The emergence of new technologies has meant a real revolution with a direct impact on companies. The changes brought about by developments such as Blockchain, IoT (Internet of Things) or 5G create new realities in which traditional models can stop working at any time. Therefore, this phenomenon generates a volatile environment that forces companies to constantly adapt their strategy to renew in record time and offer clients an effective response.

The private security industry is no stranger to this context. The birth of new paradigms and growing technological globalisation carry uncertain and changing risks in multiple environments. New risks and threats that require different approaches. This phenomenon forces the sector to constantly rethink and improve its solutions and the way it relates to society.

To face this variable situation and continue to respond to client needs, the use of technology as a differential element and the constant search for innovation in processes is essential. But it is not enough to just stay there, it is necessary to take a step further and work through a collaborative, open and disruptive model that generates new solutions and provides a different view of what tomorrow's security should be like.

Prosegur faces this future with determination and as an opportunity to expand its value proposal with transformative solutions that reaffirm its position as a solid and global company.

1.2. Governance and organisational structure

Based on the provisions and recommendations of the Unified Code of Good Governance for Listed Companies, approved by the Council of the National Securities Market Commission (CNMV), and best international practices and recommendations in the field of good governance, Prosegur has remained steadfastly committed to success and its efforts to consolidate a responsible, profitable and sustainable business. In this regard, the organisation's corporate governance is founded on five core pillars that serve as a framework and reference point for further development: independence, transparency, protection of minority shareholders, effectiveness and efficiency, and integrity.

The Prosegur Corporate Governance System draws from several standards that help articulate it and that guarantee its effective control, such as the Articles of Association, the General Shareholders Meeting Regulation and the Board of Directors. The Company reinforces its commitment to good governance with the addition of other internal related procedures that serve as a frame of reference:

- ▶ Code of Ethics and Conduct.
- ▶ Internal Code of Conduct on Matters Relating to Securities Markets.
- ▶ Framework Agreement on Relations between Prosegur Cash and Prosegur Compañía de Seguridad.
- ▶ Director Appointment and Remuneration Policy.
- ▶ Corporate Social Responsibility Policy.
- ▶ Internal Audit Policy.
- ▶ Risk Control and Management Policy.
- ▶ Tax Strategy Policy.
- ▶ Human Rights Policy.
- ▶ Communication Policy.

1.2.1. Ownership structure

The share capital of Prosegur Compañía de Seguridad, S.A. is of EUR 32,916,253.32, represented by 548,604,222 shares each of a face value of EUR 0.06, belonging to one same class and series. All shares have been fully paid up and subscribed, and are traded on the Stock Exchanges of Madrid, Valencia, Bilbao and Barcelona (Spain). Each share carries the right to one vote and there are no legal or statutory restrictions on the exercise of the vote. Likewise, there are no legal restrictions on the acquisition or transfer of stakes in the share capital.

Acquisition and disposal of own shares

At the Shareholders General Meeting held on 27 June 2011, the shareholders authorised the acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the Directors of the Company or Prosegur employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

On 30 September 2020 the Board of Directors of Prosegur decided to implement a new own share buyback programme.

The Programme is put into effect under the provisions of Regulation (EU) no. 596/2014 on market abuse and the Commission Delegated Regulation 2016/1052, making use of the authorisation granted by the Shareholders General Meeting held on 29 October 2020 for the purchase of own shares, for the purpose of reducing the share capital of Prosegur Compañía de Seguridad, S.A.

The Programme will apply to a maximum of 54,860,422 shares, representing approximately 10% of Prosegur's share capital.

The share buy-back programme approved by the Board of Directors on 4 June 2019, ended on 30 September 2020.

Under the programme, the company has acquired a total of 25,189,517 shares, representing approximately 4.21% of its share capital in that date.

In line with the objectives of the Programme and in application of the authorisation to the Board of Directors for the reduction in capital approved by the Shareholders General Meeting held on 4 June 2019, the company has carried out a capital reduction by amortising the aforementioned 25,189,517 own shares.

On 02 December 2020 a capital decrease took place by means of the redemption of 24,885,623 of its own shares.

On 26 June 2019 a capital decrease took place by means of the redemption of 18,445,278 of its own shares.

On 28 January 2020 and aside from the own share buyback programme, Prosegur acquired a package of 5,850,000 of its own shares from an institutional investor, representing 0.98% of the share capital, at a price of EUR 3.592 per share, with a discount of EUR 0.05 per share.

On 06 March 2020 and aside from the own share buyback programme, Prosegur acquired a package of 1,448,376 of its own shares from an institutional investor, representing 0.24% of the share capital, at a price of EUR 3.335 per share, with a discount of EUR 0.015 per share.

On 31 July 2020 and aside from the own share buyback programme, Prosegur acquired a package of 13,998,289 of its own shares from an institutional investor, representing 2.34% of the share capital, at a price of EUR 2.20 per share, with a discount of EUR 0.03 per share.

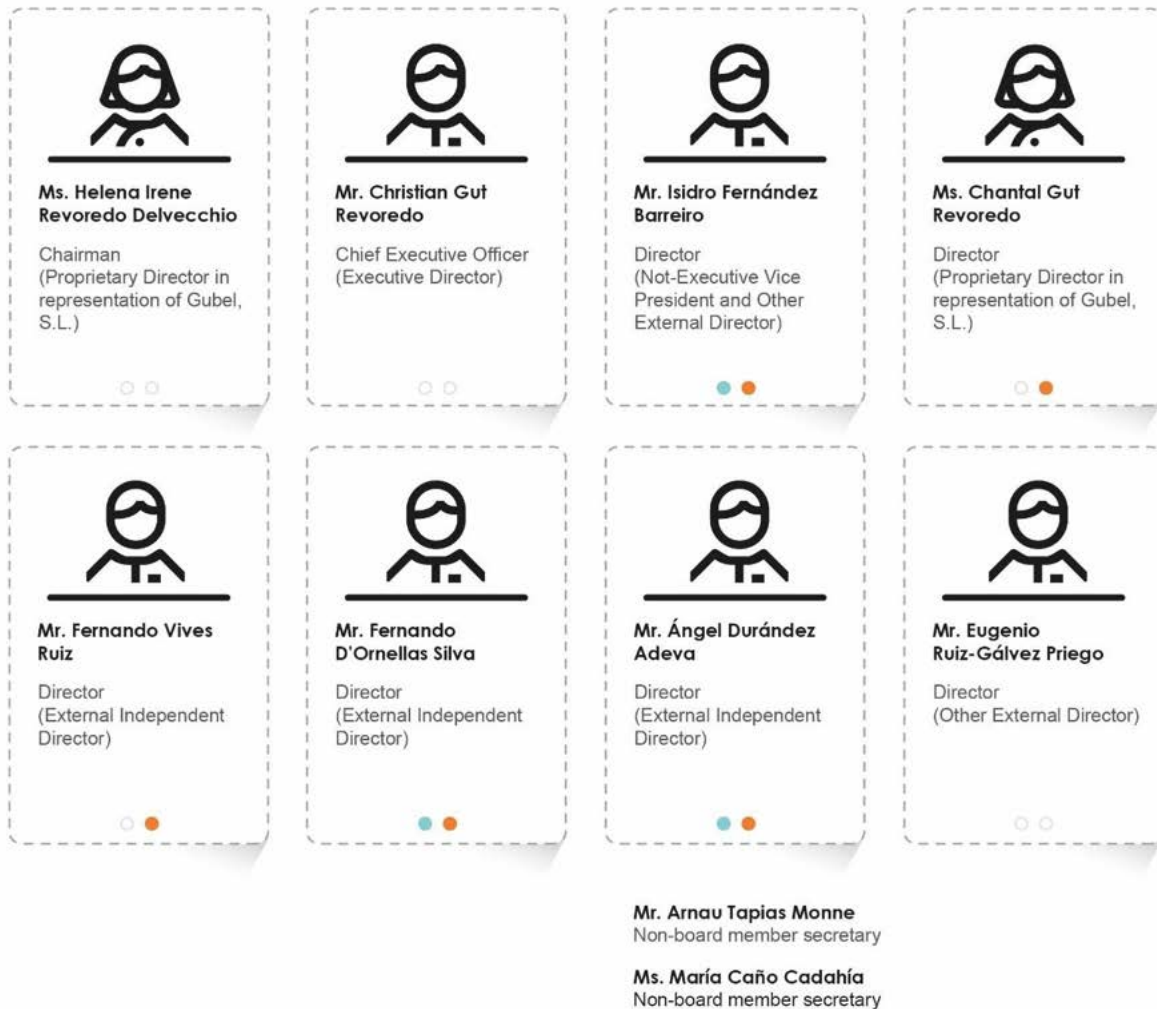
On 02 September 2020 and aside from the own share buyback programme, Prosegur acquired a package of 3,500,000 of its own shares from an institutional investor, representing 0.58% of the share capital, at a price of EUR 2.00 per share, with a discount of EUR 0.014 per share.

1.2.2. Governance of Prosegur

The representation power of the Parent Company of the Group pertains to the Board of Directors acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the Shareholders General Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Committee for Sustainability, Corporate Governance, Appointments and Remuneration. The responsibilities of the Audit Committee, composed 66.6% by independent directors, include: proposing the appointment of the auditor; reviewing the Prosegur accounts; ensuring compliance with legal requirements and the application of generally accepted accounting principles. For its part, the Committee for Sustainability, Corporate Governance, Appointments and Remuneration establishes and reviews the criteria for the composition and remuneration of the Board of Directors, and of the members of the Prosegur management team, and it regularly reviews the remuneration programmes. It also has powers for information, consultancy and proposals on environmental, social and of corporate governance matters, and also for following up the Company's commitment to attaining the Sustainable Development Goals approved by the United Nations.

Structure of the Board of Directors:



 Auditing Committee  Sustainability, Corporate Governance, Appointments and Remuneration Committee

At 31 December 2020, the Board of Directors of Prosegur was composed of eight members (25% women): one executive and seven non-executive, of which three are independent directors (37.5%), two are proprietary and one is external. The responsibilities of the President and the Executive Director are different and complementary. Prosegur adopts the requirements of the main international standards on corporate governance, which recommend the separation of roles.

Annual Corporate Governance Report

Prosegur's Annual Corporate Governance Report for the 2020 year forms part of the Directors' Report, and is available on the web site of the National Securities Market Commission and on the Prosegur web site as from the date of publication of the Annual Accounts.

This report includes section E, analysing control and risk management systems of the Company; and F, providing details on the risk control and management system in relation with the process of issue of financial information (ICFR).

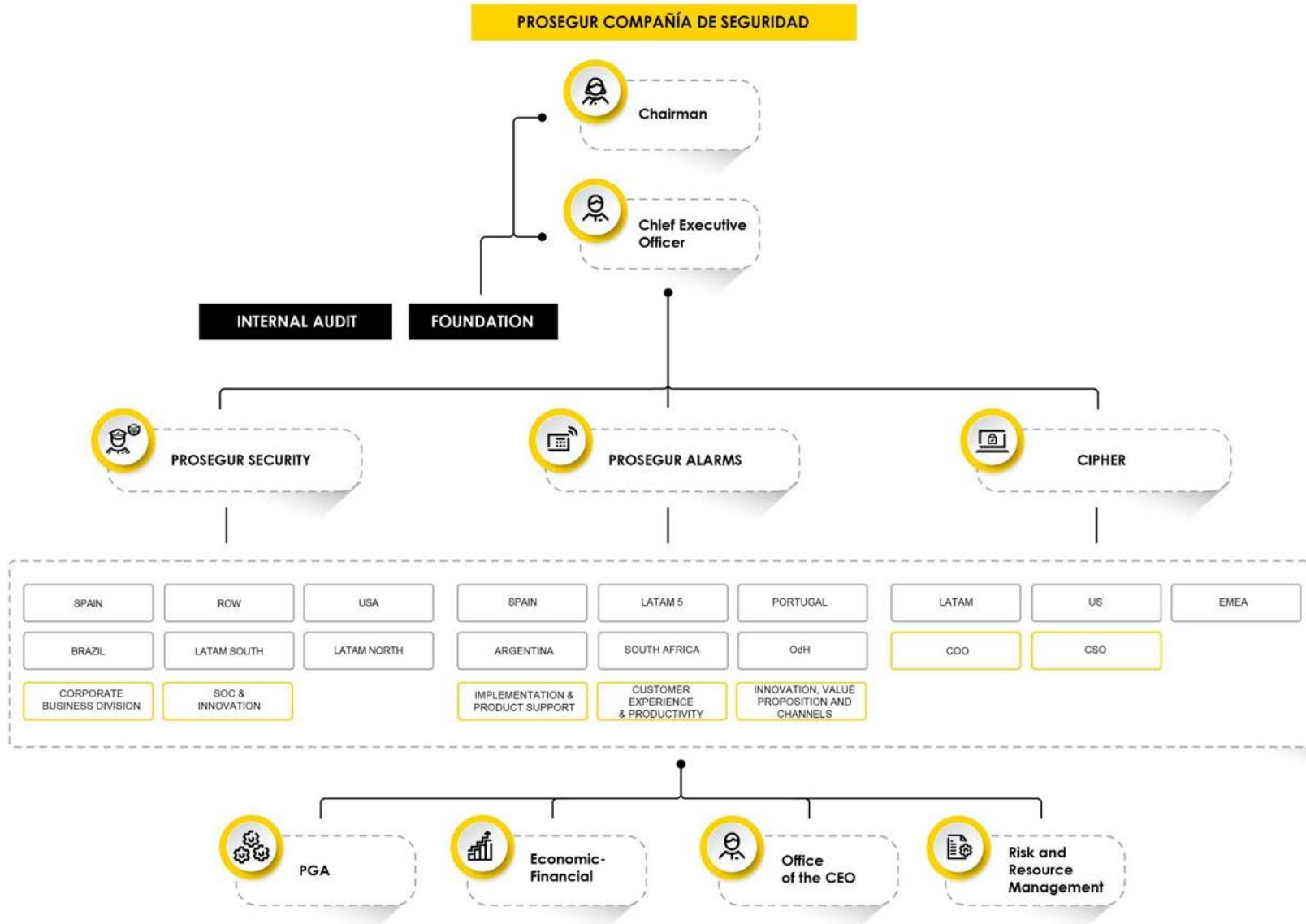
1.2.3. Organisational structure

The organisational structure of Prosegur is designed to improve business processes and add value to clients. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur as a business group. It also allows the growth of Prosegur and provides broad autonomy to the business of Security, Cash and Cipher, since each one has different dynamics and, therefore, different needs. This way, Prosegur ensures the best service to its clients, wherever it operates.

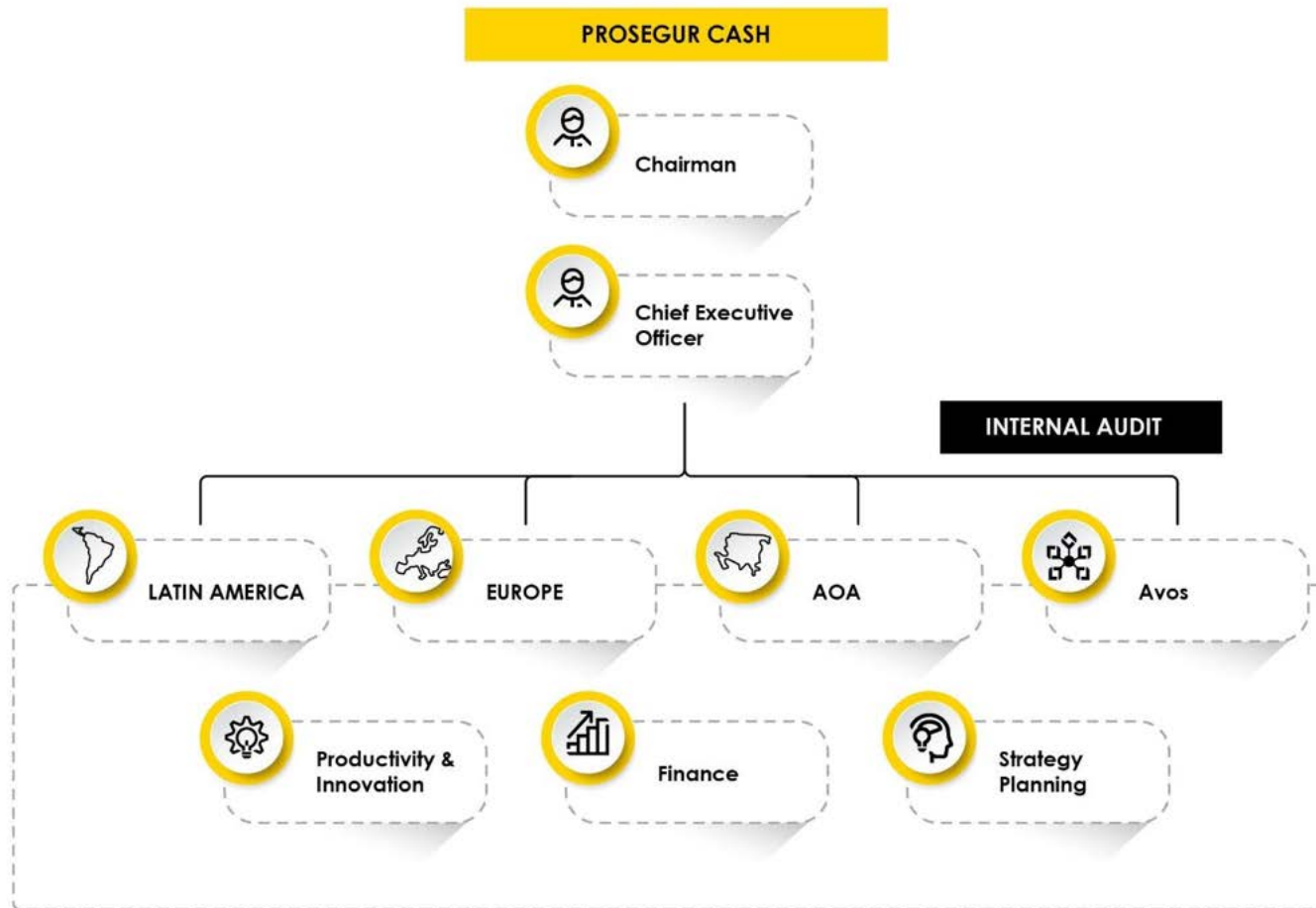
Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines.

The corporate functions are supervised by the Global Support Directorates which cover the Financial-Economic department, Prosegur Assets Management, Executive Director's Office and Risk and Resources Management.

The organisation of Prosegur is shown in the table below:



The organisational chart of Prosegur Cash, a subsidiary of Prosegur Compañía de Seguridad and in which it has a 72.5% direct and indirect interest, is as follows:



1.3. Strategic Performance Framework

1.3.1. Transformation Plan

The rapid emergence of new technological currents has had a noticeable impact on most economic sectors. This phenomenon has forced companies to rethink not only their way of doing things, but their own business model. Some of these technologies, such as IoT (Internet of Things), Artificial Intelligence (AI), 5G or Data Science offer innumerable opportunities to improve processes that enhance efficiency, agility and effectiveness.

Prosegur is not oblivious to this reality and is aware of the importance of applying the advantages offered by new technologies to improve its operation as an organisation and offer its clients the service in line with the needs that arise in this new paradigm. In this way, issues such as contracting and monitoring services in real time from any device, viewing offers of employment on specific channels or completing the contracting process 100% digitally and in the least time possible, are some processes that help exemplify this context. For this reason, in line with its spirit of adaptation, Prosegur has decided to respond to the constant changes of the environment and to the demands for modernisation presented on the market by means of a Transformation Plan that touches all business lines, as well as transversal divisions.

Areas of action of the Prosegur Transformation Plan

Optimisation of resources of the current business:

- ▶ To streamline and simplify processes and decrease their execution times, by means of groups especially devoted to the improvement of client (*Opportunity to Cash*), employee (*Employee Experience*), and supplier (*Procure to Pay*), and finances and accounting (*Record to Report*) processes.
- ▶ To simplify the technological footprint, endeavouring that the critical systems for each one of the business becomes increasingly robust, modern and better integrated among one another.
- ▶ To improve data governance by means of the review of processes and systems.
- ▶ To reach the same quality level in all markets.

Promotion of innovation as a cornerstone of the future business:

- ▶ To develop new opportunities and experiment with new innovation models, using and maximising all existing internal and external capabilities.
- ▶ To maintain all components of each business, adapted to the demands for innovation of the market and to take advantage of opportunities and synergies
- ▶ To collaborate with companies in the entrepreneurial ecosystem through open innovation, with the aim of incorporating innovative solutions into the business and support areas of the company that improve processes and allow new services to be offered to clients.

Impetus of capabilities and consolidation of a common culture:

- ▶ To provide back-up for all associates in the transformation process through the use of new tools for working and collaboration, such as “agile” or “design thinking”.
- ▶ Development of specialised and quality training, accessible to all employees through the Prosegur Corporate University, to provide teams with the necessary knowledge in disruptive technologies and new forms of collaboration.
- ▶ To promote an internal culture by means of the design of communication plans for all employees, that aids in the viewing of new global and local objectives.

Innovation

Thanks to the different initiatives that Prosegur has launched as part of an ambitious Digital Transformation Plan, the company has achieved that technology is now no longer an instrument and has become an intrinsic part of the activity.

Innovation has become a cornerstone of Prosegur's future business. After the identification and certification process carried out during the course of 2020, it has been established that in 2019 Prosegur invested more than EUR 21.2 million in projects approved as innovation by the governments of the countries in which it operates, representing growth of more than 100% compared to the equivalent investment in 2018. Likewise, throughout the 2018-2020 Plan, over EUR 12 million have been invested directly in innovative start-ups with technological solutions that are quickly incorporated into services and solutions for clients.

In 2020, as a sign of Prosegur's commitment to Innovation, Tech Studios have been created in order to equip Prosegur with the capabilities to develop Innovation projects in advanced digital technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Data Science and Electronic Security Systems (SES).

Similarly, to promote innovation, Prosegur has implemented new initiatives such as the launch of the COME IN Open Innovation Programme, which aims to encourage collaboration between the start-up ecosystem and Prosegur. This programme has launched a series of challenges to support each of the business lines, as well as the Prosegur Foundation, in their specific needs. Additionally, as a result of the situation caused by the pandemic, it has launched two challenges to design safe spaces free of COVID-19.

COME IN in 2020 was participated in by more than 200 start-ups of 33 different nationalities. The winners of each challenge are currently developing their technology and solutions backed up by specialist teams from each Prosegur business line.

Additionally, an ambitious internal training plan on Innovation, called "Innovation Deep Dive" has been launched, which aims to give all its employees technological capabilities, allowing them to acquire knowledge in advanced IoT technologies (Internet of things), Data Science, IA, Blockchain, Mixed Reality, 3D printing and Robotics), as well as in innovative management processes (Management 3.0, Design Thinking and Agile Methodology). More than 4,000 company employees have participated in the programme, totalling over 30,000 training hours in technology and innovation.

Among the projects which have been successfully completed recently or which are currently in progress, we shall highlight the following, per business area:

Prosegur Security

The corner stone of the main initiatives carried out in 2020 is the use of new technology to continue providing a service that stands out from the rest. On the one hand, the impetus to IoT (Internet of Things) technology for offering clients a value-added service and providing them with information that enables them to speed up decision-making. On the other hand, the use of Artificial Intelligence (AI) has enabled Prosegur Security to be more aware of the risks and offer better capabilities, which translates as greater operating efficiency for the business.

During this year the company has continued developing its Ecosystem of Partners and incorporated open innovation, with the aim of establishing lasting alliances that lead to disruptive solutions that can be rapidly put into effect in its portfolio of services.

Furthermore, Prosegur Security continued developing its POPS tool, the Prosegur Seguridad Operating Platform, which is already used by 20,000 employees, a perfect example of how the company is bringing its innovations efforts in line with the global strategy focussed on developing integrated security solutions from and for the client.

Prosegur Cash:

In 2020, Prosegur Cash has promoted the development of agile methodology aimed at achieving excellence through the ongoing improvement of processes and services. A wide group of Prosegur Cash associates work using this methodology, which has made it possible to obtain 35% more product output in 27% less time. In addition, the company has worked on improving and strengthening its range of Prosegur Smart Cash solutions, through technology, to offer its clients a specialised service, improving communication through a new mobile application that is more agile and accessible.

Prosegur Alarms:

In 2020, Prosegur Alarms focussed its innovative efforts on two basic pillars: the Ecosystem of the Prosegur Smart app based on technology and the strengthening of its *back office* through digitalisation and automation.

The continuous improvement of the Prosegur Smart platform falls under the division's priorities. Throughout the year the incorporation of the application has been improved with alarm devices to make it more personal. Amongst other initiatives, it launched the ContiGo service, a personal protection system via mobile phone outside of the home.

Prosegur Alarms continues immersed in the improvement of the predictive models it already uses, such as using the alarm or the model for qualifying new registrations, to have more information on the behaviour of its clients and designing new initiatives of linkage and retention to reduce the abandonment rate in the total connection base (BTC in Spanish).

1.3.2. Strategy

The unceasing development of the environment in which Prosegur operates has played a crucial role in the company's transformation over the last few years. In this connection, Prosegur established three main goals:

- ▶ To respond to the new needs of clients in line with market trends, especially accelerated as a result of the global emergence of COVID-19.
- ▶ To become a trusted strategic partner for clients.
- ▶ To provide increased value to clients through efficiency in processes and by implementing solutions that are increasingly technological.

Prosegur is currently in the final stage of its Three-Year Strategic Plan for 2018-2020. Our ambition to lead the industry has led them to embark on a transformation of the Company, hinging upon three basic pillars: Digitise, Innovate and Grow.

Specific goals have been set for each pillar and, at the end of the Plan, the degree of achievement of the targets was substantial.



Digitise

With regard to digitalisation, the established goals are:

- ▶ Support operational excellence and the technological improvement of processes.
- ▶ Roll out the necessary platforms and tools to simplify management and enhance client experience.
- ▶ Reduce the weight of indirect costs that do not create value for clients.
- ▶ Attract, develop and retain the most highly-qualified professionals.

In 2020, the last year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- ▶ Demonstration of agility in terms of reaction in responding to the health crisis caused by COVID-19, placing at the disposal of clients and employees the tools necessary to ensure the continuity of the business.
- ▶ Advances in the process for digital transformation with regard to agility, scalability and operational excellence.
- ▶ Launching of the new corporate web sites and the new corporate identity and purpose.



Innovate

With regard to innovation, the established goals are:

- ▶ Listen to clients to develop new value proposals that meet their needs.
- ▶ Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

The following advances have already been made in 2020:

- ▶ Increase in the weight of new products over total sales in all business.
- ▶ Launch of new solutions and business lines.
- ▶ Introduction of innovation methodology designed during 2019, based on horizons and under ad hoc governance model.
- ▶ Incorporation of talent in innovation.
- ▶ Launch of the COME IN Open Innovation Programme, with a total of seven initiatives put into operation by the start-up ecosystem for the different business and support departments.

Grow

With regard to growth, the established goals are:

- ▶ Maintain high rates of profitable organic growth.
- ▶ In Prosegur Security, to boost the integrated sale of surveillance and technology products.
- ▶ In Prosegur Cash, maintaining the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.
- ▶ In Prosegur Alarms, to boost the value of the business by increasing the number of connections.

2020 has seen advances made in the following business lines:

- ▶ Confirmation of the resilience of the business model, with a rapid recovery of the figures at the levels prior to the pandemic.
- ▶ Setting up a joint venture with Telefónica for development of the Movistar Prosegur Alarms business in Spain.
- ▶ Consolidation of the entry of Prosegur Security in the U S market.
- ▶ Bolt-on acquisitions in traditional business and acceleration of new products, especially Prosegur Cash and Cipher.

2. Business performance and profit (loss)



2. Business performance and profit/(loss)

2.1. 2020 Economic and financial results

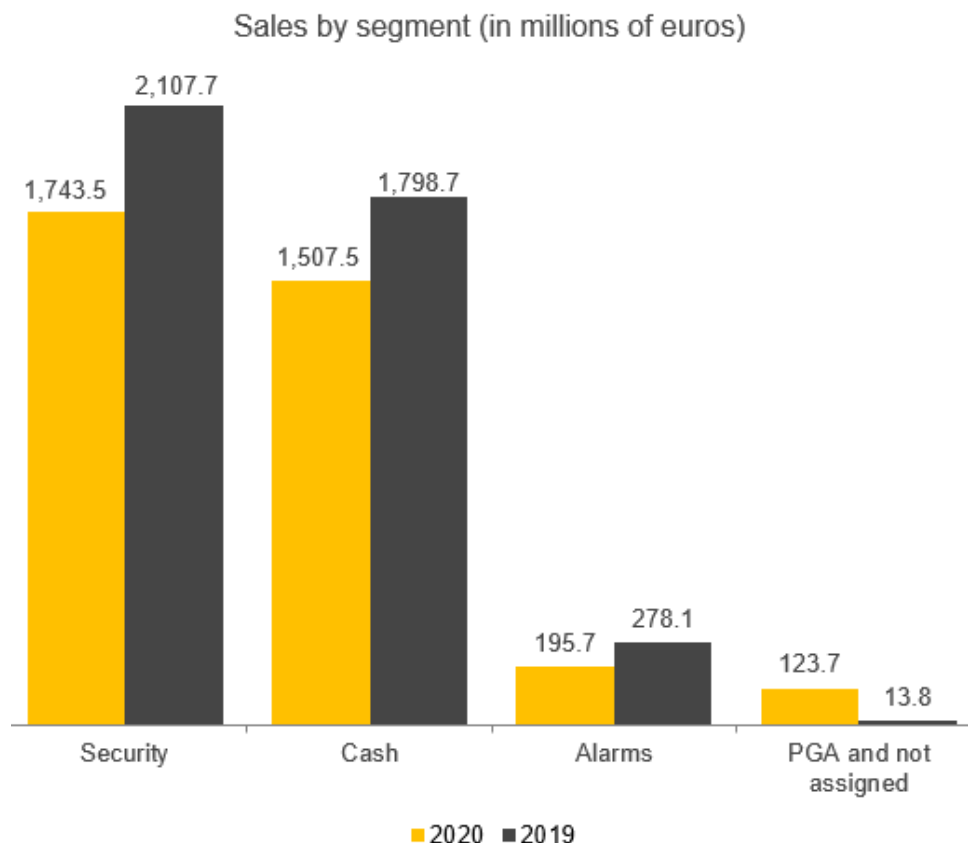
| (Millions of Euros) | 2020 | 2019 | Variation |
|--|-----------------|--------------|----------------|
| Sales | 3,570.4 | 4,198.2 | (15.0 %) |
| EBITDA | 821.7 | 536.4 | 53.2 % |
| | <i>Margin</i> | | |
| | 23.0 % | 12.8 % | |
| Depreciation and amortisation* | (158.0) | (178.2) | |
| EBITA | 663.7 | 358.2 | 85.3 % |
| | <i>Margin</i> | | |
| | 18.6 % | 8.5 % | |
| Amortisation and impairment of intangible assets | (52.5) | (27.7) | |
| Goodwill impairment | (61.8) | — | |
| EBIT | 549.4 | 330.5 | 66.3 % |
| | <i>Margin</i> | | |
| | 15.4 % | 7.9 % | |
| Financial results | (65.7) | (65.6) | |
| Profit/(loss) before tax | 483.7 | 264.9 | 82.6 % |
| | <i>Margin</i> | | |
| | 13.5 % | 6.3 % | |
| Taxes | (148.9) | (104.6) | |
| | <i>Tax rate</i> | | |
| | (30.8) % | (39.5) % | |
| Net result | 334.9 | 160.2 | 109.0 % |
| Non-controlling interests | 3.6 | 46.4 | |
| Consolidated net profit/(loss) | 331.3 | 113.9 | 190.9 % |
| Basic profit per share | 0.6 | 0.2 | |

*Includes amortisation of property, plant and equipment, rights of use, real estate investments and amortisation and impairment of computer software.

2.1.1. Sales by business area

Prosegur consolidated sales for 2020 amounted to EUR 3,570.4 million (2019: EUR 4,198.2 million), which represents a 15% decrease, of which 0.4% is a pure organic decrease and 1.7% an inorganic decrease due to divestments. The combined currency exchange rate effect and the result of applying IAS 29 and IAS 21.42 had a negative impact of 12.8%.

Consolidated sales are distributed by business as follows:



Aggregated consolidated sales are distributed by business area as follows:

| Millions of Euros | 2020 | 2019 | Variation |
|--------------------|----------------|----------------|----------------|
| Security | 1,743.5 | 2,107.7 | -17.3 % |
| <i>Total %</i> | 48.8 % | 50.2 % | |
| Cash | 1,507.5 | 1,798.7 | -16.2 % |
| <i>Total %</i> | 42.2 % | 42.8 % | |
| Alarms | 195.7 | 278.1 | -29.6 % |
| <i>Total %</i> | 5.5 % | 6.6 % | |
| PGA and unassigned | 123.7 | 13.8 | 100.0 % |
| <i>Total %</i> | 3.5 % | 0.3% | |
| | 3,570.4 | 4,198.2 | -15.0 % |

The decrease in business turnover in 2020 compared to 2019 has been of 15.0%.

The Security business, that includes Surveillance and Technology activities, reduced its sales figure by 17.3%, mainly as a result of the inorganic growth carried out as a result of the health crisis caused by COVID-19 and by the exchange rate effect.

These two effects have also caused a fall in sales of the Cash business by 16.20% and Alarms by 29.60%. In the case of Cash, in addition, sales also fell as a result of the sale of the business in France and Mexico. For its part, the Alarms business also saw its turnover reduced, mainly as a result of the sale of 50% of the Alarms business in Spain.

Trend in consolidated Prosegur turnover over the past five years is reflected in the following table:

| (Millions of Euros) | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|---------|---------|---------|---------|---------|
| Turnover | 3,902.3 | 4,290.7 | 3,939.2 | 4,198.2 | 3,570.4 |

2.1.2. Changes to the Group's structure

The changes in the composition of the Group during 2020 were mainly due to the following acquisitions:

- ▶ Cash business combinations in LatAm. During 2020, Prosegur acquired a number of security companies in LatAm providing securities logistics, cash in transit and ancillary banking services. The total purchase price was EUR 75.7 million, comprising a cash consideration of EUR 24.8 million, a deferred contingent consideration amounting to a total of EUR 27.7 million, due in 2020 and 2024 and a deferred payment of EUR 23.2 million, due in 2020, 2021, 2022, 2023, 2024 and 2025.
- ▶ Cash business combinations in Europe: Prosegur acquired a company in Europe that provides buying and selling services online through an internet platform that puts the seller in contact with the end client. The total purchase price was EUR 6.1 million, comprising a cash payment of EUR 2.2 million, and a deferred contingent consideration totalling EUR 3.9 million maturing in 2023 and 2025.
- ▶ Cash business combinations in ROW: In 2020, Prosegur acquired assets relative to cash in transit services. The total purchase price was EUR 10,5 million, entirely comprising a cash payment.
- ▶ Security business combinations in Europe: During the first half of 2020, Prosegur acquired a security company in Europe specialising in the installation and maintenance of security equipment. The total purchase price was EUR 2.3 million, comprising a cash payment of EUR 0.9 million, and a deferred contingent consideration totalling EUR 1.4 million maturing in 2020, 2021 and 2022.

The following companies were incorporated or wound up in 2020:

- ▶ In February 2020, Prosegur Consumer Finance Perú S.A.C. was incorporated in Peru.
- ▶ In February 2020, Prosegur Global BSI International, S.L. was incorporated in Spain.
- ▶ In February 2020, Prosegur Custodia de Activos Digitales, S.L. was incorporated in Spain.
- ▶ In February 2020, Prosegur BSI Internacional, S.L. was incorporated in Spain.
- ▶ In March 2020, Gelt Brasil Consultoria em Tecnologia da Informação Ltda. was incorporated in Brazil.
- ▶ In June 2020, Spike GmbH was incorporated in Germany.
- ▶ In June 2020 Prosegur EAS USA LLC was incorporated in the United States.
- ▶ In July 2020 Prosegur Security USA Inc. was incorporated in the United States.
- ▶ In July 2020, Prosegur Servicios Integrales en Seguridad Privada S.A. de CV was incorporated in Mexico.
- ▶ In October 2020, Prosegur Servicios Administrativos S.A. was wound up in Peru.
- ▶ In December 2020, Prosegur Cash Servicios S.A.C. was incorporated in Peru.
- ▶ In December 2020 Prosegur Security UK Limited was incorporated in United Kingdom.

Furthermore, the following mergers took place between subsidiaries in 2020:

- ▶ In January 2020, the takeover merger of Transfederal Transporte de Valores Ltda. by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.

- ▶ In March 2020, the takeover merger of Transvip Transporte de Valores e Vigilância Patrimonial Ltda. by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- ▶ In December 2020, the takeover merger of Tevsur Cia Ltda. by Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. was formalised in Ecuador.
- ▶ In December 2020, the takeover merger of BaS Solution GmbH, by Prosegur Cash Services Germany GmbH was formalised in Germany.

Sale of a 50% stake in Prosegur's Alarms business in Spain

Once the pertinent regulatory approvals were obtained, on 28 February 2020, Prosegur sold 50% of Prosegur's Alarms business in Spain to the Telefónica Group for a final price of EUR 305.3 million (Note 18).

Sale of 100% of the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo S.A. de CV, Prosegur Servicios de Seguridad Privada Electrónica S.A. de CV and Grupo Tratamiento y Gestión de Valores SAPI de CV.

On 14 February 2020 Prosegur sold all its stake in the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo S.A. de CV, Prosegur Servicios de Seguridad Privada Electrónica S.A. de CV and Grupo Tratamiento y Gestión de Valores SAPI de CV for a total sum of EUR 3.6 million.

The cash and cash equivalents that were sold with the companies amounted to EUR 6.710 million.

The net assets of the Mexican companies at the time of sale amounted to EUR 4.7 million. The sale entailed an expense for Prosegur of EUR 1.0 million included under the heading Other expenses. Additionally, an amount of EUR 1.2 million was reclassified to income, which corresponds to the translation differences of the Mexican companies sold.

Sale of 100% of the company Command Security Honduras S.A.

On 24 August 2020, Prosegur sold 100% of the Honduran company Command Security Honduras S.A. for EUR 0.4 million.

The cash and cash equivalents that were sold with the companies amounted to EUR 51 thousand.

The net assets of the Honduran company at the time of sale amounted to EUR 0.6 million. The sale entailed an expense for Prosegur of EUR 0.228 million included under the heading Other expenses. Additionally, an amount of EUR 29 thousand was reclassified to income, which corresponds to the translation differences of the Honduran company sold.

The sale of 100% of security operations in France

On 1 October 2020, Prosegur signed the agreement to sell 100% of the security operations in France to Fiducial for a total amount of EUR 1.

The cash and cash equivalents that were sold with the companies amounted to EUR 12 million.

The net assets of the Mexican companies at the time of sale amounted to EUR 13.2 million. The sale entailed an expense for Prosegur of EUR 13.2 million included under the heading Other expenses.

Acquisition of Alicercer Duradouros Unipessoal Ltda. and Dinero Gelt S.A.

Furthermore, in March 2020, the inactive Portuguese company Alicerces Duradouros Unipessoal Ltda. was purchased, and in October 2020 the inactive company Dinero Gelt, S.A. was acquired in Argentina.

2.1.3. Management analysis

2020 was a year marked by the social, economic and health effects of the pandemic caused by COVID-19. From its start, and in anticipation of a much more intense duration and force than what the first estimates indicated, Prosegur activated a series of measures based on three fundamental axes: protecting and guaranteeing employee health, ensuring the continuity of the clients' economic activity within the maximum health and safety parameters and, lastly, ensuring liquidity and capacity to generate cash.

In this sense, and in record time, the company deployed a series of measures to ensure the well-being and protection of employees. Fundamentally, of particular note is the promotion of telework in all positions where it is viable and the deployment of the communication and security infrastructure necessary for employees to carry out their work with the best possible guarantees.

Likewise, the company adopted the necessary health and safety measures to prepare the work centres and protect employees whose activities could not be carried out remotely. Of special note is the deployment of a digital passport that allows employees to manage access to the facilities from their mobile phone and that establishes mechanisms and protocols for monitoring positive cases.

These measures, along with others such as the use of technology for temperature measurement, verification of the use of masks or control of social distancing, were also introduced in the premises of the company's clients in order to guarantee the safety of their own employees and workspaces.

Finally, in the financial and operational sphere, Prosegur activated receipt management and working capital protection protocols. The company undertook workforce adjustments in line with the decline in demand as a result of the measures taken to contain the pandemic. These actions, together with financial policies of cash repatriation, offer to pay dividend in shares and reduction of non-strategic investments, ensured the company excellent cash generation during the period and a liquidity profile that guarantees the financial stability of the group for the years to come.

In any case, the consequences of the health crisis have affected each of the business lines with varying degrees of intensity. Despite having demonstrated a remarkable degree of resistance and adaptability, it has not been enough to counteract the fall in volume due to the temporary closures and business interruptions of the vast majority of clients.

Prosegur Cash, despite offering an essential service, has been affected by the impact of the health crisis and the subsequent containment measures introduced by governments to combat it, which resulted in a fall in activity and a reduction in the volumes operated.

The high penetration of cash payments in emerging countries, the lower incidence during the first phase of the pandemic and the development of extraordinary services allowed this negative effect to be mitigated.

For its part, Prosegur Security has also suffered the effects of the pandemic with a decrease in activity, but more attenuated due to the specific needs of client services and the maintenance of certain levels of security.

Prosegur Security's dependence on the airport sector in the United States and the total suppression of large events, combined with the general decline in economic activity in almost all countries, caused Prosegur Security's billing in the period to turn negative. Together with the deconsolidation due to the sale of the business in France and the negative effect of currencies in LatAm, the business unit totals a volume loss in 2020 of more than 17%.

In compensation, the high demand for more specialised services to guarantee secure access to client facilities, and their combination with high added value technological elements gave a strong push to the market penetration of new solutions, which already represent more than 36% of turnover. The health crisis has been a boost for this type of product due to the speed of its implementation, the economic efficiency and the versatility of the service to be able to control elements such as workers' temperature in real time, the use of sanitary masks or the adherence to recommended social distancing guidelines.

This allowed a structural improvement in Prosegur Security's profitability margins, which in 2020 closed with an increase of 500 basis points over the previous year.

Lastly, Prosegur Alarms also suffered a negative impact due to the fall in the number of additions due to the home confinements decreed in most regions. These measures prevented the normal commercial operation and installation of new connections. To this situation, an increase in the churn rate of small business clients is added.

Despite this, the total contract base of Prosegur Alarms added more than 26,000 new connections, supported by the strong growth experienced in Spain by the Movistar Prosegur Alarmas joint venture. The company, created jointly by Telefónica and Prosegur, began its operations in early 2020 to jointly target the Spanish residential market.

In short, no structural deterioration in the demand and potential of the alarms market due to the pandemic has been observed, except for the specific situation of access to the homes of new clients during the periods of lockdown. Prosegur remains confident that the alarm business will be one of the fastest growing in the coming years.

It is worth highlighting the performance of the group's financial indicators, due to the good results of the cash generation and debt containment carried out during the year. Thanks to the efficiencies obtained by digital transformation projects in the client management and receipts processes, Prosegur has improved its procedures for receipts and credit calculation. This has allowed the company to achieve a significant improvement in working capital, even in times of strong uncertainty.

Furthermore, Prosegur placed an extraordinary focus on the containment of internal spending and the control of non-strategic investments, which has resulted in a more than 30% reduction in the group's Capex.

Additionally, and as a cash outflow containment measure, the company offered shareholders the possibility of receiving a part of the company's annual dividend in shares. This initiative was accepted by more than 50% of the group's shareholders and resulted in cash savings of more than EUR 36 million.

Lastly, Prosegur's rigorous financial discipline and its excellent management of currency risk and repatriation of profits has kept corporate debt below the agreed banking limits. And also within the limits self-imposed by the company's Board of Directors.

The group's net debt/EBITDA ratio increased slightly compared to 2019 due to the share buyback programme launched two years ago. This programme culminated in November 2020 with the acquisition of almost 10% of treasury stock. If the buyback programme is excluded, the level of indebtedness would stand at 2.1 times EBITDA, which is within the group's usual leverage parameters.

The treasury stock acquired during the period was amortised by resolution of the Board of Directors in December 2020 and the company has now started a new buy-back programme with which it had acquired one percent of its own stock as of 31 December 2020.

2.1.4. EBITA Margins per business

Consolidated operating profit (EBITA) before amortisation stands at EUR 663.7 million for 2020 (2019: EUR 358.2 million).

The EBITA margin is distributed by business as follows:

| Thousands of Euros | Cash | | Security | | Alarms | | PGA and unassigned | | Total | |
|--------------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------------|---------------|--------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Total sales | 1,507.5 | 1,798.7 | 1,743.5 | 2,107.7 | 195.7 | 278.1 | 123.7 | 13.8 | 3,570.4 | 4,198.3 |
| EBITA | 185.1 | 323.4 | 68.3 | 71.2 | 17.3 | 23.2 | 393.07 | (59.6) | 663.7 | 358.2 |

The following table shows the EBITA trend seen over the past five years:

| (Millions of Euros) | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------|-------|-------|-------|-------|--------|
| EBITA | 357.6 | 414.3 | 327.0 | 358.2 | 663.7 |
| % margin on sales | 9.2 % | 9.7 % | 8.3 % | 8.5 % | 18.6 % |

The ratio of the EBITA margin to consolidated sales was 18.6% in 2020. The notable improvement in this indicator over previous years is due to the increase experienced by the "Other Income" item in the Income Statement as a result of the sale of 50% of Prosegur's Alarms business in Spain (Note 2.2).

The information on the allocation of Prosegur assets to each of the segments and the reconciliation between the profit allocated to segments and the consolidated net profit is contained in Note 10 of the Consolidated Annual Accounts.

2.1.5. Commercial information

Prosegur services are sold through regional offices and the Company's own sales personnel, with exclusive dedication. The Company applies selective criteria to minimise the risk of arrears and possible payment default. In cases where the Company has insufficient experience with a particular client, consultations are carried out using public information that allow it to objectively perform quantifiable risk assessments and individual analyses. Once the contract has been signed, throughout the period over which the service is rendered, the client receives direct attention, enabling us to work in line with their operating requirements and financial situation, thereby reducing the risk of default.

For Prosegur the client is therefore at the core of the business. Therefore, the first goal is to comply with the strictest quality standards. Likewise, in the support provided to the client, the Company seeks to favour the understanding that with Prosegur a value-added and responsible security service is being contracted.

Finally, for Prosegur the continuous update and improvement of its supply is essential, as well as the development of new products in each business line.

2.1.6. Investments

All of Prosegur's investments are always analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 0.6 million are submitted to the Board of Directors.

Amortisation and depreciation charges totalled EUR 147.1 million in 2020 (2019: EUR 164.7 million). Property plant and equipment and a Property Investments accounts for EUR 97.7 million (2019: EUR 120.4 million), computer software to EUR 18.4 million (2019: EUR 16.6 million) and other intangible fixed assets to EUR 31.0 million (2019: EUR 27.7 million).

The total investments analysed by the Investment Committee in 2020 with comparative figures from 2019 are detailed below:

| (Millions of Euros) | 2020 | 2019 |
|---------------------|-------------|--------------|
| First Quarter | 21.1 | 39.0 |
| Second Quarter | 13.5 | 28.3 |
| Third Quarter | 26.3 | 28.7 |
| Fourth Quarter | 28.0 | 26.7 |
| Total | 88.9 | 122.7 |

EUR 114.0 million was invested in property, plant and equipment in 2020 (2019: EUR 171.8 million). Investment of EUR 29.2 million was also made in computer software (2019: EUR 29.6 million).

2.2. Liquidity and capital resources

Prosegur continued formalising strategic financing transactions designed to optimise financial debt, control debt ratios and meet growth targets.

The Company calculates net financial debt considering total current and non-current borrowings (excluding other non-bank borrowings) plus net derivative financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 32.2).

At 31 December 2020 net financial debt totals EUR 889.4 million (2019: EUR 649.3 million).

2.2.1. Liquidity

Prosegur keeps a reasonable level of liquid reserves and a great financing capacity available to ensure flexibility and rapidity in meeting the requirements of working capital, of investing capital or inorganic growth.

At 31 December 2020 Prosegur has available liquidity of EUR 1,457.1 million (2019: EUR 1,591.9 million). This amount is compounded by:

- ▶ EUR 767.0 million of cash and cash equivalents (2019: EUR 530.7 million).
- ▶ The balance of other current financial assets in an amount of EUR 150.0 million (2019: EUR 319.6 million).
- ▶ EUR 305.0 million of non-current credit available, relating to the drawable syndicated loan arranged on 10 February 2017 (2019: EUR 480.0 million).
- ▶ Other unused credit facilities for EUR 235.1 million (2019: EUR 261.6 million) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity figure accounts for 40.81% of consolidated annual sales (2019: 37.9%), which ensures both the short-term financing needs and the growth strategy.

The efficiency measures of internal administrative processes implemented in recent financial years have helped to substantially improve business cash flow. The maturity profile of Prosegur debt is in line with its capacity to generate cash flow to pay it.

It is important to point out that, although part of the cash flow position at the close of 2020 is subject to certain regulatory conditions arising from Prosegur's geographical positioning, compliance with upcoming contractual obligations does not depend on distributions or payments from subsidiaries which are subject to insurmountable restrictions of a legal or regulatory nature. During the annual budget planning process, a repatriation plan of dividends from subsidiaries is designed, thus maximising the tax efficiency of the consolidated Group.

2.2.2. Capital resources

The structure of the financial debt is determined by the following contracts:

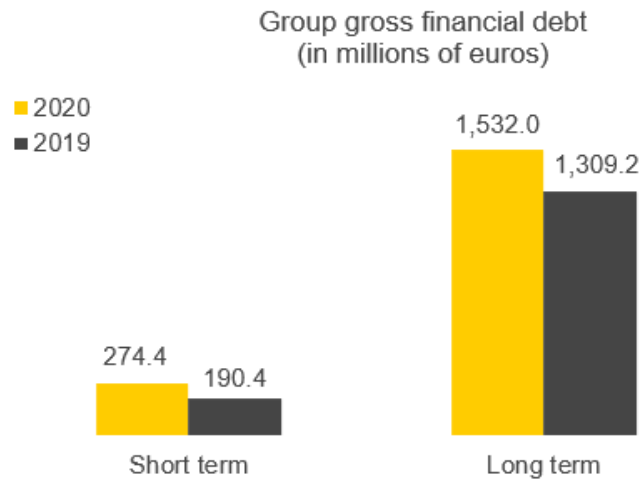
- ▶ On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700 million, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.
- ▶ On 4 December 2017 Prosegur, through its subsidiary Prosegur Cash, S.A. made an issue of uncovered bonds with a nominal value of EUR 600 million, maturing on 4 February 2026. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.38% payable at the end of each year.
- ▶ On 10 February 2017 two syndicated financing loans were contracted in the amounts of EUR 200 million and EUR 300 million both for a five-year term; the latter was taken out, by the Prosegur subsidiary, Prosegur Cash. At 31 December 2020, the capital drawn down amounted to EUR 195 million.
- ▶ On 28 April 2017, Prosegur, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated credit financing facility in the amount of AUD 70 million. In April 2020, the operation was renewed with a maturity ranging from 2021 to 2023. (AUD 10 million in 2021, AUD 10 million in 2022, and AUD 50 million in 2023).

At 31 December 2020, the drawn down capital corresponding to the loan amounts to AUD 70 million (at 31 December 2020 equivalent to: EUR 44.03 million). At 31 December 2019, the drawn down capital corresponding to the loan amounts to AUD 70 million (equivalent to EUR 43,170 million at 31 December 2019: EUR 43.76 million).

In consolidated terms, long term gross financial debt maturing over one year reached the amount of EUR 1,532.0 million at the end of 2020 (2019: EUR 1,309.2 million), mainly due to the bonds issued by Prosegur and Prosegur Cash.

Short-term gross financial debt totals EUR 274.4 million (2019: EUR 190.4 million) mainly for bank borrowings and the availability of part of credit facilities.

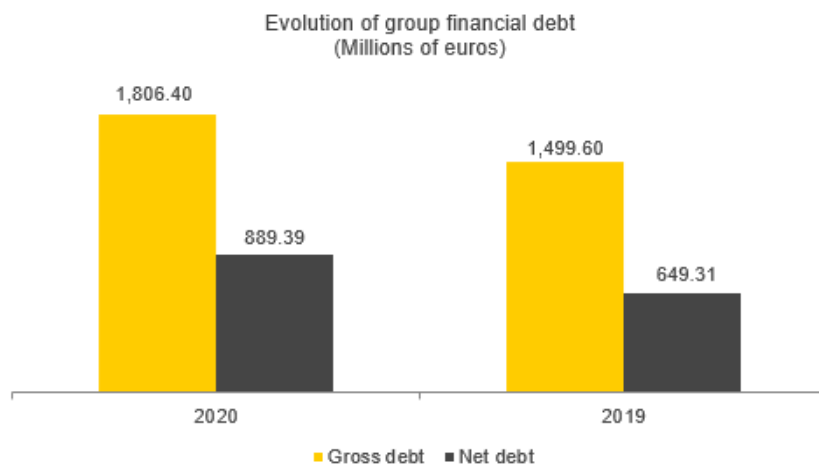
The current and non-current maturities of gross financial debt are distributed as follows:



In 2020 financial debt had an average cost of 1.12% (2019: 1.36%). The lower average cost of debt is due to the reduction in the cost of Corporate debt and of its subsidiaries.

Net financial debt at the end of the 2020 financial year was EUR 889.4 million (2019: EUR 649.3 million) and went up mainly as a result of the cash outflows associated with the business combinations made during 2020, and to the own share buyback programme.

Comparison of gross debt and net debt from 2019 and 2020 is shown in this table:



No significant changes are expected in 2021 in regard to the structure of own funds and capital or in regard to the relative cost of capital resources in relation to the financial year ended 31 December 2020.

The following table shows the maturities of the debt set out according to contractual cash flows at 31 December 2020:

| (Millions of Euros) | Less than 1 year | 1 to 5 years | More than 5 years | TOTAL |
|---------------------------------|------------------|----------------|-------------------|----------------|
| Debentures and other securities | 15.3 | 738.8 | 608.3 | 1,362.4 |
| Bank borrowings | 232.7 | 256.2 | — | 488.9 |
| Credit accounts | 49.2 | — | — | 49.2 |
| Other payables | 58.6 | 64.5 | 8.4 | 131.5 |
| Finance lease liabilities | 33.1 | 72.3 | 23.4 | 128.8 |
| Suppliers and other payables | 563.2 | — | — | 563.2 |
| | 952.1 | 1,131.8 | 640.1 | 2,724.0 |

Future lease payment commitments amount to EUR 4.8 million (2019: EUR 32.9 million) which mainly pertain to the contract of the office building in Madrid (Spain), operational bases located in Brazil, other business buildings and operational vehicles (Note 29).

Prosegur calculates the leverage ratio as the quotient resulting from the net financial debt and total capital, the latter understood as the sum of the net financial debt and net equity. The ratio at 31 December 2020 is of 36.61% (2019: 31.75%).

The ratio of net financial debt to equity is 1.37 at 31 December 2020 (2019: 0.9).

The ratio of net financial debt to EBITDA was 1.08 in 2020 (2019: 1.5).

2.2.3. Analysis of contractual obligations and off-balance sheet transactions

Note 29 of the Consolidated Annual Accounts includes the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

Additionally, as indicated in Note 28 of the Consolidated Annual Accounts, Prosegur issues third party guarantees of a commercial and financial nature. The total amount of guarantees issued at 31 December 2020 amounts to EUR 522.1 million (2019: EUR 522.8 million).

2.3. Alternative Performance Measures

In order to comply with ESMA Guidelines on APMs, Prosegur presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The Company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS) However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the Company's performance. Prosegur provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.

| APM | Definition and calculation | Purpose |
|----------------------------|--|---|
| Working capital | This is a finance measure that represents the operating liquidity available for the Company. Working capital is calculated as current assets less current liabilities plus deferred tax assets less deferred tax liabilities less non-current provisions. | Positive working capital is necessary to ensure that the Company can continue its operations and has sufficient funds to cover matured short-term debt as well as upcoming operating expenses. Working capital management consists of the management of inventories, accounts payable and receivable and cash. |
| Capex | Capex (Capital Expenditure) is the expense that a company incurs in capital goods and that creates benefits for the company, whether through the acquisition of new fixed assets or by means of an increase in the value of fixed assets already in existence. CAPEX includes additions of property, plant and equipment as well as additions of computer software of the intangible assets. | CAPEX is an important indicator of the life cycle of a company at any given time. When the company grows rapidly, the CAPEX will be greater than fixed asset depreciations, which means that the value of the capital goods is increasing rapidly. On the other hand, when the CAPEX is similar to the depreciations or even less, it is a clear sign that the company is decapitalising and may be a symptom of its clear decline. |
| EBIT margin | The EBIT margin is calculated by dividing the operating profit/(loss) of the company by the total figure of revenue. | The EBIT margin provides the profitability obtained of the total revenue accrued. |
| Organic Growth | Organic growth is calculated as an increase or decrease of income between two periods adjusted by acquisitions and disinvestments and the exchange rate effect. | Organic growth provides the comparison between years of the growth of the revenue excluding the currency effect. |
| Inorganic Growth | The Company calculates inorganic growth for a period as the sum of the revenue of the companies acquired. The income from these companies is considered inorganic for 12 months following their acquisition date. | Inorganic growth provides the growth of the company by means of new acquisitions or disinvestments. |
| Exchange rate effect | The Company calculates the exchange rate effect as the difference between the revenue for the current year less the revenue for the current year using the exchange rate of the previous year. | The exchange rate effect provides the impact of currencies on the revenue of the company. |
| Cash flow translation rate | The Company calculates the cash translation rate as the difference between EBITDA less the CAPEX on EBITDA. | The cash flow conversion rate provides the cash generation of the Company. |
| Net Financial Debt | The Company calculates financial debt as the sum of the current and non-current financial liabilities (including other payables corresponding to deferred M&A payments and financial liabilities with Group companies) minus cash and cash equivalents, minus current investments in group companies and minus other current financial assets. | The net debt provides the gross debt less cash in absolute terms of a company. |
| EBITDA | EBITDA is calculated on the basis of the consolidated profit/(loss) for the period without including the profit/(loss) after taxes from discontinued operations, taxes on earnings, financial income or costs, or depreciations of Goodwill, or impairment of intangible assets or the amortisation of intangible assets but including amortisation and depreciation of computer software. | The EBITDA provides an analysis of earnings before taxes, tax burden and amortisation of intangible assets. |
| EBITDA | EBITDA is calculated on the basis of the consolidated profit/(loss) for the period for a company, excluding earnings after taxes from discontinued operations, income taxes, financial income or costs, and amortisation expenses or depreciation on goodwill but including impairment of property, plant and equipment. | The purpose of the EBITDA is to obtain a fair view of what the company is earning or losing in the business itself. The EBITDA excludes variables not related to cash that may vary significantly from one company to another depending upon the accounting policies applied. Amortisation is a non-monetary variable and thereof of limited interest for investors. |

The reconciliation of Alternative Performance Measures is as follows:

| Working capital (in millions of Euros) | 31/12/2020 | 31/12/2019 |
|---|-------------------|-------------------|
| Inventories | 46.5 | 64.8 |
| Clients and other receivables | 675.7 | 915.0 |
| Current tax assets | 105.7 | 155.7 |
| Cash and cash equivalents | 767.0 | 530.7 |
| Other current financial assets | 150.0 | 319.6 |
| Deferred tax asset | 99.2 | 94.8 |
| Suppliers and other payables | (714.9) | (833.1) |
| Current tax liabilities | (168.1) | (138.6) |
| Current financial liabilities | (325.3) | (257.0) |
| Other current liabilities | (30.7) | (50.6) |
| Deferred tax liabilities | (66.8) | (46.0) |
| Provisions | (191.5) | (226.7) |
| Total Working Capital | 346.9 | 528.6 |

| CAPEX (in millions of euro) | 31/12/2020 | 31/12/2019 |
|---|-------------------|-------------------|
| Land and buildings (without decommissioning costs) | 0.9 | 5.0 |
| Technical installations and machinery | 20.5 | 36.5 |
| Costs of Obtaining | 4.2 | 22.9 |
| Other installations and furniture | 30.3 | 54.6 |
| Armoured vehicles and other property, plant and equipment | 20.0 | 17.4 |
| Advances and work in progress | 38.1 | 35.4 |
| Additions of property, plant and equipment | 114.0 | 171.8 |
| Additions of computer software | 30.4 | 29.6 |
| Adjusted CAPEX | 144.4 | 201.4 |
| Adjustments for hyperinflation | 0.0 | 0.0 |
| Total CAPEX | 144.4 | 201.4 |

| EBIT margin (in millions of Euros) | 31.12.2020 | 31/12/2019 |
|---|-------------------|-------------------|
| EBIT | 549.4 | 330.5 |
| Revenue | 3,570.4 | 4,198.2 |
| EBIT margin | 15.4 % | 7.9 % |

| Organic Growth (in millions of Euros) | 31/12/2020 | 31/12/2019 |
|--|-------------------|-------------------|
| Revenue current year | 3,570.4 | 4,198.2 |
| Less: revenue previous year | 4,198.2 | 3,939.2 |
| Less: Inorganic Growth | (73.2) | 257.0 |
| Exchange rate effect | (536.8) | (356.3) |
| Total Organic Growth | (17.8) | 358.3 |

| Inorganic Growth (in millions of Euros) | 31/12/2020 | 31/12/2019 |
|--|-------------------|-------------------|
| Cash LatAm | 61.2 | 69.5 |
| Cash Europe | 5.9 | 10.4 |
| Cash ROW | 8.3 | 17.8 |
| LatAm Cybersecurity | — | 7.1 |
| Europe Cybersecurity | — | 0.5 |
| ROW Security and Cybersecurity | 30.9 | 168.0 |
| Alarms LatAm | 4.3 | — |
| Alarms ROW | — | — |
| Disinvestments | (183.8) | (16.3) |
| Total Inorganic Growth | (73.2) | 257.0 |

| Exchange Rate Effect (in millions of Euros) | 31.12.2020 | 31/12/2019 |
|--|-------------------|-------------------|
| Revenue current year | 3,570.4 | 4,198.2 |
| Less: Revenue from the year underway at the exchange rate of the previous year | 4,107.2 | 4,554.5 |
| Exchange rate effect | (536.7) | (356.3) |

| Cash Flow Translation Rate (in millions of Euros) | 31/12/2020 | 31/12/2019 |
|--|-------------------|-------------------|
| EBITDA | 821.7 | 536.4 |
| CAPEX | 144.4 | 201.4 |
| Translation Rate (EBITDA - CAPEX / EBITDA) | 82 % | 62 % |

| Net financial debt (In millions of Euros) | 31/12/2020 | 31/12/2019 |
|---|-------------------|-------------------|
| Financial liabilities | 1,910.0 | 1,621.9 |
| Plus: Finance lease liabilities | 92.6 | 132.0 |
| Adjusted financial liabilities (A) | 2,002.6 | 1,754.0 |
| Cash and cash equivalents | (767.0) | (530.7) |
| Less: adjusted cash and cash equivalents (B) | (767.0) | (530.7) |
| Less: Other current financial assets (C) | (150.0) | (319.6) |
| Total Net Financial Debt (A+B+C) | 1,085.5 | 903.7 |
| Less: other non-bank borrowings (D) | (103.6) | (122.3) |
| Less: Finance lease liabilities (E) | (92.5) | (132.0) |
| Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A and financial debt from lease payments) (A+B+C+D+E) | 889.4 | 649.3 |

| EBITA (In millions of euros) | 31/12/2020 | 31/12/2019 |
|---|-------------------|-------------------|
| Consolidated profit/(loss) for the year | 331.3 | 113.9 |
| Non-controlling interests | 3.6 | 46.4 |
| Income taxes | 148.9 | 104.6 |
| Net financial expenses | 65.7 | 65.6 |
| Amortisation | 114.3 | 27.7 |
| EBITA | 663.7 | 358.2 |

| EBITDA (In millions of euros) | 31/12/2020 | 31/12/2019 |
|---|--------------|--------------|
| Consolidated profit/(loss) for the year | 331.3 | 113.9 |
| Non-controlling interests | 3.6 | 46.4 |
| Income taxes | 148.9 | 104.6 |
| Net financial expenses | 65.7 | 65.6 |
| Depreciation and amortisation | 272.3 | 205.9 |
| EBITDA | 821.7 | 536.4 |

As mentioned in Note 2 of the consolidated report, in 2020, due to the interpretation issued by the International Financial Reporting Interpretations Committee, the Company has adopted the accounting policy of recording changes in equity, associated with the currency effect and the inflation effect, under the heading "Translation differences" as a whole. Comparative figures have not been revised.

2.4. Important circumstances after the reporting period

In February 2021, the maturity was extended to February 2026 for both the syndicated loans contracted by Prosegur for EUR 200,000 thousand and that contracted by Prosegur Cash for EUR 300,000 thousand. (Note 24).

2.5. Information on the foreseeable performance of the entity

The general forecasts and estimates for 2021 are dependent on the evolution of the COVID-19 pandemic.

Although during the course of 2020 the company and its various business lines have demonstrated a strong capacity for recovery, and above-average resilience to the negative effects of COVID-19, it is difficult to anticipate the figures for growth as all the business are directly linked to the general trends of the economy and consumption of each country.

The excellent cash flow generation achieved during 2020; the comfortable level of leverage lower than the limits established by the lending banks and also below the comfort levels self-imposed by the Board of Directors; the group's excellent debt structuring – both in cost and in the length of maturity – and the solid liquidity profile at present, all allow Prosegur to face the uncertainty of 2021 with more peace of mind. And with the reassurance of having ensured the efficiency and recovery capacity of each business line.

It is expected – depending on the evolution of the pandemic – that in the next two years growth and profitability will return to levels similar to or higher than before the pandemic.

Prosegur Security will support that growth on the strong penetration achieved in recent months by the integrated security solutions, based on a combination of remote monitoring technology and mobile surveillance services. Largely fuelled by the strong demand from clients for guaranteeing COVID-free work spaces for their own clients and employees.

The Alarms business line will continue to grow strongly as the restrictions and lockdowns are removed and the sales force and technical service can attend to the strong demand in Spain that the powerful marketing package of Prosegur and its strategic partner Telefónica have placed on Movistar Prosegur Alarmas and whose growth in connections, even in the difficult times of 2020, has quadrupled the number obtained by Prosegur in 2019. Therefore the prospects in a more favourable environment without lockdown will be much more attractive.

Lastly, Cash is expected to show a very rapid recovery profile as normal business activity is restored in the countries where at present there are restrictions.

As from the second half of 2021 this development is expected to go hand-in-hand with a gradual stabilising of the macroeconomic aspects of the main regions where the company operates. This may result in a decreased volatility of exchange rates, which could help define a medium-term period in which the profitability growth rate increases.

Prosegur will nevertheless continue reinforcing its internal control procedures that ensure the efficiency in the various business. Such as the maintenance of the financial discipline of the Group and the reinforcement of corporate supervision policies aimed at an increased control of profitability by business line. Furthermore it will continue working in each market to promote organic growth via new products of greater margin.

This exhaustive level of internal control and optimisation should continue with the improvements and increases in cash generation in recent years, and which have also been seen in 2020, as many of them have become permanent structural elements of the financial discipline of the Group.

In addition, Prosegur is immersed in an ambitious project for digital transformation and innovation that is already bringing results, and which has become the essential pillar for the development of new products, as well as an important generator of internal efficiency and saving.

As observed, Prosegur will face interesting growth challenges in the years ahead. In any case, the company has excellent leverage for growth. Starting with the best platform in the world for cash in transit, to the set of the most integrated security solutions, to the optimum solvency and financial soundness with which to address these challenges. The years ahead will focus more on innovation with strong control over profitability and organic growth. Prosegur expects to continue to consolidate its leadership position, gaining market share and reinforcing its image as a worldwide company with the most advanced security solutions.

3. Stock market information



3. Stock market information

3.1. Share evolution

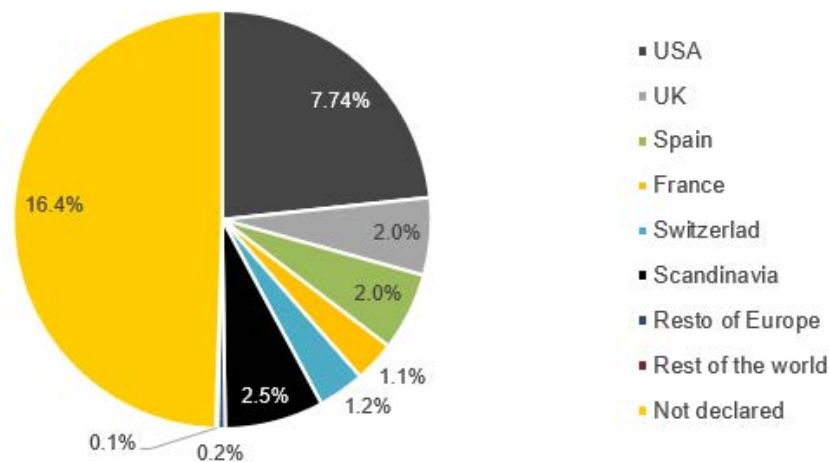
Prosegur's shares started 2020 listed at EUR 3.68 per share, and at close, on 31 December at EUR 2.44 per share. During the year, the Company's share price went down by 33.8% mainly caused by the sharp adjustment that the market applied from mid-March due to the COVID-19 crisis that left Prosegur's shares at the minimum annual price of EUR 1.79 in June.

From there on, mitigating effects such as the debt rescheduling agreement in Argentina with private creditors in September, the announcement of the termination of operations of the Security business in France and the presentations of quarterly results, are a positive boost for the share price which recovered to finish the year at EUR 2.44.

3.2. Geographical distribution of free float

Excluding the significant stakes corresponding to Gubel S.L. and AS Inversiones, representing 65.77% of the share capital, the remaining 34.23% of the Prosegur shareholding structure is geographically distributed as follows:

Shareholder distribution by geographies



At an international level and given its growth potential, Prosegur has always been well accepted among investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its free float.

In 2020 there have been some significant changes in the interests in the United States, which were reduced to 7.7% of the shareholding due to the conclusion of the investment cycle of some major shareholders in the country.

The COVID-19 crisis, and the programme for purchase of treasury stock begun by Prosegur, led to some investment funds seeking to protect their own liquidity by capitalising their more profitable investments and, in some cases, taking advantage of Prosegur's offer to buy its own shares for transfer.

In other markets there is also a slight drop, for similar reasons, although it should be highlighted that the Scandinavian investors have increased their holding in Prosegur to 2.5% as against the 1.3% held in 2019.

3.3. Relationship with investors

Prosegur focuses its efforts in the creation of value for its shareholders. Improving profit/(loss) and transparency, as well as rigour and credibility, are what guides the Company's actions.

The policy of relationship with shareholders and investors of Prosegur aims to establish a communication that is direct, personal and stable over time. The Company has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

To comply with this transparency commitment, Prosegur uses multiple communication channels. The webcast held each quarter on the occasion of the communication of results, the Investors Newsletter or the publication of other informative newsletters with content of specific interest for the investment community, are some examples of this.

During 2020, and despite the strong negative impact that the global pandemic has meant for travel and face-to-face meetings, Prosegur has maintained a level of contact with the shareholders and investors very similar to that of previous years.

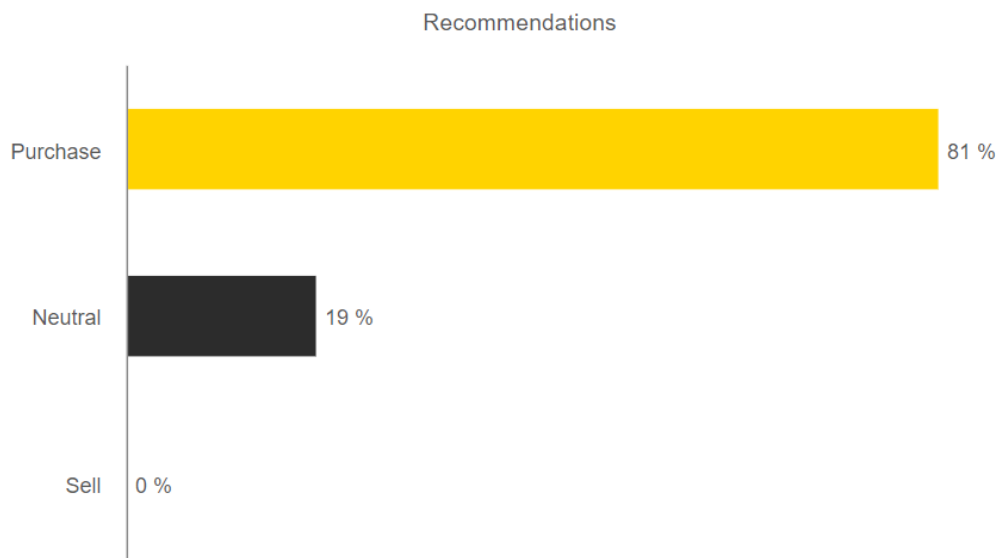
The activity was rapidly transferred to "virtual" formats through online meetings and videoconferencing. Prosegur contracted close to 170 investment funds and 22 research firms, went on 4 international roadshows and participated in 11 sectoral conferences. Furthermore, in the first months of the year, several visits were organised to operating centres.

On ESG issues (Environmental, Social and Corporate Governance), Prosegur continuously provides detailed information to any shareholders, private and institutional investors, the leading stock market analysts and proxy advisors who request it. By means of face-to-face meetings or telephone calls, the Company responded to issues regarding its Corporate Social Responsibility Policy, the commitment to the environment, the development of labour relations or the respect for and promotion of human rights. Likewise, Prosegur has participated in the procedures established by the main ESG ratings for the elaboration of its reports and belongs to the FTSE4Good IBEX index, which independently evaluates and classifies the companies that best manage sustainability and comply with the criteria of good practice in corporate responsibility.

3.4. Coverage of analysts and recommendations

In 2020 there have been some variations in the coverage of the analysts who regularly inform the market about the company. Due to the negative effects of applying the MIFID 2 directive, some analysis firms were obliged to close or suspend coverage, while at the same time other new firms began coverage in Prosegur.

At the close of the market in 2020, of a total of 16 analysts who regularly cover Prosegur's equity stock, most of them had a positive perception of the company. In this manner, three of them maintain a neutral recommendation (six in 2019), thirteen recommend purchasing (twelve in 2019) and none of them had a negative valuation or recommendation to sell.



3.5. Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability. At 31 December 2020, 65.77% of the company capital was in the hands of significant shareholders, 0.96% were own shares and the remaining 33.27% was free float.

The strong presence of the shareholding in the Board of Directors enables the management bodies to define that the strategic lines and decisions are in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

| | |
|--|--------|
| Estimated free float at 31 December 2020 | 33.27% |
| Own shares | 0.96% |
| Ms Mirta María Giesso | 6.36% |
| Board Members | 59.41% |

4. Responsible management



4. Responsible management

4.1. Prosegur Management Model

The management model of the Prosegur Group, known as the 3P System, from where all the policies, procedures and processes originate, allows us to have internal rules and a common language for services and processes. It facilitates standardisation and the provision of services aimed at meeting required quality standards, as well as efficiently managing resources and continuously improving processes. The standards are designed for the global application of certain elements, regardless of the location of the activity, but including certain characteristics that are specific to each territory.

The 3P System has obtained the following certifications:

- ▶ ISO 9001 Quality Management System.
- ▶ ISO 14001 Environmental Management System.
- ▶ ISO 22301 Business Continuity System.
- ▶ ISO 27001 Information Security System.
- ▶ ISO 28001 Security Management System for the Supply Chain.
- ▶ EN 16082 Airport Security.
- ▶ OHSAS 18001 - Occupational Health and Safety Assessment Series.
- ▶ Aproser.
- ▶ APSAD Fire Protection Security System.
- ▶ MASE Safety, Health and Environmental Management System.
- ▶ NCh2728:2015 Certificate based on the Chilean Quality Standard.
- ▶ NORSOK S-006 Certificate based on the Chilean Quality Standard.
- ▶ NP 4413:2012 - Extinguisher Maintenance Service.

4.2. Risk management

Frame of reference

The Prosegur Risk Management System allows the company to have a proactive risk management system, identifying the most critical aspects, assessing them and supervising their management by means of key indicators. Furthermore, this system is based on the standard COSO standard (Committee of Sponsoring Organizations of the Treadway Commission) and works together with other standards such as Basel III, inherent to the financial industry or the ISO 31000 standard. Furthermore, it works integrally and continuously, consolidating management by area, business unit, activity, subsidiaries, geographical areas and areas of support at corporate level.

Prosegur is a global company that is exposed to various risk factors. These depend on the countries in which it operates and the nature of the sectors. It seeks to identify these risks and assess them, an initiative that allows it to implement timely management measures sufficiently in advance to mitigate the probability of these risks occurring and/or their potential impact on targets.

In July 2020, the Audit Committee approved Prosegur's new Risk Control and Management policy, which is published on the corporate website. This standard defines the risk control and management model, powers, functions, responsibilities of the corporate governance structure and types of existing risks.

Risk management governance

In accordance with the provisions of Prosegur's Risk Control and Management Policy, one of the basic principles that guides this activity is: "to involve employees in the culture of risk management, encouraging them to identify risks and actively participate in their mitigation."

Within its general supervisory function, the Prosegur Board of Directors is the main body responsible for determining the general policies and strategies on risk control and management, and delegates responsibility to the Audit Committee to inform, advise and propose in relation to them and to supervise the operation of the risk control and management unit, through Prosegur's Internal Audit Department.

As risk control and management unit, the Risk Committee ensures the proper functioning of the risk control and management systems and, in particular, that all significant risks that affect the company are properly identified, managed, and quantified. Prosegur actively participates in preparing the risk strategy and in the important decisions regarding its management and ensures that risk control and management systems adequately mitigate the risks.

Risk management process

Prosegur's Risk Control and Management Policy includes the following basic principles on which this activity focuses:

1. INFORMATION

Inform and communicate risk exposures and conduct an annual assessment of risks.

2. RISK IDENTIFICATION

Identify business risks or foresee risk scenarios, measure and analyse their impact on the company.

4. MONITORING

Supervise and follow-up compliance with policies, standards, procedures, information systems through internal control to ascertain whether exposure is acceptable. Continuous remote and on-site monitoring.

3. CONTROL

Propose new policies or reassess existing policies. In addition, propose necessary corrective measures based on cost-effectiveness criteria to minimize identified.



- ▶ The ongoing identification, evaluation and prioritisation of critical risks, considering their possible effect on the relevant goals of Prosegur.
- ▶ Assessment of risks in accordance with procedures based on key indicators that enable their control, evaluation and monitoring.
- ▶ Periodic monitoring of the results of the evaluation and effectiveness of the measures applied by those responsible for the risks.
- ▶ Review and analysis of results by the Risk Committee.
- ▶ Supervision of the system by the Audit Committee through the Internal Audit Department.

Risk mapping

Taking as reference the objectives identified in the Company's Strategic Plan, the risks that could affect the achievement of said objectives both from a global perspective (through the main global areas of the Group) and locally (through local officials) are identified.

An evaluation of the impact and probability of the identified risks is carried out, to facilitate their prioritisation and the definition of response plans.

To help identify the risks, Prosegur has an internally developed risk management tool, which enables it to identify a general catalogue of risks that is updated once a year and which allows the information to be standardised and consolidated.

4 categories of risks are considered:

- ▶ Strategic risks: Those expected key for Prosegur, and which must be managed proactively and as a priority. If these risks materialise, they compromise the achievement of Prosegur's strategic objectives.
- ▶ Operational risks: Those related to operational management and which may significantly affect the operations of the organisation.
- ▶ Reporting risks: Those that directly affect the aspects of information reported to the organisation and/or third parties.
- ▶ Compliance risks: Those that affect internal or external regulatory compliance with third parties.

Prosegur is exposed to various types of risks in its daily activity. Being a service company, it not only manages its own risks, but also manages risks on behalf of its clients. It is important for Prosegur to minimise its stakeholders' risks.

The risks to which Prosegur is subject are generally the following:

4.2.1. Operational and business risks

Prosegur carries out its operations in sectors and markets which, in some cases, may be experiencing adverse situations that may significantly affect the company's turnover.

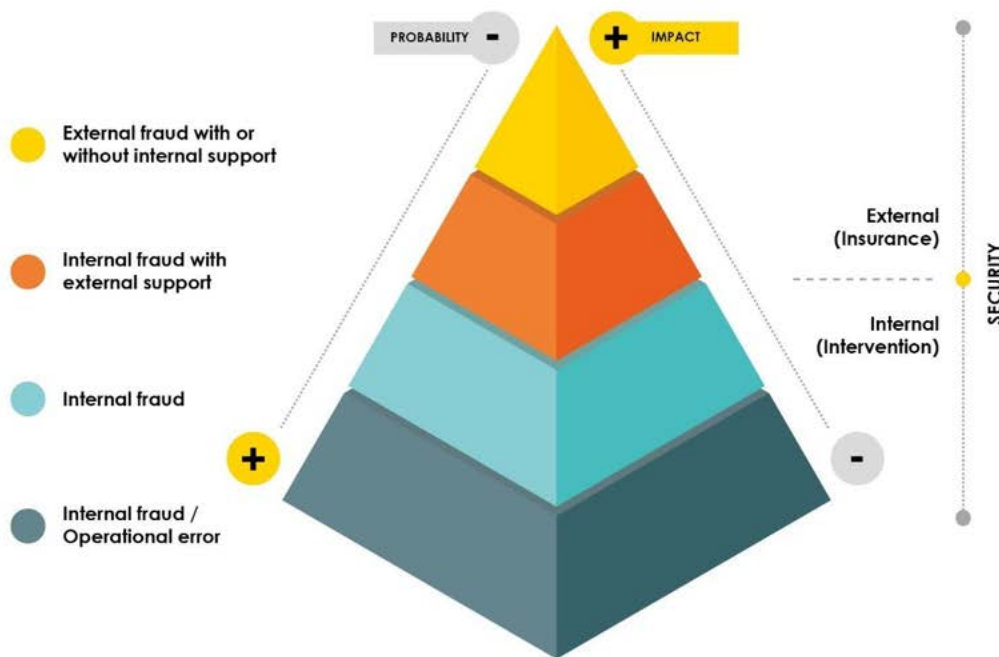
If due to adverse market conditions, such as concentration processes in the financial sector or a prolonged decrease in the use of cash (which would mainly affect the cash management business), a fall in the demand for security services by the public sector, or policies of cost containment applied by private companies (which would mainly affect the surveillance business), or a reduction of activity in the construction sector and the deterioration of the real estate market (which would mainly affect the technology and alarms business), substantial contraction in demand for services or facilities, Prosegur may not be able to reach the expected volume of business and this would therefore affect its results.

The business risks identified by Prosegur include the temporary reduction in the demand for security services, operations in highly competitive markets or inadequate management of indirect costs.

To mitigate them, the company has advanced in the diversification of business in separate markets, in the development of new value added products and services that make Prosegur stand out, which have boosted the recognition of the Prosegur brand and implemented measures for operational efficiency.

Prosegur devotes significant effort to the management of operational risks due to the potential impact on the commitments undertaken with its stakeholders and, specifically, with clients and employees. Prosegur's approach to risk management covers all fields of company activity through strict control of three basic pillars: infrastructure, processes and employees.

In order to improve efficiency in operating risk management, the Company has a Global Risk Management Directorate, an area that, given its structure and organisation, provides a competitive advantage in the management of those risks with respect to other companies of the sector.



This Directorate endows the organisation with the instruments necessary to efficiently manage the risks associated with operational security. It furthermore provides the tools necessary to ensure the maintenance of the standards and procedure defined by the Company, as well as the compliance required by national regulations.

With a corporate structure located in Madrid (Spain), the Directorate is composed of three departments with regional and national representation: Security, Intervention and Insurance. The unification of these three departments under one Directorate maximises the efficiency of the operations at a lower cost, thanks to the internal specialists that share common procedures.

The **Security department** manages the risks and legal standards on security as a second level of defence of the organisation by actively participating in the development and execution of business operations on security. This department has employees distributed in four global support areas: Intelligence, Information Security, Security of Bases and Facilities and International Tactical Training Team.

The **Intervention department** is organised into two units: Intervention and Loss Control (UPC). Both combine in situ reviews of the business operations (audits of valuables in custody, operating controls, operating security and of the facilities, and compliance with legal regulations), with the remote monitoring of the close of daily accounting entries for all regional offices, thus minimising the operating losses of the Prosegur Cash business. Additionally, it is responsible for reviewing the operations in all Prosegur Security and Prosegur Alarms business, as well as all special corporate audits (procurement, fleet, among others).

The **Insurance Department** identifies and controls operating risks and determines the bases for assurance and management, guaranteeing minimum impact on the income statement. The department arranges insurance schemes, signs policies at corporate and local level with first rate insurance companies, providing cover for a wide range of risks: for direct and indirect employees engaged in Prosegur's activity and for its fixed assets.

4.2.2. Legal, corporate and regulatory risks

Prosegur carries out its business in a strongly regulated environment and is subject to complying with certain standards in the countries in which it operates, such as: obtaining clearances or authorisations to be able to provide security services, fulfilling multiple obligations in the performance of its operations and informing on various aspects of its activities.

Amongst other standards, Prosegur is subject to complying with the legislation regulating: private security activities, labour relations and social security, occupational risk prevention, arms control, prevention of money laundering, data protection, competition law and the stock market.

Regulatory risks are mitigated by identifying the risk at an operational level, regularly assessing the control environment and implementing and continuously monitoring programmes to ensure the proper operation of controls implemented.

The local Business Areas define the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels, in connection with operational control, security and regulatory compliance. For this purpose there are standard procedures in place in all the countries where the Group operates, consistent with the requirements of regulations applicable in each case.

The Internal Audit and Compliance Directorate also plays an essential role regularly assessing the control environment and implementing and continuously monitoring the programmes to ensure the proper operation of controls implemented.

4.2.3. Financial risks

Interest rate risk

Prosegur is exposed to interest rate risk due to its monetary assets and liabilities.

The Company analyses its interest rate risk exposure dynamically. In 2020 the majority of Prosegur's financial liabilities at variable interest rates were denominated in Euros and Australian Dollars.

A simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges is performed. On the basis of these scenarios, Prosegur calculates the impact on the profit/(loss) of a given variation of the interest rate. Each simulation uses the same variation in the interest rate for all currencies. These scenarios are only analysed for the liabilities that represent the most significant positions in which a floating interest rate is paid.

Currency risk

The natural coverage made by Prosegur is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow generated and it is possible to time the investments made in each country based on operating requirements.

During 2020, Prosegur maintained a natural hedging policy, holding debts in the currencies of the main countries where the company operates in order to minimise exposure to currency risk.

Although Prosegur operates in a large number of countries, its financial debt is concentrated mainly in the following currencies: Euros, South African Rand and Australian Dollar. The debt in Euros represents 88%, 2% in Australian Dollars, 3% in Argentine Pesos, 2% in Brazilian Reals and 5% in all other Prosegur currencies.

Note 24 of the Consolidated Annual Accounts reflects the value of financial liabilities by currency. Note 32.1 contains relevant information on the exchange rate exposure via the rates of the main currencies affecting assets and liabilities.

Credit risk

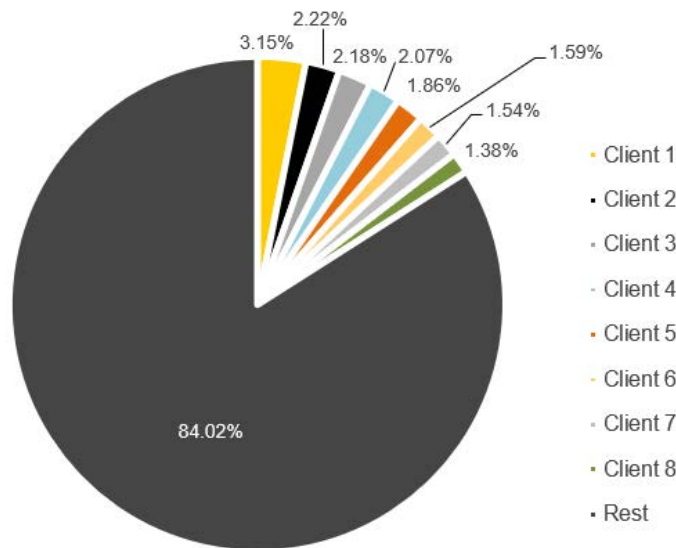
The Credit and Collection Departments of each of the countries in which Prosegur operates carry out a risk assessment of each client on the basis of the contract data and establish credit limits and payment terms which are recorded in the Prosegur management systems and periodically updated. Monthly tracking of the credit situation of the clients is carried out, making any value corrections deemed necessary on the basis of clearly established policies.

Note 32.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Department and updated credit limits and levels are periodically published.

Client concentration

Prosegur is not significantly exposed to clients. Note 32.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of Prosegur, as shown in the following pie chart:



4.2.4. Technological risks

The activities of Prosegur and the other companies of the Prosegur group, especially those related to the cash in transit services and the connections to the alarm receiving centres, are highly dependent on their information technology infrastructure and their communications.

In the normal course of its activity, Prosegur collects, manages, processes and preserves sensitive and confidential information, including commercial and operational information regarding its clients and personal information on clients and employees.

Despite the security measures in place both in the facilities and in the computer systems, the information in Prosegur's possession could be vulnerable to security breaches, computer viruses, data loss, human errors or other similar events.

Prosegur has strengthened its Information Security area in 2020 with the incorporation of Chief Information Security Officer, a Global CISO and CISOs in each of its business lines. Based on the NIST Cybersecurity Framework, it has introduced important improvements into the different functions, with special mention of those related to Protection, Detection and Recovery.

Similarly, the training and awareness of all its employees is a priority for Prosegur. Therefore, it has reached a level of training in cybersecurity through the Prosegur Corporate University of more than 90% of the employees. Moreover, some periodic cyber awareness exercises have been carried out to keep our employees trained on an ongoing basis.

4.2.5. Reputational Risks

Maintaining the success of Prosegur's business over time is largely based on the trust generated by the quality and control of the services it offers, its reputation as a company and the integrity of its employees.

In order to be able to respond to actual or perceived incidents which have a negative effect on its name or generate brand value loss, Prosegur detects any possible irregularities through its Report Channel, anticipates non-fulfilment through the Corporate Compliance Programme and implements independent processes of due diligence.

4.2.6 Environmental risks

The activities carried out by Prosegur for the Security, Alarms and Cash business are considered to have a low environmental impact.

Prosegur makes a significant effort in environmental matters, taking as a model the system of management and continuous environmental improvement defined by the ISO 14001 international standard.

The environmental impact associated with our activity in each country is evaluated, measured and reduced and we make our employees aware of caring for the environment by communicating good practices that promote sustainable development.

Policies with environmental management commitments and objectives are established in the business and countries in which the company operates, in order to guarantee compliance with the applicable environmental legislation in each country. Likewise, the company seeks to obtain a compliance commitment from the suppliers and companies to which it subcontracts services.

4.2.7 Risks of corruption and fraud

Prosegur carries out its activities through various operating companies located in different countries, which may be affected by situations of corruption and/or fraud. These risks can affect the economic development of these countries and even put their state and government models at risk, violate the principles of equality and competition in the markets and cause serious damage to the social order, political stability and the economy.

The company has a solid crime prevention programme in the countries where it operates, implemented through policies, procedures and the establishment of controls to prevent any corruption and fraud in which an employee, administrator, shareholder, client or supplier or any related third party acts dishonestly, or the materialisation of these risks might affect the company's reputation and financial situation.

4.2.8 Political risks

Prosegur operates in various countries. The risk outlook is dynamic and may affect the economic interests of the company, as a consequence of changes or the lack of political stability in a country or region.

Prosegur continuously monitors emerging risks through its Security department.

4.3 Global risk environment

The appearance of the Coronavirus COVID-19 in China in January 2020 and its global expansion has caused a global health crisis.

The COVID-19 pandemic is not only an unprecedented health emergency, it is an economic and social emergency, the magnitude and consequences of which make organisations face one of the most serious challenges.

This year, Prosegur specifically monitored the evolution of events and their impact on the company's operations, on its employees and on its clients and suppliers, applying a series of intervention protocols aligned with the recommendations of the pertinent health and administrative authorities.

Among these action protocols Prosegur includes the creation of a multidisciplinary team of senior managers who have permanently evaluated the measures to be taken and the deployment of preventive measures and action procedures necessary to guarantee the health and safety of all its employees and to maintain excellence in client service, and it has adopted the suggestions and indications that have been established by the Ministry of Health in light of the risk of spreading the virus.

5. Statement of Not-financial Information



5. Statement of Non-financial Information

Prosegur acknowledges that its position as a worldwide reference in private security confers upon it the responsibility to work to raise the standards of the sector in all the areas in which it operates. Performance in aspects such as reducing its environmental impact, generating quality employment, occupational health and safety, regulatory compliance, respect for human rights or good governance most clearly represent its commitment.

Within the framework of the management system of Prosegur, known as the 3P System, formal procedures and policies have been compiled in connection with these matters. The 3P System affords the Company internal rules and a common language for services and processes throughout the organisation. It facilitates standardisation and the provision of services aimed at meeting required quality standards, as well as efficiently managing resources and continuously improving processes.

With regard to social and environmental issues, and those relating to staff, respect for human rights and combating corruption and bribery, we highlight the following policies and procedures:

- ▶ Prosegur Corporate Social Responsibility Policy.
- ▶ Environmental Management Policy.
- ▶ General Regulation Concerning Human Resources Management.
- ▶ General Regulation Concerning Complaints for Discrimination and Harassment.
- ▶ Occupational Health and Safety Policy.
- ▶ Prosegur Code of Ethics and Conduct.
- ▶ General Procedure Governing the Report Channel.
- ▶ Human Rights policy

Except in respect of matters reserved for the competency of the Shareholders General Meeting, the Board of Directors is the Company's most senior decision-making body. In turn, the Audit Committee is responsible for supervising the process for preparing and submitting the necessary financial information and presenting recommendations or proposals to the governing body aimed at safeguarding its integrity.

In October 2020, the Board of Directors granted new Sustainability functions to the Appointments and Remuneration Committee, and reformulated it as the Sustainability, Corporate Governance and Appointments and Remuneration Committee.

Furthermore, a Global Sustainability Department has been created, dependent on the Senior Management, whose functions include the coordination of all areas in Environmental, Social and Corporate Governance aspects and ensuring that the ESG objectives and initiatives are aligned with the strategy of the Prosegur Group.

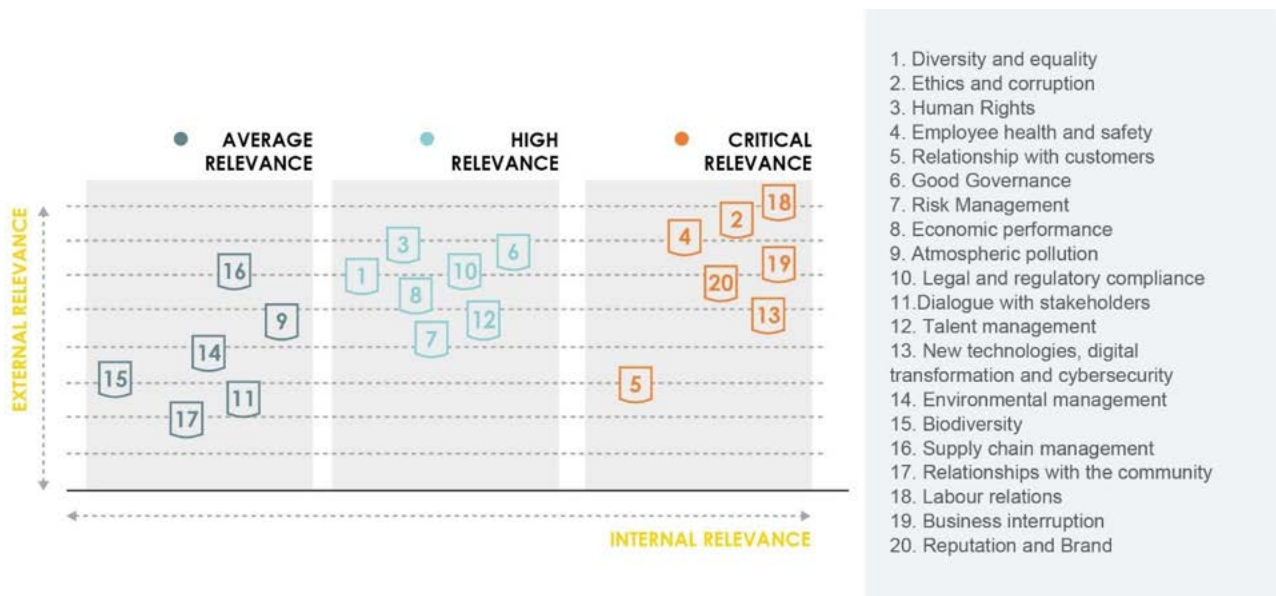
Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines: Security, Cash and Alarms. Accordingly, the company itemises profit/loss before income tax per region, in order to provide a better understanding in Note 5.5.4 of this Statement of Non-financial Information.

The 2020 materiality analysis of Prosegur is based on the review and update of the materiality matrix and the adaptation of the topics to the context and developments of the sector and its environment. Consequently, the purpose of the organisation is to identify the most relevant areas for external (clients and shareholders) and internal stakeholders (with which an ongoing dialogue is maintained by means of unions and employee organisations), with a view to showing the progress made and determining the measures to take in order to continue generating value.

Prosegur updated the materiality analysis based on the following aspects:

- ▶ External relevance in the sector: Standard Global Reporting Initiative Guide (GRI), information from international bodies and selective stock indices and topics that may have been a source of controversy in the private security sector.
- ▶ *Benchmarking against peers*: Analysis of relevant information and best practices at industry peers and materiality studies of companies in and out of the sector.
- ▶ Internal relevance: Analysis of the impact of each topic identified in the risk map approved in the Risk Committee, based on relevant data such as the strategic plan, sectoral reports, analysis of competitors, opinion of business and corporate areas and interviews of the management team.

As a result of this assessment, a list was drawn up with the 20 matters of greater importance to Prosegur:



Taking into account the income/(loss) for this year, Prosegur does not consider the following to be material issues:

- ▶ Biodiversity: The Company does not have a significant impact on living creatures and the variety of ecosystems.
- ▶ Actions to fight the waste of food the company has no related business activity.

The information concerning risk management, its assessment and impact is described in Note 4 of the Consolidated Directors' Report.

Information concerning the Company's activity, location, regions and operations is provided in Note 1 of the Consolidated Directors' Report.

About this report

- ▶ This report responds to Act 11/2018 concerning non-financial reporting and diversity.
- ▶ The scope of this Statement of Non-financial Information statement is the same as the consolidation scope of financial reporting, with the exception of the new M&A acquisitions in already existing geographical areas in 2020 (Brazil, Colombia and Spain) which are in the process of integration and standardisation of the Company's processes and systems, the divestment in France, Honduras and Mexico executed in 2020, and equity-accounted business (Cash India). The tables including quantitative data contain notes indicating the scope of the data reported compared to sales or employees.
- ▶ Sales and employees in the consolidation scope amount to EUR 3,570.4 million and there are 147,231 employees.
- ▶ Most of the comparative figures for 2019 are shown for information purposes only and may not cover the same scope as the figures for 2020, although there are exceptions as a result of legal requirements for reporting the evolution.
- ▶ The contents of Act 11/2018 and GRI standards were used to compile this report, in accordance with the GRI option chosen, as detailed in the Appendix to this Statement of Non-financial Information.
- ▶ In accordance with current commercial regulations, this Statement of Non-Financial Information has been verified by EY. The independent Verification Report is attached to this Statement of Non-Financial Information.

5.1. Environmental matters

| KPIs | | 2019 | 2020 | Scope (over sales) |
|---|----------|------------|---------------------|--------------------|
| Direct CO2 emissions | Security | 41,528 T | Security 26,808 T | 100% |
| | Cash | 94,272 T | Cash 112,628 T | 100% |
| | Alarms | 11,915 T | Alarms 10,252 T | 100% |
| Indirect CO2 emissions | Security | 2,980 T | Security 4,464 T | 94% |
| | Cash | 13,818 T | Cash 12,785 T | 94% |
| | Alarms | 768 T | Alarms 1,481 T | 94% |
| Electricity consumption MWh | Security | 11,298 MWh | Security 14,196 MWh | 94% |
| | Cash | 52,602 MWh | Cash 53,471 MWh | 94% |
| | Alarms | 2,782 MWh | Alarms 5,388 MWh | 94% |
| Non-hazardous waste managed | Security | 262 T | Security 108 T | 96% |
| | Cash | 2,226 T | Cash 1,655 T | 96% |
| | Alarms | 70 T | Alarms 68 T | 96% |
| Hazardous waste managed | Security | 36 T | Security 5 T | 97% |
| | Cash | 168 T | Cash 82 T | 97% |
| | Alarms | 81 T | Alarms 7 T | 97% |
| Fuel (millions of litres) | Security | 15 | Security 10 | 100% |
| | Cash | 34 | Cash 41 | 100% |
| | Alarms | 4 | Alarms 4 | 100% |
| Paper consumption | Security | 168 T | Security 55 T | 97% |
| | Cash | 610 T | Cash 628 T | 97% |
| | Alarms | 25 T | Alarms 12 T | 97% |
| Number of uniforms distributed | Security | 879,520 | Security 681,189 | 97% |
| | Cash | 226,013 | Cash 147,755 | 97% |
| | Alarms | 25,278 | Alarms 17,330 | 97% |
| Water consumption (m3) | Security | 69,088 | Security 154,115 | 94% |
| | Cash | 328,862 | Cash 485,920 | 94% |
| | Alarms | 21,343 | Alarms 16,694 | 94% |
| Natural Gas (m3) | Security | 22,950 | Security 44,827 | 100% |
| | Cash | 82,004 | Cash 150,956 | 100% |
| | Alarms | 640 | Alarms 11,703 | 100% |
| Consumption of Operational Plastics (T) | Security | n/a | Security n/a | 97% |
| | Cash | 2,194 T | Cash 1,577 T | 97% |
| | Alarms | n/a | Alarms n/a | 97% |

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2020 (except for Ecuador), disinvestments and the countries in which business are equity-accounted.

Prosegur has a global 3P Environmental Management Policy, or general regulation that is binding upon all employees. Each country defines a local policy that should be aligned with the global policy and ensure the unavoidable obligation of local management to show compliance with applicable environmental legislation in its region.

The business areas have defined the main environmental risks and are currently developing the measures to mitigate those risks. Prosegur was the first Spanish security company to obtain certification ISO 14001, for both Prosegur Security and Prosegur Cash. Prosegur is certified in Spain, Colombia and Portugal. In those countries where certification is not available, the company will implement the best practices acquired that are not already underway.

Prosegur business activities do not have a significant impact on the environment and neither do they pose a threat in terms of climate change and biodiversity. They are activities related to the provision of services. As such, they cannot be considered to be transformation or manufacturing activities.

They are very labour-intensive activities, such as cash in transit services or surveillance work. The most significant environmental impact is found in the activity of Prosegur Cash, mainly caused when driving armoured vehicles to and from client facilities.

The functions that previously fell to the Global Directorate of Quality, Environment and Safety and Health at Work, have recently been disaggregated. On the one hand, the Environment function has moved to business and the global function now falls to the Global Sustainability Directorate. The functions of Health and Safety and Prevention of occupational risks now fall to the Global Directorate of Labour Relations. The heads of areas of the departments for business, fleet, property services and procurements define and adopt measures to improve the environmental impact within their scope of competency, always coordinated and backed up by the specialist from Environment of each business and by the Global Sustainability Directorate.

The main environmental issues relating to Prosegur's business activities - which do not have a significant impact on the environment, climate change or biodiversity - are the following:

- ▶ Prosegur Security and Prosegur Alarms business involve activities considered to be of low environmental impact. The most significant are the consumption of paper, uniforms and fuel, and the generation of mainly low-hazard waste such as paper and cardboard.
- ▶ Prosegur Cash is also considered a low-impact activity, though higher than the Security and Alarms business. The main environmental issue relates to the direct emissions of greenhouse gases associated with fuel consumption. There is also the consumption of electricity, paper and plastics at the operating centres.

Prosegur shows its firm commitment to combating climate change through the accounting and control of its consumption and, accordingly, its carbon dioxide emissions.

The Cash in transit and cash management services business have devised a scorecard to measure, among other indicators, the consumption of fuel by the armoured fleet, which it uses as the basis for decision-making. This scorecard has already been implemented in eighteen countries.

In Prosegur Security and Prosegur Alarms business, emphasis has been placed on the definition of indicators to enable the implementation of reduction and efficiency objectives. These collect information on consumption, waste and emissions of each one of the countries in which the company operates.

Management of both business, fully conscious of the impact of their activities on the environment, have chosen those consumptions and waste with the greatest impact.

Sustainable mobility

In 2020 Prosegur Cash reached a milestone in the heavy industrial fleet, with the commissioning of twelve ECO hybrid armoured vehicles in Spain and one 100% electric armoured, zero emissions vehicle in Germany.

These hybrid armoured vehicles, which will operate in Madrid and Barcelona, have a 110 PS EURO VI thermal engine and a 40 KW electric motor that provides a total of 150 PS and is ECO environmental, and entails a reduction in CO₂ emissions from the atmosphere of close to 25%, a saving of 23% in fuel consumption and 10% in maintenance costs.

The 100% electrical armoured vehicle implemented in Germany and the hybrid armoured vehicles operating in Spain are part of a pilot programme with which the company will continue to deepen its

fleet hybridisation and electrification plan. Portugal will be the next market where new low-emission vehicles will be deployed.

The company chooses vehicles in consideration of compliance with the latest Euro VI legislation, lower fuel consumption and the least direct emissions of CO₂ possible. In 2020, 1,578 ECO vehicles were available (fuels depending on the country and their ease of implementation are 100% electric, Ethanol, LPG, Hybrids and CNG). Of this total, 1,102 are hybrids and 100% electric, with the surveillance and technology business having the greatest impact with a total of 1,007 vehicles of the total ECO vehicles. The countries where the orientation towards the ECO model has been developed most has been Spain with a total of 1,103 ECO units, followed by Brazil with 304 units, and a reduction has been achieved in the operating light fleet of 430 vehicles (in Security and Alarms).

At Prosegur Cash, 401 armoured units have been deactivated as part of a permanent renewal plan for the heavy fleet, identifying those vehicles that have higher fuel consumption due to their age or state of preservation, in order to reduce the impact on the carbon footprint and streamline the variable costs of the fleet.

The company has continued making progresses in the policies promoted at the global level to control fuel consumption establishing, among other measures, armoured vehicle fuel reduction goals at the operating base level.

The projects implemented from Global Directorate include a shared fleet model implemented in Spain in 2019, by means of which a broad group of users, through a reservation platform managed in their smartphone terminals, access this to reserve the use of a fleet of ecological vehicle (electric/LPG/CNG) by time slots. This model is designed to cover mobility needs based on use. This product, which has made it possible to optimise resources by increasing vehicle occupancy, will be deployed in the rest of the countries where the company operates.

Prosegur has also counted with the collaboration of different companies in the automotive sector, mostly start-ups, as well as with the support of universities and scientific research centres to seek a collaborative environment that allows the achievement of sustainable mobility solutions.

As a benchmark for innovation in the sector, Prosegur Cash analyses new vehicle developments and the use of alternative fuels. Nowadays, this includes the design of lighter armoured vehicles, therefore more efficient in fuel consumption; and engines with alternative fuels such as hydrogen and other renewable sources.

All of these projects are aimed at an adjustment plan of the operating fleet, for the purpose of reducing direct CO₂ emissions and boosting the efficiency of resources.

At 31 December 2020, direct and indirect CO₂ emissions from business of the group were 149,688 T and 18,730 T respectively (147,715 T and 17,567 T respectively at 31 December 2019).

In the 2020 financial year, Prosegur reduced its CO₂ emissions by 10% compared to 2019 within a constant perimeter, without taking into account the incorporation of new areas reporting data for the first time (Central America, Ecuador, Indonesia and Philippines in Cash and USA in Prosegur Security).

The decarbonisation target set by business for the Strategic Plan 21-23 is as follows:

- ▶ Prosegur Cash establishes a 3% annual reduction in consumption per kilometre by turning the fleet towards more efficient models. The company will also begin offsetting its emissions during the Plan 21-23. Prosegur Cash also expects to reduce scope 2 emissions by 10% during the period and to acquire green energy in all its geographic areas.
- ▶ Prosegur Security and Prosegur Alarms each establish a 5% reduction in their emissions through the purchase of new more efficient electric and hybrid vehicles and the reduction of the size of the fleet. Both business will also start offsetting their emissions during the Plan 21-23. Both business also expect to reduce scope 2 emissions by 10% during the period and to acquire green energy in all their geographic areas.

Additionally, Prosegur has adhered to the international commitment promoted by Amazon and Global Optimism called The Climate Pledge, which aims to achieve carbon neutrality by 2040, ten years ahead of the Paris agreement.

Uniformity

Prosegur operative uniforms are distributed centrally and specially for all Europe from the warehouse that we manage together with the Aprocor Foundation, thus fostering the inclusion of individuals with disabilities. The uniforms have been designed with Ecodesign criteria to extend their useful life and with the Aprocor foundation a circular uniformity management is carried out that includes direct logistics, inverse logistics and garment recycling. In 2020, more than 100,000 garments were recycled with the subsequent positive impact in terms of solidarity as well as the environment.

Recycling and circular economy

As for used tyres, suppliers undergo a standardisation process to ensure recycling is duly guaranteed. At Prosegur own workshops in various countries in LatAm, the manner of collecting tyres is established to ensure they are properly recycled. Prosegur is furthermore registered as a waste producer in Argentina own workshops, in the city of Buenos Aires.

In Spain, the tyre waste treatment follows the requirements established in Royal Decree 1619/2005, prioritising reduction, reuse and recycling by an approved supplier. For the management of the NFU (Out of Use Tyre) in the rest of the European countries, this is governed by the attribution of the EUROTASA to the producing companies, which is applied in the purchase of the new tyre and is intended for the removal and recycling treatment by organisations approved for this purpose.

Paper consumption

Prosegur is implementing a new multifunction printer model which, together with the progressive introduction of teleworking, will significantly contribute to reduce paper consumption. A 40% reduction in paper over Strategic Plan 21-23 is estimated thanks to this new global document printing policy and the review of certain business processes based on digitisation processes, such as the GTV in Brazil. This tax form used in transport and billing tasks will be replaced by a digital form during 2021 to avoid the consumption of more than 20 million sheets of paper.

Travel

During 2020 the new global travel management model operating in Argentina, Chile, Spain, Mexico and Portugal, allowed centralised, 100% digital management with an end-to-end tool that allows the integrated control and monitoring of the carbon footprint. By 2021, Prosegur will complete the implementation in the rest of the LATAM countries, the USA and Germany.

The current global travel policy establishes that trips must be requested only when there is no other means to achieve the intended operational objectives, with the clear purpose of reducing the number

of travels to the essential minimums. Within its prioritisation elements the parameterisation of the self-booking tool has the selection of the shortest routes, establishing a control and monitoring of emissions. The reduction target for 2021 is set at 30% based on consolidated emissions.

Recycled operating materials and biodegradable bags

Prosegur is carrying out a plan to transform traditional operating material into more sustainable and ecological solutions. In the awarding of the tender at the European level, sustainability requirements have been incorporated for the bags used in Cash in transit services at Prosegur Cash. The implementation plan will begin in Germany, Spain and Portugal to replace the bags traditionally used in the transport of securities (made in virgin polymer material) with more sustainable alternatives made with recycled material (post-consumption recycled polyethylene). The main suppliers have the European Natur Cycle and Blue Angel Certificates.

Additionally, an innovative project to create the first compostable cash in transit bag made from 100% biodegradable materials has been successfully completed.

Energy Efficiency

In 2020, Prosegur carried out a pilot trial in Brazil that consisted of the installation of photovoltaic solar panels in 15 Prosegur Cash branches, covering 70% of their annual energy demand with self-generated solar energy and estimating 95% coverage for 2021 in these delegations. By 2021, the company will extend this line of action to Europe and the rest of LatAm, as part of a global initiative framed within the Strategic Plan 21-23, called Energy Efficiency and Alternative Energies. This project consists, on the one hand, of the installation of photovoltaic and solar thermal solar panels, and the evaluation of other forms of energy generation, such as geothermal energy, biomass boilers and aerothermal energy. On the other hand, and linked to this, the plan includes the development of a control system for the efficient management of electrical and air conditioning installations, as well as the renovation and improvement of current facilities. Furthermore, although since 2015 Prosegur develops a global luminaire replacement plan using LED technology, in the 21-23 Strategic Plan the company has set the objective of taking on 100% efficient lighting.

In April 2020, Prosegur signed a new contract with its electricity supplier in Spain (Endesa) that will guarantee that 100% of the electricity comes from renewable sources, in accordance with the Guarantee of Origin System that certifies renewable sources of supplied energy. As a result, in April 2021, the first certificate of energy from 100% renewable energy sources and high-efficiency cogeneration, issued by the National Commission on Markets and Competition, will be obtained. Energy from renewable sources accounts for 15% of the Prosegur Group's total.

Additionally, in compliance with Royal Decree 56/2016, Prosegur undergoes an energy efficiency audit carried out by an external verifier every four years. The last verification was made in December 2020 by BNP Paribas Real Estate.

At 31 December 2020, electricity consumption of the group business was 73,043 MWh (2019: 66,682 MWh). This increase is due to M&A and the entry in new geographic areas.

Due to the nature of its business operations, Prosegur has not established any measure to reduce light or noise pollution.

Sustainable use of resources

On a country-by-country basis, the consumption and waste generation associated with the Company's activity is monitored. Each country establishes the actions and goals to minimise said impact annually. Waste is always subsequently processed by an authorised waste processor, in

accordance with the applicable legislation in each country. Furthermore, Global Directorate has implemented the following actions in the last year:

- ▶ A digital transformation programme in all business, with special mention of electronic signature and digitalisation of contracts with clients, suppliers and employees, and also digitalisation of delivery notes in Cash and other operating documentation used in the technical service of the business and management of facilities. This results in a significant decrease in paper consumption.
- ▶ Progress continues in the policies promoted at the global level to control fuel consumption establishing, among other measures, armoured vehicle fuel reduction goals at the operating base level.
- ▶ Continuity of awareness campaigns to reduce water consumption in headquarters and centres.
- ▶ Continuity of energy efficiency programmes at operating centres, installing efficient lighting devices (LEDs), as well as environmental awareness campaigns.
- ▶ Centralisation in each country of the contracting of approved waste processors to ensure compliance with legal requirements.

In Spain there is an integrated management model that ensures full traceability of the segregation and treatment of waste in specific facilities by authorised managers. In the rest of the countries where Prosegur operates, there are non-homogeneous models with different degrees of efficiency, depending on the locations.

Prosegur consumes materials responsibly and seeks to reduce waste generated by promoting a culture of environmental responsibility and undertaking to reduce the impact of the activities it performs. At 31 December 2020, hazardous and non-hazardous waste managed amount to 82 tonnes and 1,655 tonnes, respectively (2019: 285 tonnes and 2,558 tonnes respectively).

Prosegur has a civil liability policy, valid until 31 December 2021, which includes coverage for accidental contamination that it could generate. This policy has a coverage of up to EUR 75,000,000 per claim to cover accidental damages that may be caused by the exercise of the activity.

5.2. Social and employment matters

Datos 2020

| Scope | | Total | Spain | Portugal | Germany | Australia | Indonesia | Phillipines | China | Singapore | Southafrica | Brazil | Argentina | Chile | Uruguay | Paraguay | Peru | Mexico | Colombia | Central America | Ecuador | USA | |
|--|------------------------------|--------|---------|----------|---------|-----------|-----------|-------------|-------|-----------|-------------|--------|-----------|--------|---------|----------|-------|--------|----------|-----------------|---------|-------|-------|
| Total summary of employees | | 100% | 147,231 | 31,277 | 5,243 | 4,226 | 1,001 | 496 | 1,145 | 529 | 1,915 | 587 | 43,705 | 17,766 | 5,084 | 2,024 | 1,865 | 10,358 | 3,104 | 10,041 | 1,407 | 1,555 | 3,903 |
| Resumen total de empleados | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 118,338 | 24,192 | 4,283 | 3,487 | 664 | 487 | 689 | 493 | 1,535 | 544 | 36,249 | 14,410 | 4,087 | 1,801 | 1,645 | 8,887 | 2,438 | 7,327 | 1,177 | 1,406 | 2,537 |
| | Women | | 28,893 | 7,085 | 960 | 739 | 337 | 9 | 456 | 36 | 380 | 43 | 7,456 | 3,356 | 997 | 223 | 220 | 1,471 | 666 | 2,714 | 230 | 149 | 1,366 |
| Age | Less than 30 years old | 100% | 24,136 | 3,245 | 540 | 333 | 149 | 301 | 629 | 106 | 239 | 76 | 6,265 | 3,217 | 914 | 174 | 559 | 2,647 | 826 | 2,346 | 421 | 252 | 897 |
| | Between 30 an 50 years old | | 90,710 | 17,289 | 3,500 | 2,086 | 460 | 190 | 466 | 223 | 723 | 429 | 30,596 | 11,849 | 2,574 | 1,103 | 1,247 | 6,476 | 1,857 | 6,184 | 850 | 1,060 | 1,548 |
| | More than 50 years old | | 32,385 | 10,743 | 1,203 | 1,807 | 392 | 5 | 50 | 200 | 953 | 82 | 6,844 | 2,700 | 1,596 | 747 | 59 | 1,235 | 421 | 1,511 | 136 | 243 | 1,458 |
| Professional category | Directors and managers | 100% | 1,230 | 300 | 24 | 39 | 7 | 31 | 11 | 7 | 12 | 9 | 260 | 139 | 31 | 15 | 26 | 34 | 22 | 55 | 17 | 7 | 184 |
| | Supervisors and coordinators | | 3,326 | 518 | 53 | 68 | 43 | 25 | 17 | 11 | 81 | 3 | 953 | 607 | 43 | 69 | 113 | 133 | 102 | 219 | 67 | 35 | 166 |
| | Analysts and administratives | | 9,200 | 1,985 | 363 | 151 | 38 | 17 | 84 | 25 | 22 | 76 | 2,409 | 1,365 | 490 | 122 | 155 | 1,024 | 116 | 495 | 102 | 126 | 35 |
| | Blue collar | | 133,475 | 28,474 | 4,803 | 3,968 | 913 | 423 | 1,033 | 486 | 1,800 | 499 | 40,083 | 15,655 | 4,520 | 1,818 | 1,571 | 9,167 | 2,864 | 9,272 | 1,221 | 1,387 | 3,518 |
| Average number of employees | | | | | | | | | | | | | | | | | | | | | | | |
| Type of employee | Blue collar | 100% | 142,058 | 29,789 | 5,562 | 3,785 | 845 | 455 | 1,041 | 622 | 1,848 | 648 | 42,971 | 14,713 | 5,021 | 2,000 | 1,728 | 10,719 | 3,338 | 9,830 | 1,407 | 1,560 | 4,176 |
| | Men | | 118,053 | 23,340 | 4,643 | 3,161 | 591 | 453 | 793 | 605 | 1,504 | 625 | 36,409 | 13,418 | 4,133 | 1,816 | 1,541 | 9,454 | 2,608 | 7,793 | 1,200 | 1,471 | 2,495 |
| | Women | | 24,005 | 6,449 | 919 | 624 | 254 | 2 | 248 | 17 | 344 | 23 | 6,562 | 1,295 | 887 | 184 | 187 | 1,265 | 730 | 2,037 | 207 | 89 | 1,681 |
| | White collar | | 9,750 | 2,815 | 457 | 220 | 86 | 31 | 112 | 47 | 131 | 88 | 1,477 | 1,296 | 735 | 179 | 130 | 576 | 133 | 587 | 176 | 158 | 317 |
| | Men | | 6,043 | 1,876 | 297 | 149 | 39 | 24 | 60 | 26 | 90 | 57 | 791 | 840 | 516 | 116 | 92 | 333 | 79 | 264 | 105 | 84 | 205 |
| Women | | 3,707 | 939 | 159 | 71 | 47 | 7 | 52 | 21 | 41 | 31 | 685 | 456 | 219 | 63 | 38 | 243 | 54 | 323 | 71 | 74 | 112 | |
| Number of employees by contract types | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 118,338 | 24,192 | 4,283 | 3,487 | 664 | 487 | 689 | 493 | 1,535 | 544 | 36,249 | 14,410 | 4,087 | 1,801 | 1,645 | 8,887 | 2,438 | 7,327 | 1,177 | 1,406 | 2,537 |
| | Indefinite | | 99,158 | 20,231 | 3,177 | 2,795 | 334 | 11 | 689 | 1 | 1,535 | 544 | 36,110 | 14,387 | 3,821 | 1,795 | 1,579 | 3,625 | 2,331 | 1,093 | 1,167 | 1,397 | 2,536 |
| | Temporary | | 19,180 | 3,961 | 1,106 | 692 | 330 | 476 | 0 | 492 | 0 | 0 | 139 | 23 | 266 | 6 | 66 | 5,262 | 107 | 6,234 | 10 | 9 | 1 |
| | Women | | 28,893 | 7,085 | 960 | 739 | 337 | 9 | 456 | 36 | 380 | 43 | 7,456 | 3,356 | 997 | 223 | 220 | 1,471 | 666 | 2,714 | 230 | 149 | 1,366 |
| | Indefinite | | 23,648 | 5,530 | 610 | 583 | 121 | 4 | 456 | 1 | 380 | 43 | 7,326 | 3,354 | 855 | 221 | 209 | 823 | 641 | 751 | 228 | 147 | 1,365 |
| | Temporary | | 5,245 | 1,555 | 350 | 156 | 216 | 5 | 0 | 35 | 0 | 0 | 130 | 2 | 142 | 2 | 11 | 648 | 25 | 1,963 | 2 | 2 | 1 |
| Age | Less than 30 years old | 100% | 24,136 | 3,245 | 540 | 333 | 149 | 301 | 629 | 106 | 239 | 76 | 6,265 | 3,217 | 914 | 174 | 559 | 2,647 | 826 | 2,346 | 421 | 252 | 897 |
| | Indefinite | | 16,884 | 1,837 | 102 | 124 | 34 | 1 | 629 | 0 | 239 | 76 | 5,996 | 3,214 | 767 | 170 | 535 | 515 | 800 | 292 | 411 | 246 | 896 |
| | Temporary | | 7,252 | 1,408 | 438 | 209 | 115 | 300 | 0 | 106 | 0 | 0 | 269 | 3 | 147 | 4 | 24 | 2,132 | 26 | 2,054 | 10 | 6 | 1 |
| | Between 30 an 50 years old | | 90,710 | 17,289 | 3,500 | 2,086 | 460 | 190 | 466 | 223 | 723 | 429 | 30,596 | 11,849 | 2,574 | 1,103 | 1,247 | 6,476 | 1,857 | 6,184 | 850 | 1,060 | 1,548 |
| | Indefinite | | 77,139 | 14,388 | 2,602 | 1,625 | 229 | 13 | 466 | 2 | 723 | 429 | 30,596 | 11,827 | 2,353 | 1,101 | 1,199 | 3,132 | 1,769 | 1,235 | 848 | 1,055 | 1,547 |
| | Temporary | | 13,571 | 2,901 | 898 | 461 | 231 | 177 | 0 | 221 | 0 | 0 | 22 | 221 | 2 | 48 | 3,344 | 88 | 4,949 | 2 | 5 | 1 | |
| More than 50 years old | | 32,385 | 10,743 | 1,203 | 1,807 | 392 | 5 | 50 | 200 | 953 | 82 | 6,844 | 2,700 | 1,596 | 747 | 59 | 1,235 | 421 | 1,511 | 136 | 243 | 1,458 | |
| Indefinite | | 28,785 | 9,536 | 1,083 | 1,629 | 192 | 1 | 50 | 0 | 953 | 82 | 6,844 | 2,700 | 1,556 | 747 | 54 | 801 | 403 | 317 | 136 | 243 | 1,458 | |
| Temporary | | 3,600 | 1,207 | 120 | 178 | 200 | 4 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 40 | 0 | 5 | 434 | 18 | 1,194 | 0 | 0 | 0 |
| Professional category | Directors and managers | 100% | 1,230 | 300 | 24 | 39 | 7 | 31 | 11 | 7 | 12 | 9 | 260 | 139 | 31 | 15 | 26 | 34 | 22 | 55 | 17 | 7 | 184 |
| | Indefinite | | 1,194 | 297 | 24 | 37 | 7 | 14 | 11 | 1 | 12 | 9 | 260 | 139 | 31 | 15 | 26 | 29 | 22 | 54 | 16 | 7 | 183 |
| | Temporary | | 36 | 3 | 0 | 2 | 0 | 17 | 0 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 1 | 1 | 0 | 1 |
| | Supervisors and coordinators | | 3,326 | 518 | 53 | 68 | 43 | 25 | 17 | 11 | 81 | 3 | 953 | 607 | 43 | 69 | 113 | 133 | 102 | 219 | 67 | 35 | 166 |
| | Indefinite | | 3,143 | 510 | 53 | 65 | 41 | 0 | 17 | 0 | 81 | 3 | 953 | 607 | 43 | 69 | 108 | 69 | 93 | 163 | 67 | 35 | 166 |
| | Temporary | | 183 | 8 | 0 | 3 | 2 | 25 | 0 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 64 | 9 | 56 | 0 | 0 | 0 |
| | Analysts and administratives | | 9,200 | 1,985 | 363 | 151 | 38 | 17 | 84 | 25 | 22 | 76 | 2,409 | 1,365 | 490 | 122 | 155 | 1,024 | 116 | 495 | 102 | 126 | 35 |
| | Indefinite | | 8,078 | 1,944 | 275 | 140 | 30 | 1 | 84 | 1 | 22 | 76 | 2,143 | 1,363 | 459 | 122 | 143 | 551 | 105 | 357 | 102 | 126 | 34 |
| | Temporary | | 1,122 | 41 | 88 | 11 | 8 | 16 | 0 | 24 | 0 | 0 | 266 | 2 | 31 | 0 | 12 | 473 | 11 | 138 | 0 | 0 | 1 |
| | Blue collar | | 133,475 | 28,474 | 4,803 | 3,968 | 913 | 423 | 1,033 | 486 | 1,800 | 499 | 40,083 | 15,655 | 4,520 | 1,818 | 1,571 | 9,167 | 2,864 | 9,272 | 1,221 | 1,387 | 3,518 |
| | Indefinite | | 110,399 | 23,010 | 3,435 | 3,136 | 377 | 0 | 1,033 | 0 | 1,800 | 499 | 40,080 | 15,632 | 4,143 | 1,812 | 1,511 | 3,804 | 2,753 | 1,270 | 1,210 | 1,376 | 3,518 |
| | Temporary | | 23,076 | 5,464 | 1,368 | 832 | 536 | 423 | 0 | 486 | 0 | 0 | 3 | 23 | 377 | 6 | 60 | 5,363 | 111 | 8,002 | 11 | 11 | 0 |

| | | Scope | Total | Spain | Portugal | Germany | Australia | Indonesia | Phillipines | China | Singapore | Southafrica | Brazil | Argentina | Chile | Uruguay | Paraguay | Peru | Mexico | Colombia | Central America | Ecuador | USA |
|--|------------------------------|---------|---------|--------|----------|---------|-----------|-----------|-------------|--------|-----------|-------------|--------|-----------|-------|---------|----------|-------|--------|----------|-----------------|---------|-------|
| Number of dismissals | | | 11.8% | 4.6% | 10.9% | 1.0% | 2.4% | 19.8% | 6.1% | 2.1% | 0.5% | 12.1% | 19.1% | 0.8% | 55.6% | 11.0% | 22.1% | 7.2% | 14.9% | 5.8% | 12.8% | 1.1% | 26.9% |
| Gender | Men | 100% | 13,981 | 981 | 441 | 37 | 19 | 95 | 46 | 9 | 9 | 64 | 7,056 | 115 | 2,306 | 187 | 380 | 650 | 362 | 473 | 145 | 14 | 592 |
| | Women | | 3,359 | 462 | 132 | 7 | 5 | 3 | 24 | 2 | 0 | 7 | 1,298 | 29 | 520 | 35 | 33 | 95 | 101 | 112 | 35 | 3 | 456 |
| Age | Less than 30 years old | 100% | 4,328 | 400 | 134 | 26 | 9 | 33 | 39 | 0 | 4 | 6 | 1,417 | 44 | 1,023 | 18 | 103 | 338 | 126 | 164 | 80 | 1 | 363 |
| | Between 30 an 50 years old | | 9,841 | 789 | 383 | 5 | 10 | 61 | 28 | 7 | 3 | 54 | 5,332 | 83 | 1,200 | 118 | 302 | 358 | 282 | 350 | 84 | 13 | 379 |
| | More than 50 years old | | 3,171 | 254 | 56 | 13 | 5 | 4 | 3 | 4 | 2 | 11 | 1,605 | 17 | 603 | 86 | 8 | 49 | 55 | 71 | 16 | 3 | 306 |
| Professional category | Directors and managers | 100% | 105 | 30 | 0 | 0 | 0 | 6 | 0 | 5 | 0 | 1 | 25 | 0 | 1 | 2 | 0 | 2 | 7 | 2 | 2 | 0 | 22 |
| | Supervisors and coordinators | | 226 | 17 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 2 | 147 | 1 | 6 | 3 | 13 | 6 | 29 | 12 | 13 | 2 | 22 |
| | Analysts and administratives | | 970 | 182 | 74 | 0 | 3 | 2 | 15 | 6 | 0 | 4 | 362 | 6 | 142 | 24 | 56 | 26 | 24 | 34 | 3 | 2 | 5 |
| | Blue collar | | 15,989 | 1,214 | 499 | 44 | 21 | 87 | 55 | 0 | 9 | 64 | 7,820 | 137 | 2,677 | 193 | 344 | 711 | 403 | 537 | 162 | 13 | 999 |
| Number of new hirings | | | 27,114 | 7,946 | 577 | 303 | 135 | 168 | 66 | 344 | 860 | 179 | 6,344 | 434 | 1,217 | 173 | 344 | 1,898 | 2,891 | 2,167 | 172 | 251 | 645 |
| Gender | Men | 100% | 27,114 | 7,946 | 577 | 303 | 135 | 168 | 66 | 344 | 860 | 179 | 6,344 | 434 | 1,217 | 173 | 344 | 1,898 | 2,891 | 2,167 | 172 | 251 | 645 |
| | Women | | 9,333 | 3,156 | 191 | 80 | 81 | 4 | 64 | 36 | 218 | 5 | 1,926 | 231 | 362 | 8 | 24 | 357 | 866 | 1,176 | 42 | 52 | 454 |
| Age | Less than 30 years old | 100% | 13,193 | 3,678 | 246 | 107 | 68 | 129 | 89 | 142 | 157 | 44 | 2,679 | 361 | 686 | 81 | 178 | 999 | 1,419 | 1,313 | 114 | 221 | 482 |
| | Between 30 an 50 years old | | 19,770 | 6,004 | 458 | 211 | 101 | 43 | 41 | 183 | 393 | 128 | 5,123 | 282 | 777 | 95 | 182 | 1,143 | 2,106 | 1,898 | 95 | 72 | 435 |
| | More than 50 years old | | 3,484 | 1,420 | 64 | 65 | 47 | 0 | 55 | 528 | 12 | 12 | 468 | 22 | 116 | 5 | 8 | 113 | 232 | 132 | 5 | 10 | 182 |
| Professional category | Directors and managers | 100% | 143 | 34 | 0 | 4 | 2 | 5 | 0 | 4 | 1 | 2 | 13 | 4 | 2 | 3 | 2 | 2 | 14 | 7 | 5 | 10 | 29 |
| | Supervisors and coordinators | | 304 | 48 | 2 | 3 | 7 | 0 | 0 | 0 | 17 | 4 | 65 | 12 | 5 | 1 | 9 | 11 | 72 | 19 | 11 | 0 | 18 |
| | Analysts and administratives | | 1,651 | 431 | 144 | 14 | 13 | 2 | 13 | 5 | 5 | 12 | 483 | 58 | 83 | 17 | 32 | 101 | 61 | 112 | 15 | 39 | 11 |
| | Blue collar | | 34,349 | 10,589 | 622 | 362 | 194 | 165 | 117 | 371 | 1,055 | 166 | 7,709 | 591 | 1,489 | 160 | 325 | 2,141 | 3,610 | 3,205 | 183 | 254 | 1,041 |
| Detail of employees by Professional category | | | 1,230 | 300 | 24 | 39 | 7 | 31 | 11 | 7 | 12 | 9 | 260 | 139 | 31 | 15 | 26 | 34 | 22 | 55 | 17 | 7 | 184 |
| Professional category | Directors and managers | 100% | 1,230 | 300 | 24 | 39 | 7 | 31 | 11 | 7 | 12 | 9 | 260 | 139 | 31 | 15 | 26 | 34 | 22 | 55 | 17 | 7 | 184 |
| | Men | | 994 | 245 | 20 | 29 | 6 | 29 | 8 | 6 | 9 | 8 | 225 | 116 | 24 | 11 | 21 | 27 | 17 | 41 | 11 | 5 | 136 |
| | Women | | 236 | 55 | 4 | 10 | 1 | 2 | 3 | 1 | 3 | 1 | 35 | 23 | 7 | 4 | 5 | 7 | 5 | 14 | 6 | 2 | 48 |
| | Supervisors and coordinators | | 3,326 | 518 | 53 | 68 | 43 | 25 | 17 | 11 | 81 | 3 | 953 | 607 | 43 | 69 | 113 | 133 | 102 | 219 | 67 | 35 | 166 |
| | Men | | 2,579 | 385 | 38 | 56 | 23 | 25 | 12 | 7 | 68 | 3 | 791 | 486 | 34 | 51 | 90 | 99 | 85 | 135 | 55 | 29 | 107 |
| | Women | | 747 | 133 | 15 | 12 | 20 | 0 | 5 | 4 | 13 | 0 | 162 | 121 | 9 | 18 | 23 | 34 | 17 | 84 | 12 | 6 | 59 |
| | Analysts and administratives | | 9,200 | 1,985 | 363 | 151 | 38 | 17 | 84 | 25 | 22 | 76 | 2,409 | 1,365 | 490 | 122 | 155 | 1,024 | 116 | 495 | 102 | 126 | 35 |
| | Men | | 5,234 | 1,232 | 224 | 93 | 10 | 15 | 40 | 9 | 3 | 48 | 1,108 | 849 | 315 | 76 | 98 | 669 | 74 | 239 | 59 | 63 | 10 |
| | Women | | 3,966 | 753 | 139 | 58 | 28 | 2 | 44 | 16 | 19 | 28 | 1,301 | 516 | 175 | 46 | 57 | 355 | 42 | 256 | 43 | 63 | 25 |
| | Blue collar | | 133,475 | 28,474 | 4,803 | 3,968 | 913 | 423 | 1,033 | 486 | 1,800 | 499 | 40,083 | 15,655 | 4,520 | 1,818 | 1,571 | 9,167 | 2,864 | 9,272 | 1,221 | 1,387 | 3,518 |
| Men | | 109,543 | 22,330 | 4,001 | 3,309 | 625 | 423 | 629 | 471 | 1,455 | 485 | 34,125 | 12,959 | 3,712 | 1,663 | 1,436 | 8,092 | 2,262 | 6,912 | 1,057 | 1,309 | 2,288 | |
| Women | | 23,932 | 6,144 | 802 | 659 | 288 | 0 | 404 | 15 | 345 | 14 | 5,958 | 2,696 | 808 | 155 | 135 | 1,075 | 602 | 2,360 | 164 | 78 | 1,230 | |
| Number of employees with disabilities | | | 819 | 249 | 24 | 242 | 0 | 0 | 0 | 0 | 3 | 177 | 2 | 28 | 0 | 0 | 0 | 8 | 0 | 55 | 2 | 27 | 2 |
| Number of people with disabilities | | | 0.6% | 0.8% | 0.5% | 5.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.5% | 0.4% | 0.0% | 0.6% | 0.0% | 0.0% | 0.1% | 0.0% | 0.5% | 0.1% | 1.7% | 0.1% |
| Percentage of people with disabilities | | | | | | | | | | | | | | | | | | | | | | | |
| Number of immigrant employees | | | 3,331 | 1,268 | 115 | 547 | 2 | 2 | 1 | 0 | 614 | 1 | 27 | 267 | 53 | 138 | 30 | 12 | 3 | 14 | 5 | 1 | 231 |
| Number of immigrants on the workforce | | | 2.3% | 4.1% | 2.2% | 12.9% | 0.2% | 0.4% | 0.1% | 0.0% | 32.1% | 0.2% | 0.1% | 1.5% | 1.0% | 6.8% | 1.6% | 0.1% | 0.1% | 0.1% | 0.4% | 0.1% | 5.9% |
| Percentage of immigrants on the workforce | | | | | | | | | | | | | | | | | | | | | | | |
| Number of directors and managers from local community | | | 959 | 300 | 24 | 2 | 5 | 29 | 7 | 17 | 11 | 0 | 252 | 138 | 27 | 1 | 7 | 31 | 21 | 50 | 9 | 6 | 22 |
| Percentage of directors and managers from the local community | | | 78.0% | 100.0% | 100.0% | 5.1% | 71.4% | 93.5% | 63.6% | 242.9% | 91.7% | 0.0% | 96.9% | 99.3% | 87.1% | 6.7% | 26.9% | 91.2% | 95.5% | 90.9% | 52.9% | 85.7% | 12.0% |

| | | Scope | Total | Spain | Portugal | Germany | Australia | Indonesia | Phillipines | China | Singapore | Southafrica | Brazil | Argentina | Chile | Uruguay | Paraguay | Peru | Mexico | Colombia | Central America | Ecuador | USA |
|---|------------------------------|-------|------------|-----------|----------|---------|-----------|-----------|-------------|---------|-----------|-------------|-----------|-----------|-----------|---------|----------|-----------|---------|-----------|-----------------|---------|---------|
| Number of employees receiving regular evaluations of performance and professional development | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 12,724 | 1,723 | 4,283 | 125 | 664 | 24 | 1 | 63 | 61 | 40 | 1,280 | 2,194 | 338 | 176 | 184 | 738 | 96 | 410 | 136 | 71 | 117 |
| | Women | | 6,726 | 909 | 960 | 69 | 337 | 2 | 1 | 22 | 34 | 27 | 819 | 2,233 | 203 | 94 | 94 | 417 | 53 | 255 | 61 | 77 | 59 |
| Percentage of employees who receive regular evaluations of performance and professional development | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 11% | 7% | 100% | 4% | 100% | 5% | 0% | 13% | 4% | 7% | 4% | 15% | 8% | 10% | 11% | 8% | 4% | 6% | 12% | 5% | 5% |
| | Women | | 23% | 13% | 100% | 9% | 100% | 22% | 0% | 61% | 23% | 63% | 11% | 67% | 20% | 42% | 43% | 28% | 8% | 9% | 28% | 52% | 4% |
| Number of employees who received a maternity or paternity leave | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 2,196 | 1,002 | 145 | 45 | 0 | 0 | 11 | 0 | 11 | 0 | 466 | 192 | 0 | 41 | 62 | 0 | 73 | 125 | 1 | 19 | 3 |
| | Women | | 1,062 | 270 | 30 | 39 | 3 | 0 | 36 | 3 | 2 | 3 | 271 | 110 | 65 | 11 | 24 | 79 | 6 | 62 | 16 | 5 | 27 |
| Number of employees who returned to work after their termination due to maternity or paternity ended | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 2,059 | 910 | 136 | 39 | 0 | 0 | 8 | 0 | 0 | 0 | 466 | 179 | 0 | 41 | 62 | 0 | 73 | 125 | 1 | 19 | 0 |
| | Women | | 897 | 220 | 24 | 12 | 3 | 0 | 9 | 0 | 0 | 0 | 271 | 88 | 65 | 11 | 26 | 79 | 6 | 62 | 16 | 5 | 0 |
| Number of employees who returned to work after the end of their maternity or paternity leave and who continued working for 12 months after returning to work | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 1,952 | 910 | 10 | 122 | 0 | 0 | 11 | 0 | 10 | 0 | 435 | 175 | 0 | 41 | 62 | 0 | 46 | 125 | 3 | 0 | 2 |
| | Women | | 828 | 220 | 0 | 75 | 3 | 0 | 17 | 0 | 1 | 1 | 194 | 84 | 32 | 11 | 22 | 79 | 4 | 62 | 12 | 0 | 11 |
| Turnover | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 27% | 12% | 11% | 16% | 18% | 31% | 26% | 91% | 53% | 25% | 23% | 12% | 56% | 22% | 29% | 35% | 140% | 54% | 29% | 29% | 47% |
| | Women | | 31,463 | 2,909 | 453 | 542 | 97 | 147 | 150 | 453 | 827 | 138 | 8,495 | 1,691 | 2,326 | 397 | 477 | 3,115 | 3,259 | 4,108 | 313 | 409 | 1,157 |
| Age | Less than 30 years old | 100% | 8,173 | 949 | 102 | 127 | 83 | 5 | 150 | 31 | 186 | 11 | 1,705 | 405 | 526 | 44 | 61 | 511 | 1,102 | 1,342 | 97 | 47 | 689 |
| | Between 30 an 50 years old | | 11,240 | 950 | 134 | 161 | 44 | 83 | 178 | 190 | 143 | 21 | 2,061 | 523 | 912 | 80 | 168 | 1,395 | 1,437 | 1,732 | 190 | 121 | 717 |
| | More than 50 years old | | 21,755 | 1,867 | 329 | 267 | 97 | 65 | 116 | 223 | 355 | 109 | 6,414 | 1,070 | 1,454 | 208 | 359 | 1,917 | 2,498 | 3,174 | 198 | 281 | 754 |
| Professional category | Directors and managers | 100% | 6,641 | 1,041 | 92 | 241 | 39 | 4 | 6 | 71 | 515 | 19 | 1,725 | 503 | 486 | 153 | 11 | 314 | 426 | 544 | 22 | 54 | 375 |
| | Supervisors and coordinators | | 183 | 35 | 0 | 0 | 4 | 10 | 0 | 3 | 1 | 2 | 37 | 13 | 1 | 3 | 1 | 3 | 19 | 14 | 3 | 2 | 32 |
| | Analysts and administratives | | 681 | 36 | 1 | 2 | 6 | 6 | 0 | 0 | 6 | 4 | 176 | 38 | 5 | 7 | 15 | 27 | 164 | 91 | 27 | 7 | 63 |
| | Blue collar | | 1,889 | 288 | 45 | 2 | 12 | 7 | 6 | 12 | 7 | 12 | 536 | 103 | 146 | 40 | 74 | 186 | 162 | 194 | 23 | 27 | 7 |
| | | | 36,883 | 3,499 | 509 | 665 | 158 | 129 | 294 | 469 | 999 | 131 | 9,451 | 1,942 | 2,700 | 391 | 448 | 3,410 | 4,016 | 5,151 | 357 | 420 | 1,744 |
| Turnover (leave / total employee) | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 26.6% | 12.0% | 10.6% | 15.5% | 14.6% | 30.2% | 21.8% | 91.9% | 53.9% | 25.4% | 23.4% | 11.7% | 56.9% | 22.0% | 29.0% | 35.1% | 133.7% | 56.1% | 31.7% | 29.1% | 45.6% |
| | Women | | 28.3% | 13.4% | 10.6% | 17.2% | 24.6% | 55.6% | 32.9% | 86.1% | 48.9% | 25.6% | 22.9% | 12.1% | 52.8% | 19.7% | 27.7% | 34.7% | 165.5% | 49.4% | 48.1% | 31.5% | 50.4% |
| Age | Less than 30 years old | 100% | 46.6% | 29.3% | 24.8% | 48.3% | 29.5% | 27.6% | 28.3% | 179.2% | 59.8% | 27.6% | 32.9% | 16.3% | 99.8% | 46.0% | 30.1% | 52.7% | 174.0% | 73.8% | 45.4% | 48.0% | 79.9% |
| | Between 30 an 50 years old | | 24.0% | 10.8% | 9.4% | 12.8% | 21.1% | 34.2% | 24.9% | 100.0% | 49.1% | 25.4% | 21.0% | 9.0% | 56.5% | 18.9% | 28.8% | 29.6% | 134.5% | 51.3% | 32.0% | 26.5% | 48.7% |
| | More than 50 years old | | 20.5% | 9.7% | 7.6% | 13.3% | 9.9% | 80.0% | 12.0% | 35.5% | 54.0% | 23.2% | 25.2% | 18.6% | 30.5% | 20.5% | 18.6% | 25.4% | 101.2% | 36.0% | 17.8% | 22.2% | 25.7% |
| Professional category | Directors and managers | 100% | 14.9% | 11.7% | 0.0% | 0.0% | 57.1% | 32.3% | 0.0% | 42.9% | 8.3% | 22.2% | 14.2% | 9.4% | 3.2% | 20.0% | 3.8% | 8.8% | 86.4% | 25.5% | 8.3% | 28.6% | 17.4% |
| | Supervisors and coordinators | | 20.5% | 6.9% | 1.9% | 2.9% | 14.0% | 24.0% | 0.0% | 0.0% | 7.4% | 133.3% | 18.5% | 6.3% | 11.6% | 10.1% | 13.3% | 20.3% | 160.8% | 41.6% | 59.5% | 20.0% | 38.0% |
| | Analysts and administratives | | 20.5% | 14.5% | 12.4% | 1.3% | 31.6% | 41.2% | 7.1% | 48.0% | 31.8% | 15.8% | 22.2% | 7.5% | 29.8% | 32.8% | 47.7% | 18.2% | 139.7% | 39.2% | 22.5% | 21.4% | 20.0% |
| | Blue collar | | 27.6% | 12.3% | 10.6% | 16.8% | 17.3% | 30.5% | 28.5% | 96.5% | 55.5% | 26.3% | 23.6% | 12.4% | 59.7% | 21.5% | 28.5% | 37.2% | 140.2% | 55.6% | 35.8% | 30.3% | 49.6% |
| Number of days worked by all Prosegur employees | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 30,728,585 | 5,405,903 | 898,423 | 532,869 | 136,413 | 137,749 | 191,695 | 152,087 | 534,767 | 162,870 | 9,564,456 | 3,559,738 | 1,059,078 | 458,597 | 440,129 | 2,730,665 | 675,744 | 2,578,027 | 378,776 | 584,821 | 545,778 |
| | Women | | 6,904,971 | 1,584,918 | 197,478 | 87,634 | 61,032 | 2,112 | 126,869 | 7,689 | 121,682 | 15,186 | 1,856,802 | 685,173 | 231,073 | 55,205 | 58,862 | 393,869 | 186,816 | 755,253 | 64,729 | 50,477 | 362,111 |
| Number of total days lost due to absence | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 1,428,106 | 256,176 | 76,281 | 47,231 | 763 | 1,280 | 0 | 1,042 | 13,878 | 3,224 | 114,446 | 577,857 | 64,833 | 37,130 | 8,505 | 124,199 | 5,476 | 68,280 | 9,723 | 17,783 | 0 |
| | Women | | 325,116 | 96,876 | 29,701 | 7,770 | 47 | 21 | 0 | 59 | 3,468 | 710 | 42,809 | 74,590 | 21,529 | 4,260 | 3,624 | 15,636 | 2,479 | 17,353 | 2,876 | 1,308 | 0 |
| Total hours of Absenteeism (estimating 8 hours per labour day) | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100% | 1,482,068 | 52,764 | 32,904 | 0 | 2,289 | 21,120 | 0 | 3,654 | 31,660 | 15,408 | 16,118 | 508,050 | 456,184 | 1,522 | 8,664 | 1,747 | 9,059 | 254,984 | 58,062 | 7,880 | 0 |
| | Women | | 682,116 | 226,600 | 6,288 | 0 | 170 | 288 | 0 | 0 | 5,436 | 5,680 | 4,453 | 86,319 | 246,176 | 134 | 408 | 10 | 8,018 | 82,632 | 9,416 | 88 | 0 |
| Absenteeism rate (AR) | | | | | | | | | | | | | | | | | | | | | | | |
| 100% | | | 4.7% | 5.1% | 9.7% | 8.9% | 0.4% | 0.9% | 0.0% | 0.7% | 2.6% | 2.2% | 1.4% | 15.4% | 6.7% | 8.1% | 2.4% | 4.5% | 0.9% | 2.6% | 2.8% | 3.0% | 0.0% |

Datos 2019

| Scope | | | Spain | Germany | Portugal | France | Argentina | Brazil | Colombia | Chile | Paraguay | Uruguay | Peru | Mexico | Central America | Australia | Singapore | China | Phillippines | USA | Southafrica | Total | |
|--|------------------------------|-------|---------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|---------------|--------------|-----------------|------------|--------------|------------|--------------|--------------|-------------|----------------|----|
| Total summary of employees | | | 33.671 | 4.409 | 6.458 | 4.256 | 16.637 | 44.664 | 11.810 | 6.541 | 2.036 | 2.292 | 11.724 | 3.706 | 1.631 | 955 | 2.004 | 763 | 1.417 | 4.619 | 552 | 160.145 | |
| Gender | Men | 99,7% | 26.039 | 3.644 | 5.314 | 3.606 | 14.855 | 37.635 | 9.270 | 5.279 | 1.787 | 2.028 | 10.136 | 2.799 | 1.326 | 638 | 1.620 | 734 | 830 | 3.015 | 502 | 131.057 | |
| | Women | | 7.632 | 765 | 1.144 | 650 | 1.782 | 7.029 | 2.540 | 1.262 | 249 | 264 | 1.588 | 907 | 305 | 317 | 384 | 29 | 587 | 1.604 | 50 | 29.088 | |
| Age | Less than 30 years old | 99,7% | 4.639 | 412 | 796 | 665 | 2.426 | 6.715 | 3.550 | 1.517 | 669 | 201 | 3.476 | 1.029 | 588 | 128 | 324 | 223 | 895 | 1.144 | 73 | 29.470 | |
| | Between 30 an 50 years old | | 18.638 | 2.154 | 4.299 | 2.451 | 11.051 | 31.060 | 6.758 | 3.162 | 1.315 | 1.303 | 6.810 | 2.183 | 902 | 449 | 694 | 297 | 475 | 1.762 | 391 | 96.154 | |
| | More than 50 years old | | 10.394 | 1.843 | 1.363 | 1.140 | 3.160 | 6.889 | 1.502 | 1.862 | 52 | 788 | 1.438 | 494 | 141 | 378 | 986 | 243 | 47 | 1.713 | 88 | 34.521 | |
| Professional category | Directors and managers | 99,7% | 269 | 17 | 20 | 21 | 108 | 265 | 48 | 28 | 21 | 15 | 46 | 32 | 14 | 51 | 10 | 17 | 19 | 103 | 11 | 1.115 | |
| | Supervisors and coordinators | | 475 | 81 | 57 | 79 | 994 | 947 | 307 | 108 | 123 | 84 | 509 | 76 | 127 | 103 | 14 | 0 | 27 | 294 | 36 | 4.441 | |
| | Analysts and administratives | | 1.982 | 168 | 427 | 106 | 886 | 2.466 | 619 | 270 | 134 | 345 | 1.005 | 327 | 133 | 64 | 20 | 35 | 60 | 124 | 32 | 9.203 | |
| | Blue collar | | 30.945 | 4.143 | 5.954 | 4.050 | 14.649 | 40.986 | 10.836 | 6.135 | 1.758 | 1.848 | 10.164 | 3.271 | 1.357 | 737 | 1.960 | 711 | 1.311 | 4.098 | 473 | 145.386 | |
| Average number of employees | | | | | | | | | | | | | | | | | | | | | | | |
| Type of employee | Blue collar | 99,7% | 29.446 | 3.864 | 6.463 | 4.437 | 15.337 | 41.654 | 11.068 | 6.120 | 1.881 | 2.158 | 11.055 | 3.533 | 1.398 | 890 | 2.050 | 767 | 1.311 | 4.370 | 483 | 148.284 | |
| | Men | | 23.095 | 3.236 | 5.267 | 3.849 | 14.006 | 35.588 | 8.976 | 5.061 | 1.678 | 1.954 | 9.758 | 2.696 | 1.148 | 612 | 1.703 | 758 | 777 | 2.885 | 450 | 123.496 | |
| | Women | | 6.352 | 628 | 1.196 | 588 | 1.331 | 6.066 | 2.093 | 1.059 | 203 | 203 | 1.297 | 837 | 250 | 278 | 347 | 9 | 534 | 1.485 | 33 | 24.788 | |
| | White collar | | 2.766 | 215 | 529 | 251 | 1.300 | 1.534 | 646 | 2.889 | 160 | 201 | 696 | 175 | 163 | 80 | 45 | 38 | 106 | 141 | 54 | 9.388 | |
| | Men | | 1.874 | 146 | 350 | 131 | 849 | 809 | 270 | 181 | 113 | 133 | 414 | 105 | 99 | 36 | 17 | 19 | 53 | 82 | 37 | 5.719 | |
| | Women | | 892 | 69 | 179 | 120 | 451 | 725 | 375 | 107 | 47 | 68 | 282 | 70 | 64 | 44 | 28 | 19 | 53 | 59 | 17 | 3.669 | |
| Number of employees by contract types | | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 99,7% | 26.039 | 3.644 | 5.314 | 3.606 | 14.855 | 37.635 | 9.270 | 5.279 | 1.787 | 2.028 | 10.136 | 2.799 | 1.326 | 638 | 1.620 | 734 | 830 | 3.015 | 502 | 131.057 | |
| | Indefinite | | 19.893 | 2.867 | 3.530 | 3.430 | 14.813 | 37.509 | 9.270 | 4.783 | 1.770 | 2.028 | 3.145 | 2.528 | 1.325 | 311 | 1.554 | 1 | 830 | 3.015 | 502 | 113.104 | |
| | Temporary | | 6.146 | 777 | 1.784 | 176 | 42 | 126 | 0 | 496 | 17 | 0 | 6.991 | 271 | 1 | 327 | 66 | 733 | 0 | 0 | 0 | 17.953 | |
| | Women | | 7.632 | 765 | 1.144 | 650 | 1.782 | 7.029 | 2.540 | 1.262 | 249 | 264 | 1.588 | 907 | 305 | 317 | 384 | 29 | 587 | 1.604 | 50 | 29.088 | |
| | Indefinite | | 5.228 | 592 | 649 | 589 | 1.782 | 6.901 | 2.540 | 1.071 | 236 | 264 | 737 | 820 | 278 | 115 | 376 | 2 | 587 | 1.604 | 50 | 24.421 | |
| | Temporary | | 2.404 | 173 | 495 | 61 | 0 | 128 | 0 | 191 | 13 | 0 | 851 | 87 | 27 | 202 | 8 | 27 | 0 | 0 | 0 | 4.667 | |
| Age | Less than 30 years old | 99,7% | 4.639 | 412 | 796 | 665 | 2.426 | 6.715 | 3.550 | 1.517 | 669 | 201 | 3.476 | 1.029 | 588 | 128 | 324 | 223 | 895 | 1.144 | 73 | 29.470 | |
| | Indefinite | | 1.842 | 137 | 116 | 573 | 2.416 | 6.461 | 3.550 | 1.170 | 649 | 201 | 458 | 910 | 574 | 28 | 320 | 0 | 895 | 1.144 | 73 | 21.517 | |
| | Temporary | | 2.797 | 275 | 680 | 92 | 10 | 254 | 0 | 347 | 20 | 0 | 3.018 | 119 | 14 | 100 | 4 | 223 | 0 | 0 | 0 | 7.953 | |
| | Between 30 an 50 years old | | 18.638 | 2.154 | 4.299 | 2.451 | 11.051 | 31.060 | 6.758 | 3.162 | 1.315 | 1.303 | 6.810 | 2.183 | 902 | 449 | 694 | 297 | 475 | 1.762 | 391 | 96.154 | |
| | Indefinite | | 14.486 | 1.673 | 2.882 | 2.346 | 11.019 | 31.060 | 6.758 | 2.854 | 1.305 | 1.303 | 2.646 | 1.975 | 888 | 220 | 672 | 2 | 475 | 1.762 | 391 | 84.717 | |
| | Temporary | | 4.152 | 481 | 1.417 | 105 | 32 | 0 | 308 | 10 | 0 | 4.164 | 208 | 14 | 229 | 22 | 295 | 0 | 0 | 0 | 0 | 11.437 | |
| More than 50 years old | 10.394 | 1.843 | 1.363 | 1.140 | 3.160 | 6.889 | 1.502 | 1.862 | 52 | 788 | 1.438 | 494 | 141 | 378 | 986 | 243 | 47 | 1.713 | 88 | 34.521 | | | |
| Indefinite | 8.793 | 1.649 | 1.181 | 1.100 | 3.160 | 6.889 | 1.502 | 1.830 | 52 | 788 | 778 | 463 | 141 | 178 | 938 | 1 | 47 | 1.713 | 88 | 31.291 | | | |
| Temporary | 1.601 | 194 | 182 | 40 | 0 | 0 | 0 | 32 | 0 | 0 | 660 | 31 | 0 | 200 | 48 | 242 | 0 | 0 | 0 | 0 | 3.230 | | |
| Professional category | Directors and managers | 99,7% | 269 | 17 | 20 | 21 | 108 | 265 | 48 | 28 | 21 | 15 | 46 | 32 | 14 | 51 | 10 | 17 | 19 | 103 | 11 | 1.115 | |
| | Indefinite | | 265 | 16 | 20 | 21 | 108 | 265 | 48 | 28 | 21 | 15 | 46 | 29 | 14 | 51 | 10 | 1 | 19 | 103 | 11 | 1.091 | |
| | Temporary | | 4 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 24 | |
| | Supervisors and coordinators | | 475 | 81 | 57 | 79 | 994 | 947 | 307 | 108 | 123 | 84 | 509 | 76 | 127 | 103 | 14 | 0 | 27 | 294 | 36 | 4.441 | |
| | Indefinite | | 467 | 78 | 55 | 77 | 994 | 947 | 307 | 105 | 123 | 84 | 509 | 68 | 127 | 99 | 14 | 0 | 27 | 294 | 36 | 4.411 | |
| | Temporary | | 8 | 3 | 2 | 2 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 8 | 0 | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 30 |
| | Analysts and administratives | | 1.982 | 168 | 427 | 106 | 886 | 2.466 | 619 | 270 | 134 | 345 | 1.005 | 327 | 133 | 64 | 20 | 35 | 60 | 124 | 32 | 9.203 | |
| | Indefinite | | 1.914 | 156 | 276 | 94 | 886 | 2.212 | 619 | 232 | 126 | 345 | 233 | 293 | 133 | 56 | 20 | 2 | 60 | 124 | 32 | 7.813 | |
| | Temporary | | 68 | 12 | 151 | 12 | 0 | 254 | 0 | 38 | 8 | 0 | 772 | 34 | 0 | 8 | 0 | 33 | 0 | 0 | 0 | 1.390 | |
| | Blue collar | | 30.945 | 4.143 | 5.954 | 4.050 | 14.649 | 40.986 | 10.836 | 6.135 | 1.758 | 1.848 | 10.164 | 3.271 | 1.357 | 737 | 1.960 | 711 | 1.311 | 4.098 | 473 | 145.386 | |
| Indefinite | 22.475 | 3.209 | 3.829 | 3.827 | 14.607 | 40.986 | 10.836 | 5.489 | 1.736 | 1.848 | 3.094 | 2.958 | 1.324 | 240 | 1.886 | 0 | 1.311 | 4.098 | 473 | 124.226 | | | |
| Temporary | 8.470 | 934 | 2.125 | 223 | 42 | 0 | 0 | 646 | 22 | 0 | 7.070 | 313 | 33 | 497 | 74 | 711 | 0 | 0 | 0 | 0 | 21.160 | | |

| Scope | Spain | Germany | Portugal | France | Argentina | Brazil | Colombia | Chile | Paraguay | Uruguay | Peru | Mexico | Central America | Australia | Singapore | China | Phillipines | USA | Southafrica | Total | | |
|--|--|---------|----------|---------|-----------|---------|----------|--------|----------|---------|--------|--------|-----------------|-----------|-----------|--------|-------------|--------|-------------|--------|-------|-----------|
| Medium compensation in Euros (2) (3) (4) | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 97,1% | 21.869 | 37.581 | 11.189 | 20.507 | 10.215 | 7.254 | 5.767 | 11.985 | 7.529 | 14.649 | 4.996 | 4.156 | 7.853 | 34.630 | 13.373 | | 38.145 | 12.196 | | |
| | Women | | 19.176 | 29.999 | 10.915 | 20.700 | 12.045 | 6.248 | 5.416 | 12.180 | 8.754 | 18.884 | 6.282 | 3.898 | 9.611 | 29.860 | 13.946 | | 37.127 | 12.225 | | |
| Age | Less than 30 years old | 97,1% | 17.659 | 31.800 | 10.380 | 19.248 | 8.436 | 4.617 | 5.079 | 9.795 | 6.558 | 11.728 | 4.504 | 3.483 | 6.014 | 33.031 | | | 36.080 | 9.250 | | |
| | Between 30 an 50 years old | | 21.020 | 36.507 | 10.635 | 19.470 | 10.038 | 7.368 | 5.642 | 13.017 | 7.582 | 15.402 | 4.502 | 3.773 | 9.134 | 33.093 | | | 37.081 | 11.914 | | |
| | More than 50 years old | | 23.145 | 35.124 | 10.964 | 19.310 | 9.796 | 6.344 | 5.102 | 13.633 | 10.840 | 14.303 | 4.323 | 3.804 | 16.146 | 32.162 | | | 34.916 | 16.010 | | |
| Professional category | Directors and managers | | 102.392 | 105.599 | 81.230 | 101.284 | 63.971 | 37.835 | 46.962 | 78.528 | 44.102 | 64.115 | 55.603 | 30.430 | 49.012 | 47.094 | | | 100.718 | 69.579 | | |
| | Men | | 103.060 | 168.886 | 84.916 | 101.284 | 64.131 | 36.774 | 46.182 | 80.714 | 43.047 | 64.758 | 55.690 | 33.163 | 64.348 | 41.102 | | | 127.053 | 70.563 | | |
| | Women | | 91.244 | 94.061 | 60.342 | 0 | 63.729 | 42.665 | 50.945 | 71.971 | 50.462 | 61.542 | 48.000 | 21.891 | 47.047 | 53.085 | | | 106.314 | 67.095 | | |
| | Supervisors and coordinators | | 50.833 | 67.558 | 28.180 | 52.297 | 18.449 | 13.301 | 12.971 | 26.507 | 12.376 | 26.628 | 14.431 | 8.190 | 11.906 | 36.787 | | | 37.255 | 23.225 | | |
| | Men | | 52.083 | 69.194 | 29.705 | 54.860 | 18.488 | 13.028 | 13.729 | 26.966 | 12.152 | 26.476 | 14.021 | 8.470 | 11.343 | 38.681 | | | 36.579 | 23.011 | | |
| | Women | | 47.306 | 58.300 | 24.273 | 43.598 | 18.111 | 15.445 | 11.479 | 25.132 | 13.226 | 27.218 | 15.309 | 7.820 | 13.545 | 34.894 | | | 37.255 | 24.067 | | |
| | Analysts and administratives | | 21.986 | 37.754 | 11.970 | 28.181 | 13.977 | 8.170 | 6.508 | 15.895 | 8.409 | 21.296 | 6.756 | 5.148 | 8.977 | 32.162 | | | 28.340 | 13.805 | | |
| | Men | | 22.833 | 43.393 | 11.948 | 29.098 | 14.570 | 8.650 | 7.709 | 15.859 | 8.404 | 21.399 | 6.265 | 5.204 | 8.150 | 33.031 | | | 28.340 | 14.892 | | |
| | Women | | 21.664 | 28.903 | 12.011 | 27.058 | 13.066 | 7.705 | 6.051 | 15.940 | 8.417 | 21.137 | 7.960 | 5.208 | 10.153 | 31.292 | | | 27.651 | 12.712 | | |
| | Blue collar | | 26.698 | 35.072 | 10.683 | 19.310 | 9.235 | 4.904 | 5.205 | 11.293 | 6.856 | 12.911 | 4.354 | 3.560 | 4.815 | 31.696 | | | 12.621 | 34.916 | | |
| Men | | 21.417 | 36.343 | 10.743 | 19.310 | 9.154 | 5.108 | 5.343 | 11.187 | 6.837 | 12.924 | 4.290 | 3.664 | 7.045 | 31.417 | | | 12.691 | 11.407 | | | |
| Women | | 18.635 | 29.128 | 10.376 | 19.302 | 10.307 | 4.524 | 4.815 | 11.812 | 7.010 | 12.671 | 4.670 | 3.360 | 7.029 | 31.975 | | | 12.296 | 12.275 | | | |
| Wage gap (2) (3) (4) | | | | | | | | | | | | | | | | | | | | | | |
| Wage gap | Wage gap | 97,1% | 12,5% | 20,4% | 3,4% | 1,1% | -10,4% | 10,6% | 10,6% | -5,1% | -2,9% | 1,7% | -10,4% | 7,8% | -3,0% | -1,5% | 3,2% | 0,0% | 0,0% | 1,0% | 0,0% | 5,4% |
| Professional category | Directors and managers | 97,1% | 11,5% | 44,3% | 28,9% | 100,0% | 0,6% | -16,0% | -10,3% | 10,8% | -17,2% | 5,0% | 13,8% | 34,0% | 26,9% | -29,2% | 22,3% | 0,0% | 0,0% | -5,6% | 0,0% | 1,9% |
| | Supervisors and coordinators | | 9,2% | 15,7% | 18,3% | 20,5% | 2,0% | -18,6% | 16,4% | 6,8% | -8,8% | -2,8% | -9,2% | 7,7% | -19,4% | 9,8% | -1,8% | 0,0% | 0,0% | 5,3% | 0,0% | -1,2% |
| | Analysts and administratives | | 5,1% | 33,4% | -0,5% | 7,0% | 10,3% | 10,9% | 21,5% | -0,5% | -0,2% | -27,1% | -0,1% | -24,6% | 5,3% | 2,4% | 0,0% | 0,0% | 29,3% | 0,0% | 4,6% | |
| | Blue collar | | 13,0% | 19,9% | 3,4% | 0,0% | -12,6% | 11,4% | 9,9% | -5,6% | -2,5% | 2,0% | -8,9% | 8,3% | 0,2% | -1,8% | 3,1% | 0,0% | 0,0% | 0,0% | 0,0% | 5,6% |
| Trade Union Representation | | | | | | | | | | | | | | | | | | | | | | |
| | Number of employees affiliated to a trade union organization | 97,1% | 5.704 | 1.280 | 907 | 0 | 4.511 | 7.672 | 555 | 3.878 | 0 | 865 | 989 | 2.868 | 0 | 122 | 483 | 0 | 0 | 2.192 | 0 | 32.026 |
| | Percentage of employees affiliated to a trade union organization | | 17% | 29% | 14% | 0% | 27% | 17% | 5% | 59% | 0% | 38% | 8% | 77% | 0% | 13% | 24% | 0% | 0% | 47% | 0% | 20% |
| Collective agreements | | | | | | | | | | | | | | | | | | | | | | |
| | Number of employees covered by a collective agreement | 99,7% | 33.671 | 4.173 | 6.112 | 4.256 | 14.643 | 44.547 | 2.682 | 5.314 | 2.036 | 2.278 | 989 | 2.868 | 0 | 439 | 0 | 0 | 0 | 2.192 | 0 | 126.200 |
| | Percentage of employees covered by a collective agreement | | 100% | 95% | 95% | 100% | 88% | 100% | 23% | 81% | 100% | 99% | 8% | 77% | 0% | 46% | 0% | 0% | 0% | 47% | 0% | 79% |
| Total number of training hours | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 99,5% | 358.796 | 78.640 | 51.328 | 62.238 | 238.861 | 50.854 | 209.316 | 76.527 | 29.658 | 12.765 | 16.513 | 19.601 | 7.265 | 7.904 | 23.326 | 13.032 | 0 | 0 | 3.276 | 1.259.900 |
| | Women | | 80.168 | 18.450 | 13.381 | 8.658 | 21.036 | 16.446 | 35.408 | 20.111 | 3.380 | 1.273 | 4.128 | 5.060 | 522 | 3.952 | 3.585 | 88 | 0 | 0 | 185 | 235.831 |
| Professional category | Directors and managers | 99,5% | 1.603 | 0 | 107 | 134 | 798 | 7.122 | 1.739 | 577 | 1.126 | 219 | 206 | 0 | 1.344 | 0 | 0 | 0 | 0 | 0 | 0 | 14.975 |
| | Supervisors and coordinators | | 5.726 | 116 | 657 | 655 | 2.514 | 7.102 | 8.061 | 2.763 | 2.089 | 860 | 1.179 | 322 | 2.517 | 11.856 | 16 | 0 | 0 | 0 | 432 | 46.864 |
| | Analysts and administratives | | 39.089 | 1.106 | 2.791 | 1.112 | 7.494 | 10.941 | 10.163 | 7.816 | 1.867 | 1.628 | 1.257 | 2.145 | 778 | 0 | 16 | 0 | 0 | 0 | 256 | 88.459 |
| | Blue collar | | 392.546 | 95.869 | 61.154 | 68.995 | 249.092 | 42.135 | 224.761 | 85.483 | 27.959 | 11.331 | 17.997 | 22.194 | 3.148 | 0 | 26.879 | 13.120 | 0 | 0 | 2.773 | 1.345.435 |
| Total number of hours of training imparted on human rights | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 94,2% | 1.680 | 0 | 1.250 | 0 | 31.188 | 489 | 8.231 | 0 | 664 | 0 | 69 | 1.082 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44.653 |
| | Women | | 149 | 0 | 225 | 0 | 3.639 | 183 | 593 | 0 | 52 | 0 | 17 | 534 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5.392 |
| Professional category | Directors and managers | 94,2% | 0 | 0 | 12 | 0 | 0 | 6 | 0 | 4 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 |
| | Supervisors and coordinators | | 0 | 0 | 35 | 0 | 0 | 35 | 0 | 18 | 0 | 0 | 48 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 136 |
| | Analysts and administratives | | 0 | 0 | 228 | 0 | 71 | 89 | 0 | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 460 |
| | Blue collar | | 1.829 | 0 | 1.200 | 0 | 34.827 | 560 | 8.735 | 0 | 622 | 0 | 84 | 1.616 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 49.472 |
| Investment in training | | | | | | | | | | | | | | | | | | | | | | |
| | Investment made in employee training (millions of euros) | 100,0% | 5,8 | 1,7 | 0,2 | 2,4 | 0,4 | 2,2 | 0,2 | 0,2 | 0,1 | 0,0 | 0,2 | 0,1 | 0,0 | 0,0 | 0,2 | 0,0 | 0,0 | 0,0 | 0,1 | 14,0 |
| Number of employees receiving regular evaluations of performance and professional development | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100,0% | 1.903 | 20 | 445 | 3.606 | 1.246 | 1.906 | 0 | 426 | 1.337 | 175 | 7.451 | 1.011 | 81 | 638 | 0 | 702 | 0 | 0 | 0 | 20.947 |
| | Women | | 927 | 7 | 206 | 650 | 608 | 1.080 | 0 | 192 | 179 | 87 | 1.863 | 745 | 53 | 317 | 0 | 9 | 0 | 0 | 0 | 6.923 |
| Percentage of employees who receive regular evaluations of performance and professional development | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100,0% | 7% | 1% | 8% | 100% | 8% | 5% | 0% | 8% | 75% | 9% | 74% | 36% | 32% | 100% | 0% | 96% | 0% | 0% | 0% | 16% |
| | Women | | 12% | 1% | 18% | 100% | 34% | 15% | 0% | 15% | 72% | 33% | 117% | 82% | 94% | 100% | 0% | 31% | 0% | 0% | 0% | 24% |

(2) The indicators of average remuneration and gap in Central America include only information related to Guatemala and Honduras

(3) In Spain, fixed wages and recurring supplements of employees with a full-time and part-time contract of over 90% are considered

(4) Fixed wages and recurring supplements of employees with full-time and part-time contracts of over 90% are considered.

| Scope | Spain | Germany | Portugal | France | Argentina | Brazil | Colombia | Chile | Paraguay | Uruguay | Peru | Mexico | Central America | Australia | Singapore | China | Phillipines | USA | Southafrica | Total |
|-------|-------|---------|----------|--------|-----------|--------|----------|-------|----------|---------|------|--------|-----------------|-----------|-----------|-------|-------------|-----|-------------|-------|
|-------|-------|---------|----------|--------|-----------|--------|----------|-------|----------|---------|------|--------|-----------------|-----------|-----------|-------|-------------|-----|-------------|-------|

| Number of employees who received a maternity or paternity leave | | | | | | | | | | | | | | | | | | | | | | |
|--|------------------------------|--------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|-----------|---------|-----------|------|---------|---------|---------|---------|---------|------------|
| Gender | Men | 97,0% | 761 | 47 | 184 | 106 | 283 | 681 | 195 | 117 | 101 | 0 | 0 | 99 | 1 | 0 | 14 | 2 | 9 | 9 | 0 | 2.609 |
| | Women | | 237 | 48 | 27 | 24 | 56 | 305 | 91 | 40 | 25 | 9 | 6.334 | 12 | 7 | 5 | 0 | 0 | 13 | 20 | 1 | 7.254 |
| Number of employees who returned to work after their termination due to maternity or paternity ended | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 97,0% | 676 | 32 | 184 | 106 | 260 | 681 | 195 | 117 | 101 | 0 | 0 | 99 | 1 | 0 | 0 | 2 | 9 | 8 | 0 | 2.471 |
| | Women | | 182 | 15 | 26 | 14 | 50 | 305 | 91 | 40 | 25 | 9 | 6.334 | 12 | 5 | 0 | 0 | 0 | 12 | 18 | 0 | 7.138 |
| Number of employees who returned to work after the end of their maternity or paternity leave and who continued working for 12 months after returning to work | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 97,0% | 676 | 114 | 79 | 106 | 253 | 646 | 195 | 117 | 100 | 0 | 0 | 99 | 1 | 0 | 14 | 2 | 9 | 8 | 0 | 2.419 |
| | Women | | 182 | 70 | 6 | 14 | 48 | 240 | 91 | 40 | 25 | 9 | 6.334 | 12 | 4 | 0 | 0 | 1 | 14 | 18 | 1 | 7.109 |
| Turnover | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 100,0% | 3.930 | 457 | 2.156 | 1.507 | 3.050 | 7.521 | 4.476 | 2.801 | 346 | 460 | 4.025 | 2.737 | 200 | 36 | 805 | 416 | 65 | 659 | 137 | 35.784 |
| | Women | | 1.381 | 145 | 884 | 276 | 334 | 1.893 | 1.614 | 670 | 53 | 46 | 583 | 861 | 103 | 42 | 140 | 14 | 47 | 449 | 27 | 9.562 |
| Age | Less than 30 years old | 100,0% | 1.510 | 131 | 888 | 414 | 800 | 2.582 | 2.562 | 1.539 | 151 | 97 | 2.005 | 1.274 | 139 | 19 | 101 | 102 | 69 | 457 | 22 | 14.862 |
| | Between 30 an 50 years old | | 2.584 | 295 | 1.839 | 1.038 | 1.949 | 5.941 | 3.207 | 1.500 | 240 | 266 | 2.324 | 1.995 | 134 | 34 | 288 | 177 | 37 | 429 | 127 | 24.404 |
| | More than 50 years old | | 1.217 | 176 | 313 | 331 | 635 | 891 | 321 | 432 | 8 | 143 | 279 | 329 | 30 | 25 | 556 | 151 | 6 | 222 | 15 | 6.080 |
| Professional category | Directors and managers | 100,0% | 29 | 4 | 4 | 8 | 10 | 38 | 16 | 7 | 4 | 1 | 14 | 10 | 0 | 0 | 0 | 3 | 0 | 26 | 0 | 174 |
| | Supervisors and coordinators | | 25 | 9 | 9 | 25 | 84 | 175 | 89 | 123 | 33 | 6 | 152 | 33 | 15 | 2 | 5 | 2 | 1 | 71 | 5 | 864 |
| | Analysts and administratives | | 650 | 45 | 356 | 40 | 193 | 650 | 489 | 329 | 55 | 13 | 301 | 166 | 23 | 5 | 7 | 3 | 19 | 24 | 7 | 3.375 |
| | Blue collar | | 4.607 | 544 | 2.671 | 1.710 | 3.097 | 8.551 | 5.496 | 3.012 | 307 | 487 | 4.141 | 3.389 | 265 | 71 | 933 | 422 | 92 | 987 | 152 | 40.934 |
| Turnover (leave / total employee) | | | 15,8% | 13,7% | 47,1% | 41,9% | 20,3% | 21,1% | 51,6% | 53,1% | 19,6% | 22,1% | 39,3% | 97,1% | 97,7% | 8,2% | 47,2% | 56,4% | 7,9% | 24,0% | 29,7% | 28,3% |
| Gender | Men | 100,0% | 11,7% | 10,4% | 33,4% | 35,4% | 18,3% | 16,8% | 37,9% | 42,8% | 17,0% | 20,1% | 34,3% | 73,9% | 65,8% | 3,8% | 40,2% | 54,5% | 4,6% | 14,3% | 24,8% | 22,3% |
| | Women | | 4,1% | 3,3% | 13,7% | 6,5% | 2,0% | 4,2% | 13,7% | 10,2% | 2,6% | 2,0% | 5,0% | 23,2% | 31,9% | 4,4% | 7,0% | 1,8% | 3,3% | 9,7% | 4,9% | 6,0% |
| Age | Less than 30 years old | 100,0% | 4,5% | 3,0% | 13,8% | 9,7% | 4,8% | 5,8% | 21,7% | 23,5% | 7,4% | 4,2% | 17,1% | 34,4% | 36,7% | 2,0% | 5,0% | 13,4% | 4,9% | 9,9% | 4,0% | 9,3% |
| | Between 30 an 50 years old | | 7,7% | 6,7% | 28,5% | 24,4% | 11,7% | 13,3% | 27,2% | 22,9% | 11,8% | 11,6% | 19,8% | 53,8% | 52,2% | 3,6% | 14,4% | 23,2% | 2,6% | 9,3% | 23,0% | 15,2% |
| | More than 50 years old | | 3,6% | 4,0% | 4,8% | 7,8% | 3,8% | 2,0% | 2,7% | 6,6% | 0,4% | 6,2% | 2,4% | 8,9% | 8,7% | 2,6% | 27,7% | 19,8% | 0,4% | 4,8% | 2,7% | 3,8% |
| Professional category | Directors and managers | 100,0% | 0,1% | 0,1% | 0,1% | 0,2% | 0,1% | 0,1% | 0,1% | 0,1% | 0,2% | 0,0% | 0,1% | 0,3% | 0,0% | 0,0% | 0,0% | 0,4% | 0,0% | 0,6% | 0,0% | 0,1% |
| | Supervisors and coordinators | | 0,1% | 0,2% | 0,1% | 0,6% | 0,5% | 0,4% | 0,8% | 1,9% | 1,6% | 0,3% | 1,3% | 0,9% | 6,3% | 0,2% | 0,2% | 0,3% | 0,1% | 1,5% | 0,9% | 0,5% |
| | Analysts and administratives | | 1,9% | 1,0% | 5,5% | 0,9% | 1,2% | 1,5% | 4,1% | 5,0% | 2,7% | 0,6% | 2,6% | 4,5% | 6,6% | 0,5% | 0,3% | 0,4% | 1,3% | 0,5% | 1,3% | 2,1% |
| | Blue collar | | 13,7% | 12,3% | 41,4% | 40,2% | 18,6% | 19,1% | 46,5% | 46,0% | 15,1% | 21,2% | 35,3% | 91,4% | 84,8% | 7,4% | 46,6% | 55,3% | 6,5% | 21,4% | 27,5% | 25,6% |
| Number of days worked by all Prosegur employees | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 99,7% | 9.180.198 | 604.021 | 1.624.634 | 1.060.445 | 3.698.895 | 8.975.999 | 2.989.770 | 1.954.567 | 543.248 | 575.972 | 3.796.730 | 958.461 | 1.345.035 | 177 | 391.900 | 316.016 | 259.790 | 783.900 | 208.832 | 39.268.590 |
| | Women | | 2.663.408 | 114.802 | 417.295 | 164.777 | 443.718 | 1.690.142 | 795.080 | 408.373 | 75.696 | 71.948 | 600.790 | 306.099 | 360.763 | 270 | 81.605 | 5.245 | 183.731 | 417.040 | 20.800 | 8.821.582 |
| Number of total days lost due to absence | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 96,8% | 311.045 | 89.615 | 95.851 | 111.307 | 210.505 | 82.656 | 45.115 | 56.724 | 7.668 | 40.765 | 218.821 | 12.121 | 8.260 | 0 | 11.230 | 2.360 | 1.027 | 0 | 14.536 | 1.319.606 |
| | Women | | 124.412 | 27.316 | 48.414 | 28.321 | 26.069 | 404.359 | 22.276 | 21.720 | 1.468 | 5.085 | 10.594 | 4.143 | 2.467 | 0 | 2.851 | 66 | 1.125 | 0 | 40 | 730.726 |
| Total hours of Absenteeism (estimating 8 hours per labour day) | | | | | | | | | | | | | | | | | | | | | | |
| Gender | Men | 96,8% | 2.488.360 | 716.920 | 766.808 | 890.456 | 1.684.040 | 661.249 | 360.920 | 453.792 | 61.344 | 326.121 | 1.750.568 | 96.968 | 66.080 | 0 | 89.840 | 18.880 | 8.216 | 0 | 116.288 | 10.556.850 |
| | Women | | 995.296 | 218.528 | 387.312 | 226.568 | 208.552 | 3.234.872 | 178.208 | 173.760 | 11.744 | 40.683 | 84.752 | 33.144 | 19.736 | 0 | 22.808 | 528 | 9.000 | 0 | 320 | 5.845.811 |
| Absenteeism rate (AR) | | | 8,1% | 38,6% | 17,5% | 27,7% | 11,6% | 24,8% | 4,3% | 8,2% | 3,4% | 14,1% | 7,5% | 2,6% | 12,2% | 0,0% | 6,4% | 2,0% | 1,0% | 0,0% | 7,2% | 11,6% |

In the current environment, Prosegur maintains its growth strategy at a global level, although the temporary change in demand for its services during the 2020 financial year has led to a reduction and flexibility of the workforce to adapt it to the circumstances of this period.

Additionally, in 2020, Prosegur made disinvestments in France (4,256 employees) and in Mexico (998 employees).

The workforce of Prosegur at the end of 2020 was of 147,231 employees (2019: 160,145 employees), 8.1% down on 2019.

Diversity

Diversity is an intrinsic part of the spirit of Prosegur, especially in connection with its workforce. This diversity is embodied in the cultural, gender and functional spheres, and has a positive impact on the organisation and on its competitive advantages.

The characteristics of the sector in which the Company operates are crucial to understand the diversity data. Taking this into account, the percentage of women continues to grow thanks to the efforts made in recent years and the proportion has already reached 19.6% of the total workforce (2019: 18.2%).

In this sense, Prosegur has identified equality as one of its main lines of action. For this reason, 2020 saw the company working on the implementation of the #EmpoweredWomen programme, which will be launched in 2021.

The programme consists of various initiatives. The individualised work plan that will be carried out with 100% of women with responsibility at the corporate level, as well as women from other levels of the organisation with brilliant performance evaluations, stands out. Furthermore, the company will design a career plan together with the participants, who will receive personalised monitoring from HR, participate in work sessions on distinctive and leadership skills and develop a mentoring programme.

This initiative will be extended to the rest of the company, with outreach initiatives around biases, open weekly workshops to work on leadership and self-promotion of non-controlling groups. In addition, the company will launch the #EmpoweredWomen grants, aimed at preparing Prosegur women to lead the company's transformation projects.

The fulfilment of Prosegur's objectives in terms of diversity is supervised by the Sustainability, Corporate Governance, Appointments and Remuneration Committee (CSGCNR), which also keeps the Board of Directors informed.

Selection

A cornerstone of Prosegur's success as one of world's main security services companies has traditionally been its recruitment policy. Accordingly, Prosegur guarantees its workforce compliance with its labour and social security obligations.

Trust and responsibility are the qualities required in those who render the Company's services on client premises, operating in an area as important as security, so Prosegur must not only ensure the effectiveness of its professionals, but also their honesty, responsibility and psychological maturity.

It is precisely for this reason that continuous improvements are made by the Human Resources Department to our recruitment process, enabling us to accurately identify the suitability of an individual for a position within Prosegur.

Within the transformation plan in which the company is involved, in 2020 Prosegur strengthened the staff recruitment and selection systems. Of particular note is the implementation of curricular robotisation processes in Argentina and Colombia to improve the candidate and employee experience, as well as the implementation of gamified testing solutions for Argentina, Spain and Portugal. All this managed through the Taleo Global cloud platform (Oracle). This solution is already operational in ten of the main countries of the group (Argentina, Brazil, Chile, Colombia, Spain, Mexico, Paraguay, Peru, Portugal and Uruguay) and is being implemented in the United States.

This platform allows the company to promote the use of new technologies in the process of attracting talent. Throughout 2020, Prosegur managed more than 45,800 applications received through video interviews.

Talent management

All employees at Prosegur guide their behaviour based on the principles of the Leadership Model: Passion for the client, Results orientation, Transformation and innovation, Responsibility and commitment, and Team spirit.

Talent management at Prosegur revolves around these and consists of various development plans:

- ▶ Performance evaluation: Carried out annually for the entire indirect group. The tool gives employees the chance to self-assess and to create a space for dialogue and feedback with their managers, in order to establish development plans. Furthermore, the remuneration of Senior Management is linked to sustainability objectives.
- ▶ Talent Reviews: Carried out annually for the key management group, allowing the identification of strengths and areas for improvement that enable customised development plans to be carried out and succession plans to be ensured.

Remuneration

The remuneration schemes at Prosegur always respond to compliance with local legislation, and are aligned with market practice as well as with the company's financial situation.

On the other hand, the company has a policy for assessing positions for the entire company under the methodology of an external provider, which allows it to assess the different positions based on a series of objective criteria: responsibility, impact, scope of action, etc.

In this way, all Prosegur employees' positions have specific local salary bands, thus guaranteeing that there is no discrimination of any kind for the same job.

In order to continue guaranteeing equal pay, in 2021 Prosegur will bring in a specialised and independent consultancy company to audit its job levelling system and guarantee salary equity, identifying those situations that could generate salary differences to ensure that they are not based on gender, ethnicity or other sensitive characteristics.

The Prosegur's remuneration policy includes the following criteria and general principles:

- ▶ Willingness to be able to attract and retain the best professionals, aligning their remuneration with internal fairness, as well as to best practices and market conditions.
- ▶ Capacity to motivate our employees, ensuring their loyalty and orientation towards the expected business results, through variable short-term remuneration, as well as specific medium- and long-term remuneration for management and key positions.
- ▶ Consideration at all times of the Company's current, medium- and long-term situation and the alignment thereof with the various remuneration schemes. Hence, Prosegur aims to make our

employees' remuneration flexible, moving the remuneration scheme towards a model in which variable remuneration has a greater weighting, allowing us to align it with the aforementioned principles.

- ▶ Control to ensure compliance with the pay policy and to guarantee non-discrimination by gender, race or age.

Bearing in mind these values, the Prosegur salary structure comprises:

- ▶ Fixed remuneration: According to the standards of living and remuneration practices of each country and always in accordance with the legal guarantees provided.
- ▶ Variable remuneration: Most Prosegur groups have a variable component in their retribution, linked to specific objectives that ensure that their concession follows meritocratic criteria.

There are different variable compensation plans based on the functions and responsibilities of each group:

- ▶ DSO: An objectives plan linked to the performance of the most operational teams based on absenteeism ratios, efficiency in services, etc.
- ▶ PIC: An incentive plan for commercial groups.
- ▶ PIPE: An annual bonus plan aimed at structural personnel.
- ▶ ILP: A long-term incentive plan aimed at management personnel and linked to the company's strategic objectives. For a certain number, their participation is associated with specific values of Company stock prices.
- ▶ Other plans: There are additional plans for specific groups that seek to align teams with the organisation objectives and strategies.

In measuring the achievement of objectives for all employees, including Management, Prosegur's leadership principles will be taken into account, which include alignment with the company's sustainable development objectives, among other things.

- ▶ Other benefits: Given that Prosegur seeks to make its remuneration scheme flexible, all of its employees enjoy additional non-salary benefits.

Remuneration to Senior Management and the Board of Directors is detailed below:

Average Director remuneration: EUR 250 thousand (2019: EUR 304 thousand).

- ▶ Women: EUR 282 thousand average retribution, including the President (2019: EUR 358 thousand).
- ▶ Men: EUR 239 thousand average retribution, including the Executive Director (EUR 286 thousand).

Average salary of Senior Management: EUR 293 thousand, all members being men (2019: EUR 295 thousand).

In calculating the average remuneration, fixed, variable remuneration, per diems and remuneration for committee membership has been considered.

Training

Prosegur, as a standard-bearer in the security sector, and due to the importance of its work, offers quality employment, in which the skills and degree of specialisation of its professionals are among its main distinguishing factors. This translates into its firm commitment to the talent and professional development of its employees and is depicted in the commitment to offer varied, multi-platform and quality training, that provides employees with appropriate preparation to perform their duties, promote and attain their professional development.

Prosegur, via the global online platform—Prosegur Corporate University—offers a virtual space in which professionals can pool their knowledge, experience the company's values, develop their talent and explore specialised training through a common culture. On this on-line platform, Prosegur offers a differentiated and varied catalogue of training courses as part of the professional development plan for each employee, which may vary by region in accordance with the needs and requirements of each country and business.

The Prosegur Corporate University has an intuitive and simple look and feel. Furthermore, the platform is 100% responsive (accessible from all devices) thanks to its integration with the Prosegur Intranet App, that favours the continuous training of employees thanks to its immediate accessibility from their mobile telephones anytime and anywhere.

This new platform has been deployed in nineteen countries including Australia and the United States, whose training strategy is being defined, and includes new training content and functions that turn the Prosegur Corporate University into an interconnected community that promotes the exchange of knowledge and characteristic values of the company.

Training plan

In 2020, as a result of the global training strategy launched by the Human Resources Department, a training programme was held in which the indirect workforce from 15 countries participated. This programme includes strategic training content for the company such as Information Security, Innovation (Internet of Things, Data Science, Blockchain, Design Thinking, Artificial Intelligence, Management 3.0, Mixed Reality, Robotics and 3D Printing), management skills and good habits, as well as specific content of the business that make up Prosegur.

The year-end balance was a total of 96,000 courses taken and approximately 11,000 employees of this group undergoing training throughout this plan. As a whole, more than 70 training actions have been launched, of which 38 have been on-line training courses, 19 synchronous innovation webinars, 5 on-line innovation workshops and 9 innovation Masterclasses with experts.

Prosegur will offer mandatory training on Sustainability through its Corporate University in 2021, as an effective tool to raise awareness among its staff and the entire organisation.

Global balance of on-line training in 2020

During this financial year, a total of 643,000 hours of study were carried out, which is 440% more than in the previous year (119,000 hours).

Thanks to the drive of the 2020 Global Training Plan, there has been a strong increase in training hours, as well as in the connectivity ratio, which has increased significantly, with a total of 77,000 connections in 2020. These data have begun to be collected more comprehensively this year thanks to the integration of Google Analytics within the platform.

Local Training management

For its part, on-site and online training is managed and planned from the teams of the countries on the basis of the needs of the business and its clients. To this regard, each country has a local training

team that combines synergies with the global training team. The Corporate Management coordinates some of the global training activity, which generally takes place through the online training platform, for example everything related to compliance and 2020 Global Training Programme.

In total, 2.0 million training hours were imparted in 2020, (an increase of 32.6%), implying an average of 13.5 hours of training per employee.

Employee satisfaction

In 2018, Prosegur launched an employee experience analysis programme through which the most important initiatives to improve employee engagement were identified and the eNPS (employee Net Promoter Score) was measured as a standard market indicator on said engagement.

All employee interactions with the company, from recruitment to termination in Argentina, Brazil and Spain, which cover 63% of total employees, were analysed to identify areas for improvement (experiences that were below the expectations of the employee) and strengths (experiences that have a high impact on the employee's engagement) in their relationship with the company

From this analysis, the most urgent initiatives were prioritised and action plans were initiated. As a result of this project, new initiatives were launched such as the new Prosegur Corporate University, both in content and mobility; the new leadership model and its performance evaluation; the new mobile app for the employee with the most relevant information about the company, the work quadrants and payroll of the operating personnel; or teleworking policies in answer to the pandemic to improve the reconciliation of work and family life.

In order to measure the degree of improvement in employee engagement, the deployment of the eNPS measurement began in mid-2019. The eNPS is a standard market indicator that is measured with a single question: "between 0 and 10, to what extent would you recommend working at Prosegur to a friend or relative?" The indicator value is calculated by subtracting the percentage of proponents (those who gave scores of 9 or 10) from the percentage of opponents (those who gave scores from 0 to 6). Therefore, its value can only be between -100 and +100.

It is very important to measure the eNPS anonymously to avoid significant bias. Prosegur each day launches the questionnaire to a small group of employees, maintaining the distribution of the workforce and with a frequency of more or less twice a year per employee, allowing the results to be filtered by business and country.

Prosegur's eNPS is currently 66.39 (the average score in Spanish companies is 18 according to the latest employee experience barometer published in 2019 by the Human Resources Studies Centre of the Instituto de Empresa).

This real-time measurement identifies the relationship of employees with those relevant events that happen in the company and in society.

The recognition of these initiatives is already reaping its fruits, Prosegur having been chosen as one of the best 50 companies to work for in Brazil (where the company counts with more than 43,000 employees) and receiving the award for the best employee experience project in Spain from the AEERC (Spanish Association of Customer Relationship Experts).

Employment opportunities for people with disabilities

Prosegur has established a series of measures to boost integration of disabled people in the labour market, offering them a more stable future through employment. The main measures are:

- ▶ Documentary digitalisation to manage the large amount of paper generated, a project adapted to include people with disabilities and create shared value, and one that is responsible with the environment.
- ▶ Measures for integrating people with intellectual disability into the job market have been implemented in the more representative offices of Prosegur, with new disabled employees being added every year to the workforce in the various countries.
- ▶ The posting of job offers via web portals, establishing a specific section for affording disabled people employment opportunities.
- ▶ Integration of digitisation services offered by disabled personnel in a technological area (Robotisation, Excellence, Automation and Digitisation Centre "CREAD"). People with disabilities are placed at the centre of the operation, moving from routine tasks to performing tasks with greater added value such as the training of machine learning models. These disabled people are a fundamental part of the operations of this area that integrates technology, people and operations. Prosegur has four Digitisation Centres in the world, Brazil, Chile, Spain and Peru and employs 33 people with some type of disability. As relevant data, these digitisation centres have managed more than 34 million pages of the different departments of the company and there is a commitment not only to increase the volume managed but also to export this internal service to third-party clients as an additional service as part of the company offer. This project is a success story and an example of personal and professional integration of people with disabilities. The CREAD team was awarded worldwide Innovation Excellence in RPA at the Blue Prism Awards.
- ▶ The Special Employment Centre in Spain, a partnership between Aprocor and Prosegur to provide disabled people with employment opportunities. Likewise, the "CICLO" training centre in Brazil: a partnership between Prosegur and the São Paulo Association of Parents and Friends of the Disabled (Brazil).

Furthermore, the Code of Ethics and Conduct effectively promotes policies to respond to this matter, especially those referring to recruitment processes.

Prosegur guarantees all employees access to its facilities by adapting and improving accessibility to all the Group's operating and corporate buildings.

The total number of disabled employees in 2020 was 819 (2019: 955 employees). The goal is to fully integrate disabled employees into the Company.

Labour relations

Prosegur manages labour relations locally, based on the specific characteristics of each market and, in particular, the legislation in place in each country. In accordance with the Universal Declaration of Human Rights (UDHR) and applicable laws in the countries in which it operates, the Company respects its employees' rights of freedom to join a union, associate with others and collective bargaining, recognised in its corporate Human Rights Policy.

In its Corporate Human Rights Policy Prosegur recognises the fundamental right of workers to form, participate or join trade unions or other representative bodies in accordance with Convention 87 of the International Labour Organisation on freedom of association and protection of the right to organise convention.

Our willingness to talk with trade unions is constant and paramount. The Company holds periodic meetings with all legitimate representatives of workers in all the regions where it operates, listening to them, sharing information and seeking common goals. In fact, 20% of its workforce are union members and the bargaining agreements signed cover more than 79% of the entire workforce (2019:

78%). These figures are above the average at other leading companies in the sector. As the collective bargaining agreement for Spanish security companies of 19 January 2018 states, measures are included to foster occupational health and safety measures and to improve employment conditions and information.

Given the socio-health particularities of this past year, Prosegur has maintained an even closer collaboration with the workers' representatives when negotiating and reaching agreements regarding the actions necessary to cushion the impact of the COVID-19 pandemic.

Thanks to these fluid and stable relationships, labour unrest declined notably in the company environment during the last year, with only two strikes in Spain (Private Security Strike in Catalonia, requesting a regional agreement and ESC Strike, declared illegal) and local trouble spots in Brazil (3 strikes with limited impact) and Colombia.

In accordance with the provisions of EU Directive 2009/38/EC and Act 10/1997, in 2014 Prosegur created a European Workers' Committee. This body promotes cross-border cooperation between the Company and the workers' representatives and nurtures a constructive dialogue on the European stage. Accordingly, consultation is encouraged and cross-border information shared between companies and workers.

During 2020, close and fluid contact was maintained with all the members of the European Workers' Committee and, for reasons of force majeure and with the ever-present purpose of preserving health measures, it was agreed to postpone the annual face-to-face meeting.

During 2020 the company has continued to advance in the automation of processes to improve the employee experience and job.

In order to promote bidirectional communication with its employees, the Human Resources department has various channels among which the global intranet and its mobile application are worthy of mention. The Intranet app (available on Android and iOS) includes very useful functions such as fingerprint access or facial recognition, push notifications with relevant information, employee directory, access to the Prosegur Corporate University and, on the basis of their profile, crew management work schedules or contact with the CGO (Operating Management Centre) for guards of the Security business, as well as the displaying of payrolls in 9 countries of the group. In 2020, the Intranet app was used in 17 countries by 62% of the workforce. This application is updated quarterly to include new requests from the business as well as from employees.

Absenteeism

Prosegur acts in line with the legal and voluntary regulations in the sector concerning occupational risk prevention, investing in specific training, and creating a safe and responsible working atmosphere within the organisation.

For the purposes of this report, the days lost due to the absence of workers during their normal working hours for any type of disability, not only accidents or occupational diseases, are considered as absenteeism. Permitted absences such as training sessions are excluded from these data.

Equality plan

Through the measures adopted regarding this matter, Prosegur undertakes to ensure the fight against situations of direct or indirect discrimination, for reasons of gender and, in particular, those relating to maternity, paternity, family obligations and marital status. In 2020 a new Equality Plan was signed in Spain with the main unions, whose main measures are:

- ▶ The appointment of a manager to ensure equal treatment and opportunities within the company.
- ▶ Information and awareness of the workforce regarding work-life balance measures in place.
- ▶ Inclusion in job offers of commitment to gender equality.
- ▶ Inclusion of the Equality Plan in the organisation's Intranet.
- ▶ Delivery of the Equality Plan and the Harassment Protocol to the Workers' Committees/workers' representatives.
- ▶ Inclusion of one copy of the Equality Plan and Harassment Protocol, as well as forbidden behaviours at the workplace, for every 100 employees in the services.
- ▶ Paid leaves to victims of gender violence with psychological assistance for women and their children.

This Equality Plan has a national scope in Spain and will be extended during Strategic Plan 21-23 on a global scale.

Employment discrimination

Prosegur is constantly striving to foster policies and measures that prevent discrimination, not only at the company, but also transferring these demands to the stakeholders, with whom we are permanently in direct contact.

This is stated in its Human Rights Policy, which ensures the absence of discrimination, granting protection to any group that is especially vulnerable to this type of conduct.

In addition there is a corporate provision that establishes the action protocol in the event of discrimination, moral and sexual harassment.

Prosegur undertakes to respect that principle, as detailed in the Code of Ethics and Conduct, which is part of the best practices followed throughout the company, both internally and with its clients, suppliers, local communities and society as a whole.

In addition, during 2021 the review of the Corporate Equality Policy will be made with the intention of adapting it to the advances and new horizons in terms of diversity and plurality.

Wage gap

Prosegur is committed to bridging the wage gap, fostering equality in work relations between men and women, as for Prosegur talent resides in each individual, regardless of their gender, race, religious beliefs, political views or any other criterion.

The remuneration of the Group's workers is in accordance with the law and the applicable Collective Covenants without discrimination in any of the elements or conditions of remuneration, and the objectivity of all the concepts defined in the salary structure is guaranteed.

Compared to an average in the security sector in Spain of 13% of positions held by women (source: APROSER), during 2020 Prosegur, as a whole, managed to reach 19.6% compared to 18.2% the previous year.

In this report, the wage gap data, a concept that is being explored in particular this year, is based on information on the median pay of all employees explained according to the specific circumstances of each country.

Regarding the analysis of the wage gap, the company analyses four main categories (Executives, Middle managers, Analysts and Operators), with variations between them, at a geographical and

business level. Taking into account the aggregated data, Prosegur's wage gap is 11.8%, fundamentally directly influenced by operating positions.

The calculation of the 2020 wage gap takes into account the diversity of teams that make up the different lines of business of the company, analysing the gap for each one of them and weighting it according to the number of employees in each.

In any case, through the global compensation tool, the company has specific analysis reports by gender and wage gap that facilitate constant monitoring and identify salary variations that must be corrected.

Work-life balance

Prosegur works relentlessly to foster flexibility at the workplace, nurturing the work-life balance by fostering flexible working hours, specifically with regard to start and end times of each working day. Fostering a work-life balance makes for a more efficient and gratifying work atmosphere for all employees and helps attract new talent.

Prosegur employees are entitled to know their work schedule, as well as their daily, weekly and monthly rest time. In its Human Rights Policy Prosegur recognises the right to conciliation, to rest and to disconnect from work once employees have finished their working hours.

For Prosegur, the family is a fundamental axis of society and the company therefore protects motherhood, fatherhood and childhood. Proof of this are the 3,528 employees who enjoyed their maternity or paternity leave during 2020.

Along this line, and assimilating the positive impact that remote work has for conciliation, for 2021 the possibility of facilitating remote work options is being studied, gradually implementing this form of work for those groups of the company whose responsibilities allow it.

Occupational health and safety

| KPIs | 2019 | | 2020 | | Scope (over sales) |
|--|----------|---------|----------|---------|--------------------|
| Training in health and safety to employees (hours) (absolute value) | Security | 432.6 | Security | 601.141 | 100% |
| | Men | 387.996 | Men | 537.142 | |
| | Women | 44.605 | Women | 64 | |
| | Alarms | 20.037 | Alarms | 14.161 | 100% |
| | Men | 14.99 | Men | 10.017 | |
| | Women | 5.047 | Women | 4.144 | |
| | Cash | 135.477 | Cash | 151.399 | 100% |
| | Men | 94.526 | Men | 109.982 | |
| | Women | 40.951 | Women | 41.418 | |
| | Others | nd | Others | 4.648 | 100% |
| | Men | nd | Men | 2.629 | |
| | Women | nd | Women | 2.02 | |
| No. of fatal accidents (absolute value) | Security | 6 | Security | 3 | 100% |
| | Men | 5 | Men | 3 | |
| | Women: | 1 | Women: | — | |
| | Alarms | — | Alarms | — | 100% |
| | Men | — | Men | — | |
| | Women | — | Women | — | |
| | Cash | 3 | Cash | 1 | 100% |
| | Men | 3 | Men | 1 | |
| | Women | — | Women | — | |
| | Others | nd | Others | — | 100% |
| | Men | nd | Men | — | |
| | Women | nd | Women | — | |
| Accident rate (IR) = Frequency Rate IR=no. Accidents/no. hours*10 ⁶ | Security | 12.0 | Security | 8.78 | 100% |
| | Men | 11.6 | Men | 8.06 | |
| | Women | 14.6 | Women | 13.03 | |
| | Alarms | 15.6 | Alarms | 8.6 | 100% |
| | Men | 18.4 | Men | 11.08 | |
| | Women | 7.9 | Women | 1.6 | |
| | Cash | 19.1 | Cash | 12.74 | 100% |
| | Men | 20.9 | Men | 14.98 | |
| | Women | 13 | Women | 6.32 | |
| | Others | nd | Others | 2.99 | 100% |
| | Men | nd | Men | 4.15 | |
| | Women | nd | Women | 1.68 | |
| Severity rate (IDR) IDR=no. Days lost due to occupational accidents/no. hours*10 ³ | Security | 0.39 | Security | 0.67 | 100% |
| | Men | 0.36 | Men | 0.49 | |
| | Women | 0.61 | Women | 1.75 | |
| | Alarms | 0.46 | Alarms | 0.94 | 100% |
| | Men | 0.55 | Men | 0.67 | |

| | | | | | |
|---|----------|-------|----------|-------|------|
| | Women | 0.19 | Women | 1.67 | |
| | Cash | 0.43 | Cash | 1.12 | 100% |
| | Men | 0.49 | Men | 0.97 | |
| | Women | 0.24 | Women | 1.54 | |
| | Others | nd | Others | 0.34 | 100% |
| | Men | nd | Men | 0.13 | |
| | Women | nd | Women | 0.59 | |
| Occupational illnesses (absolute value) | Security | 6 | Security | 175 | 100% |
| | Men | 5 | Men | 108 | |
| | Women | 1 | Women | 67 | |
| | Alarms | 1 | Alarms | 3 | 100% |
| | Men | — | Men | 1 | |
| | Women | 1 | Women | 2 | |
| | Cash | 12 | Cash | 94 | 100% |
| | Men | 5 | Men | 62 | |
| | Women | 7 | Women | 32 | |
| | Others | 12 | Others | 2 | 100% |
| | Men | 5 | Men | — | |
| | Women | 7 | Women | 2 | |
| | Security | 2.577 | Security | 2.239 | 100% |
| | Men | 2.135 | Men | 1.758 | |
| | Women | 0.422 | Women | 0.481 | |
| | Alarms | 0.212 | Alarms | 0.144 | 100% |
| | Men | 0.183 | Men | 0.137 | |
| | Women | 0.029 | Women | 0.007 | |
| Number of occupational accidents (Absolute Value) | Cash | 1.558 | Cash | 1.3 | 100% |
| | Men | 1.318 | Men | 1.133 | |
| | Women | 0.24 | Women | 0.167 | |
| | Others | nd | Others | 0.019 | 100% |
| | Men | nd | Men | 0.014 | |
| | Women | nd | Women | 0.005 | |

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2020 (except for Ecuador), disinvestments and the countries in which business are equity-accounted.

Objectives and involvement of the Management

At Prosegur, Occupational Health and Safety are a priority for all levels of the organisation. This responsibility begins with the Group's Management, whose commitment is projected in the Global Policy on Safety and Health at Work applicable to all business lines, their employees, activities and collaborators.

In this sense, the Company pursues the firm objective of reducing the accident rate to zero, by implementing specific objectives, actions and indicators that are included in its specific Global Standard for Occupational Health and Safety Indicators, and that are reviewed on a quarterly basis with the Company's management.

The initiative to convene quarterly Health and Safety Committees was born out of the Global Directorate of Prosegur Cash itself, and it has been decided that they can now be extended to

Prosegur Security and Prosegur Alarms. These Committees analyse and monitor the management of Occupational Risk Prevention in each country and its indicators, global initiatives are proposed and adopted, assigning the necessary resources, and specific control is carried out on any serious or fatal accident, with an analysis of the causes and measures adopted.

Accident rate control

In Prosegur, the control and analysis of the accident rate in the search for its eradication is enormous. In addition to the detailed investigation by the occupational health and safety teams of each country, and the second control made in the aforementioned committees, the company has established a corporate channel for communicating serious and fatal work accidents. This protocol, which has a specific 3P standard, aims for any accident to be immediately reported to the entire chain of command, including the general managers and global human resources and of the country in question, so that they can immediately take all necessary actions.

As a new additional measure in the area of Occupational Health and Safety, the Groups of Experts on Health and Safety have been for 2021, bringing together health and safety managers and technicians from the different countries where Prosegur is present in order to identify needs, trends in the exercise of the function and best practices.

The number of fatal victims has decreased from 9 in 2019, to 4 in 2020. Worthy of considerable mention is the decrease in Prosegur Cash, where 3 employees died in 2019, and only one victim was registered this year.

The accident rate also fell in all business: in Security it is 8.78 (2019: 12.0), and 8.6 in Alarms (2019: 15.6) and in Cash, 12.74 (2019: 19.1).

This drastic reduction has been favoured by the exceptional situation of the period, with the reduction of some of the main risk factors such as traffic or crowds at events.

Although these indicators reflect an obvious improvement, the contrast comes in the variables related to the medical treatment of occupational contingencies: the severity rate and the number of occupational diseases, which increased.

The severity rate, which reflects the days lost as a result of occupational accidents, was directly affected by the collapse of the health systems in this period. The data therefore reflect the delays in care and in the necessary treatments for injured employees to return to work.

Regarding the number of occupational diseases, which has traditionally been very small in the activities of the company, this year stands out to a greater extent than others.

Analysis of this deviation shows that a part of this increase is due to a conservative stance of health professionals in the evaluation of occupational diseases, thereby seeking to avoid the exposure of potentially vulnerable personnel.

What's more, the inclusion of the United States has generated an upward increase in the number of occupational diseases, since, despite the fact that Prosegur's figures in the United States (0.61) are below the average for the business in the country (0.76), it represents a 39% increase in the number of occupational diseases in absolute numbers in the security business.

Occupational Risk Prevention Management

Prosegur's Occupational Risk Prevention (ORP) management system is doubly reinforced. Beyond the aforementioned corporate mechanisms, Health and Safety management is administered locally. For this reason, the company has expert professionals assigned in each country, which guarantees

both strict regulatory compliance in accordance with local laws, and a management of Occupational Risk Prevention close to the different work environments when it comes to raising awareness, identifying needs, assessing risks and implementing preventive measures.

As a result of the above, Prosegur presents a multitude of initiatives to improve the well-being of workers, both locally and with Corporate projects which in 2021 will include a Global Road Safety Campaign, as well as an initiative to promote healthy habits. All of this is accessible along with the rest of the information on ORP through the Prosegur Intranet app, and the new operational tools developed thanks to digitisation such as POPS, which offer employees all the updated information and send notifications focused on the employee's well-being.

Among these measures, training is considered by Prosegur to be the main tool for disseminating existing occupational risks and the measures necessary for their prevention. Therefore, with a view to 2021, the management indicators related to health and safety training have been strengthened, and it has been established that one strategic objective of the area is to increase the number of hours of training in health and safety by incorporating new modules in the mandatory training plans for employees.

Similarly, the prioritisation of health and safety is extended in relations with third parties according to the provisions of the 3P General Purchasing Standard. For this reason, Prosegur has strong systems for coordinating preventive activities to ensure close collaboration with all suppliers in their duties regarding risk prevention, with the aim of guaranteeing optimal working conditions throughout the supply chain and services received by the Group.

The entire management system is regularly subject to internal and external control and evaluation, successfully passing all reviews and maintaining the international OHSAS 18001 certificate. A certificate that will be continued this year by adapting it to the ISO 45001-2018 standard.

COVID-19

This last year has required an extraordinary effort to safeguard the safety and health of everyone in the context of a health emergency of this calibre.

Prosegur's response to this situation was early and forceful from the start. The following stand out amongst the measures taken:

- ▶ A Global Crisis Committee was formed at the beginning of the year to promote agility in decision-making and critical actions. In turn, local Crisis Committees were replicated to adapt the measures to the health situation in each country.
- ▶ Preparation of the Internal Action Protocol against COVID-19, distribution and implementation was orchestrated in all countries, even before positive cases were reported in some of them.
- ▶ Coordination of the collection of protective material and supply to the personnel most exposed from the beginning.
- ▶ The establishment of working from home as a preventive measure for all staff whose functions enable them to do so.
- ▶ Organisational redistribution (of shifts) and workspaces to limit the number of employees in contact and to segregate the exposure of personnel whose functions were necessarily physical.
- ▶ Constant effort in information and awareness campaigns, enabling digital tools for access control, traceability of infections and giving agility to the various procedures.

It should be noted that security is an essential service, and for this reason, Prosegur and its workers have continued to provide services during the different phases of the pandemic, thereby contributing to making the world a safer place.

5.3. Anti-corruption and bribery matters

| KPIs | 2019 | 2020 |
|--|------|------|
| No. of complaints for breaches of the Code of Ethics | 12 | 18 |
| No. of complaints for fraud | 19 | 9 |

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2020 (except for Ecuador), disinvestments and the countries in which business are equity-accounted. The scope of these KPIs covers 100%.

Corporate governance

Based on the provisions and recommendations of the Unified Code of Good Governance for Listed Companies, approved by the Council of the National Securities Market Commission (CNMV), and best international practices and recommendations in the field of good governance, Prosegur has remained steadfastly committed to success and its efforts to consolidate a responsible, profitable and sustainable business. In this regard, the organisation's corporate governance is founded on five core pillars that serve as a framework and reference point for further development: independence, transparency, protection of minority shareholders, effectiveness and efficiency, and integrity.

The Prosegur Corporate Governance System draws from several standards that help articulate it and that guarantee its effective control, such as the Articles of Association, the General Shareholders Meeting Regulation and the Board of Directors. Likewise, it also has the Regulations for the Audit Committee and the Regulations for the Sustainability, Corporate Governance, Appointments and Remuneration Committee as an expression of the operation and responsibilities of both Committees.

The Company reinforces its commitment to good governance with the addition of other internal related procedures that serve as a frame of reference:

- ▶ Code of Ethics and Conduct, which includes the values, principles and standards of action that the employees, managers and members of the governing bodies of the Company must respect, both in their internal professional relationships and in external relationships with shareholders, clients and users, suppliers, public administrations and regulatory bodies, competitors and with society in general.
- ▶ Internal Code of Conduct on Matters Relating to the Securities Markets, the purpose of which is to establish the rules of conduct that employees, managers and members of the governing bodies of the Company must abide by in matters relating to the securities markets that affect this listed Company.
- ▶ Framework Agreement on Relations between Prosegur Cash and Prosegur Compañía de Seguridad, as the controlling shareholder of the Company, the purpose of which is to establish a transparent framework of relationships between them, defining their respective areas of activity, the framework of commercial relationships and the mechanisms provided to resolve any possible conflicts of interest.
- ▶ Director Appointment and Remuneration Policy.
- ▶ Corporate Social Responsibility Policy.
- ▶ Internal Audit Policy.
- ▶ Risk Management Policy.
- ▶ Human Rights policy.

- ▶ Risk Management Policy.

Governance of Prosegur

The Shareholders General Meeting is the principal body representing the share capital of Prosegur, and exercises the functions granted by law and the Articles of Association.

The representation power of Company pertains to the Board of Directors acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the Shareholders General Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Committee for Sustainability, Corporate Governance, Appointments and Remuneration. The responsibilities of the Audit Committee, composed 66.6% by independent directors, include: proposing the appointment of the auditor; reviewing the Prosegur accounts; ensuring compliance with legal requirements and the application of generally accepted accounting principles. For its part, the duty of the Sustainability, Corporate Governance, Appointments and Remuneration Committee is to establish and review the criteria for the composition and remuneration of the Board of Directors, and of the members of the Prosegur management team. It also periodically reviews remuneration programmes.

At 31 December 2020, the Board of Directors of Prosegur was composed of eight members (25% women): one executive and seven non-executive, of which three are independent directors (37.5%), two are proprietary and one is external. The responsibilities of the President and the Executive Director are different and complementary. Prosegur adopts the requirements of the main international standards on corporate governance, which recommend the separation of roles.

Finally, Prosegur corporate governance is reinforced by other internal programmes such as: the Regulatory Compliance Programme which, through the existence of pre-established procedures, behaviour manuals and training activities, as well as a continuous process of critical evaluation and adaptation in matters of prevention of money laundering, defence of competition and unfair competition, anti-corruption and other matters, develops and complements the Prosegur Code of Ethics and Conduct; the existence of standardised procedures in the development of each of the aforementioned corporate policies, or the articulation of collegiate, internal, permanent and multidisciplinary supervisory and control bodies, such as the Risk or Regulatory Compliance Committees, which are responsible for proactively ensuring the development, effective compliance and promotion of best practices, policies and commitments of the company.

Prosegur was included in the ranking of the hundred most responsible companies with the best corporate governance in Spain in 2020, prepared by the MERCO business monitor. Prosegur comes in 85th place, rising 13 positions compared to 2019 edition and once again the only company in the security sector in the top 100. The selection of Prosegur in this ranking, and the improvement in its position compared to the previous year, are recognition for the company in its work to guarantee responsible and transparent corporate governance and relationship protocols.

Annual Corporate Governance Report

Prosegur's Annual Corporate Governance Report for the 2020 year forms part of the Directors' Report, and is available on the web site of the National Securities Market Commission and on the Prosegur web site as from the date of publication of the Annual Accounts.

This report includes section E, analysing control and risk management systems of the Company; and F, providing details on the risk control and management system in relation with the process of issue of financial information (ICFR).

Prosegur complies with 61 of the 64 recommendations of the Unified Code of Good Governance of Listed Companies, and partially fulfils the remaining three.

Ethics and compliance

In Prosegur there is the conviction that companies must work as generators of value, promoting the sustainable development of the countries in which they operate and contributing to their economic, environmental and social progress.

Within this context and from its position as one of the main multinationals of the sector, the responsibility to contribute to a society respectful of the ethics and compliance with the rules is an obvious duty for the Company. Ethical conduct and compliance with regulations are essential aspects, especially critical for reasons intrinsic to Prosegur's business.

Prosegur's Code of Ethics and Conduct provides guidance on how all the Company's professionals behave. It reflects its commitment to act every day in accordance with common principles and standards in the development of its relations with stakeholders affected by its activity: employees, shareholders, clients and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civil society in which the company operates. All Prosegur professionals are bound by the Code of Ethics and Conduct and they have the obligation to know and comply with it.

Regulatory compliance is one of the main values framed in the Code of Ethics and Conduct. Prosegur has a Compliance Programme in which all members of the governing bodies, executives and staff at Prosegur have a commitment to ethical action and to strict regulatory compliance in the development of their activities. This commitment is articulated through common principles and standards also guiding its relations with stakeholders affected by its activities: employees, shareholders, clients and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates.

Prosegur takes a "zero tolerance" approach to any non-compliance or irregularity. It applies the most stringent criteria to observe the obligations established by law and works hard to ensure the establishment of the highest possible standards of compliance in its sector. In this connection, rigour is essential in defining the mechanisms of control and prevention of irregular or unlawful practices, especially in areas of greater risk.

The Ethical and Compliance culture is the one that permeates employees through the impulse of their managers with their leadership example. People are the foundation of ethics and compliance at Prosegur.

Corporate Compliance Programme

The Prosegur Corporate Compliance Programme establishes control measures designed to attenuate or remove the risk of non-compliance with regulations in day to day operations. It encompasses any legal aspect that may involve Prosegur, although it focuses mainly on anti-money laundering, data protection, defence of competition and prevention of criminal offences.

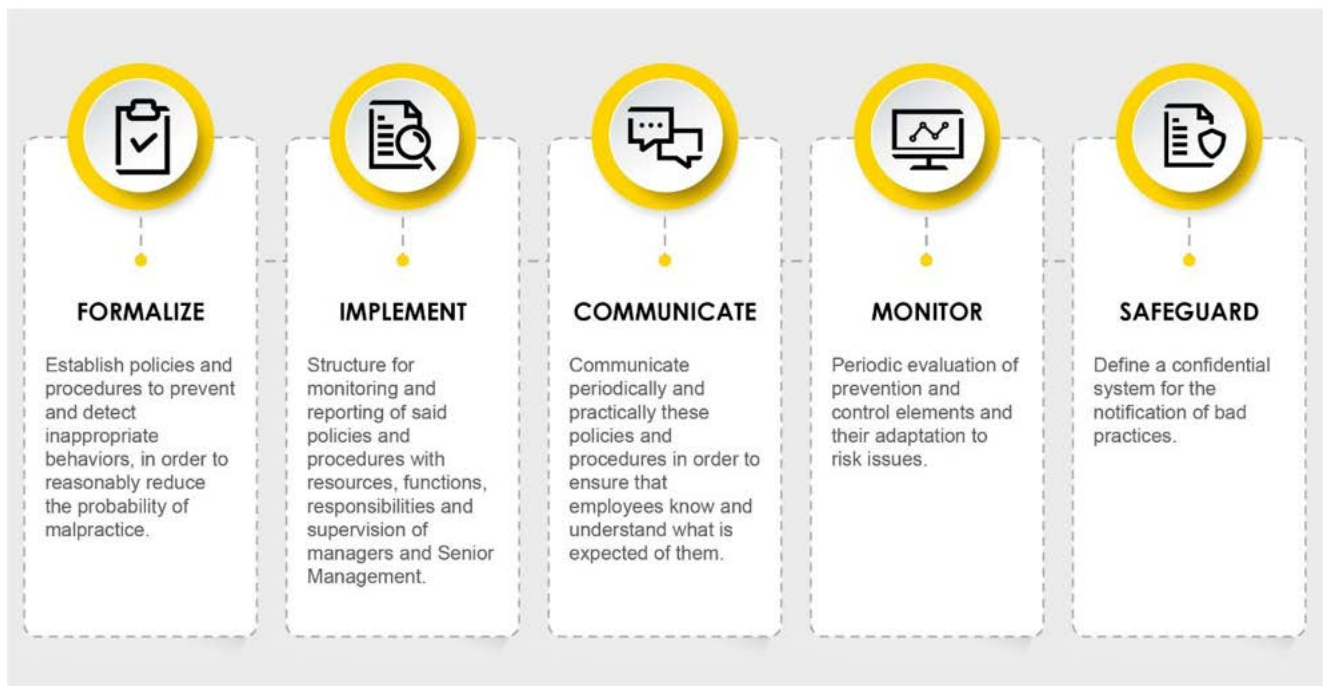
The Compliance Programme, approved by the Board of Directors of Prosegur, is overseen by the Compliance Committee which acts in an autonomous and independent manner and reports directly to the Audit Committee. This committee comprises representatives of the Legal, Finance, Human Resources, Risk Management, Compliance and Internal Audit Directorates. Likewise, the Company has compliance officials in all the countries where it operates. They oversee implementation of the Compliance Programme in each country for which they are responsible and supervise proper compliance with applicable regulations in each geography, which is also monitored in most of the countries by a local Compliance Committee. In countries in which, in certain spheres or matters, the

rules are especially restrictive, the Company develops specific regulatory compliance projects. In order to ensure that the Compliance Programme is rolled out in daily operations, training courses on the most important aspects are given to employees, as well as courses for Senior Managers and members of the governing bodies, and specialised courses tailored to those responsible for compliance.

Due diligence model and approach on crime prevention measures

For several years Prosegur has been working to adopt the principle of due diligence to define the internal control measures necessary to manage crime prevention. This principle is not guided by specific actions or on the one-time generation of investigations or reports on isolated cases. Instead, it corresponds to the implementation of a series of transversal elements that allow the Company to confirm that it is doing everything possible to motivate good practices and prevent, detect and eradicate irregularities.

After analysing the point of departure and the objectives of the Company, it was proposed to follow the North American Federal Sentencing Guidelines as a reference. These guidelines describe the elements of a programme of ethics and integrity for review by US federal judges with the understanding that the companies are exercising due diligence in the prevention of criminal activities and malpractices in general. This requires, as a minimum, for the company to have implemented a number of elements that were summarised in the general due diligence approach of Prosegur.



Preventive Controls. Risk control approach

Prosegur structures crime prevention by establishing general preventive controls which constitute the basis of risk control, notwithstanding having specific measures in place for mitigating the crime risks identified.

The crime prevention model is structured by implanting two models of control:

- ▶ General Preventive Controls established as the basis for risk control and that are effective in mitigating the generic risk of the perpetration of crimes.
- ▶ Specific Controls established by specific measures whose purpose is to mitigate a specific criminal risk.

In addition, a system of measures is incorporated on how to act in relation to those controls which makes it possible to optimise Prosegur's system for crime risk management which includes the following measures:

- ▶ Making all Prosegur employees aware of the importance of complying with the General and Specific Preventive Controls for carrying out their professional job correctly.
- ▶ Informing all Prosegur employees that any infringement of the rules of conduct contained in the Code of Ethics and Conduct and of the provisions contained in the crime prevention model could lead to disciplinary measures being imposed as set out in applicable labour legislation.
- ▶ Making it expressly and publicly clear that Prosegur strongly condemns any type of unlawful behaviour, whether due to infringing the law or to being contrary to the ethical and social principles of Prosegur drawn up in the rules of conduct which are established as the core values of Prosegur for attaining its corporate objectives.
- ▶ Adopting the measures necessary for enabling Prosegur to act efficiently both in preventing and intervening in respect of the risk of crimes being committed.
- ▶ To establish suitable controls in the operations or processes that may hypothetically generate criminal risks, with sufficient measures for their supervision and documentation.
- ▶ Implementation of the principle of the segregation of duties.
- ▶ Supervision and control of the conduct of Prosegur, and of the policies and procedures involved, keeping them regularly updated.
- ▶ Updating the functions and rules of conduct of Prosegur following any possible changes in current legislation.
- ▶ Definition of a monitoring and supervision board.

The rules of conduct designed allow the Prosegur crime prevention model to be a structured, organic system of prevention and control that is effective in reducing the risk of crimes being committed associated to the activity of Prosegur.

To be specific, of the different rules of conduct mentioned above, Prosegur considers increasing the awareness of its employees to be essential to crime prevention and, therefore pays special attention to the measures and actions for communicating and providing training on this subject.

Prevention of money laundering

Prosegur is a regulated entity at local level in several of the countries where it operates, subject to the regulations on the Prevention of Money Laundering and Terrorist Financing. In the countries and activities subject to regulation, it has implemented a system of prevention that complies not only with the requisites of the regulation but also, in European Union countries, it adapts to European Union

Directives and in general to the recommendations of the International Financial Action Task Force and to international best practice applied on this subject in the sector.

Specifically, Prosegur Cash, as obliged subject in the countries where it carries out its business through local operating companies, has developed and implemented a money laundering prevention programme that consists of the following principles of action: knowledge of the client; analysis of operations; communication of suspicious transactions; development of training plans and ongoing collaboration with the regulators.

This prevention system is based on an approach aimed at the risk, whereby an Annual Risk Report is periodically prepared in which: the specific risks of the activity are identified; the activities of the clients and their vulnerability to money laundering are analysed, a business risk is established for evaluation by the Prevention of Money Laundering Committee and against which proactive steps are taken to adapt the system to confront that risk.

This system is repeatedly evaluated not just by the Internal Audit Department, but by independent external auditors as well. The reports issued are forwarded to the Governing Bodies of Prosegur and are available to the regulator.

The basis of this management system, in addition of the involvement of Senior Management of the company, is the mandatory training given annually to the employees, whether on-site or by use of new technologies (Prosegur Corporate University) that allow a greater number of employees to perform training actions.

The system for the prevention of money laundering is based on three pillars:

- ▶ Identification and knowledge of the client. On the basis of the risk-based approach, different levels are established, applying greater stages of identification and knowledge for those clients who present a greater objective risk. No client is accepted without meeting the requirements established by the client acceptance policy.
- ▶ Monitoring of the commercial relationship. A transactional profile is established of each client, considering the operations it develops and verifying the existence of operational coherence with the declared activity. If any change to this profile occurs, procedures have been established for a detailed review to verify the origin or cause of this variation.
- ▶ System of communications to regulators. When any alert takes place, whether caused by a change in the transactional profile of the client or by other means, such as the internal communications of employees or reports through the ethics channel, available to employees as well as third parties, a review proceeding is opened whose result may entail a communication of suspicious operation to the regulator.

In 2020, a total of 13,708 employees were trained (2019: 10,458 employees) in the prevention of money laundering.

Privacy

Prosegur is firmly committed to the protection of personal data and specifically to compliance with the regulations that are applicable in terms of privacy in the different geographical areas in which it operates, with the main objective of protecting the rights and fundamental freedoms of the natural persons who intervene in the exercise of their activity.

Prosegur has a Data Protection Management System, which fully complies with the requirements established by Regulation (EU) 2016/679 of 27 April 2016 regarding the protection of natural persons with regard to data processing personal data and the free circulation of said data (GDPR), and Organic Law 3/2018 of 5 December, on the Protection of Personal Data and guarantee of digital rights (LOPDGDD) and is implemented throughout the organisation.

Prosegur's Privacy Management System is based on the application of the most rigorous international security and privacy standards (ISO/IEC 27001 and ISO/IEC 27701: 2019) and that is articulated through a tool called Privacy & Compliance Management System -P&CMS-, which allows the automated management of Prosegur's Privacy Model, which is structured into 16 Domains covering the main control points to meet privacy regulations.



Likewise, Prosegur has a Regulations on privacy, made up of rules, policies, procedures and protocols of action for the exercise of rights of the data subjects and management of security breaches, among others, and has put all its efforts in the preparation of the Binding Corporate Rules of the Prosegur Group, a legal instrument recognised in art. 46 of the GDPR, and a whole list of associated documentation, for the regularisation of International Intra-Group Data Transfers, which are currently in the process of being processed for approval by the European Control Authorities.

In 2020, Prosegur undertook a project to review and update the Privacy Policies and Cookies Policies worldwide, in accordance with the privacy regulations applicable in the countries in which Prosegur is present and customised according to the particularities of each line of business.

Privacy Training

During the financial year 2020, Prosegur gave training actions on data protection, in person and on-line, segmented according to the needs of the company's business, as well as to the different nature of the profiles existing in the organisation, as a result of which a total of 2,850 employees were trained.

Code of Ethics and Conduct

Prosegur has a Code of Ethics and Conduct, the most recent version of which was approved by the Board of Directors on 23 October 2013 and plans to update the code in 2021.

The Code of Ethics and Conduct sets the standards for behaviour and proper practices for all professionals at Prosegur as they discharge their duties and also in their relations with third parties, providing guidance on aspects such as compliance with the law, respect for human rights and equality, and respect among employees. The Code of Ethics and Conduct is a binding instrument, and so it must be known and complied with by all workers and members of Prosegur governing bodies. The employees must also collaborate to facilitate its implementation and to report all possible breaches of which they might be aware through the Report Channel.

The Code of Ethics and Professional Conduct is available on the corporate website and is delivered to each employee for acceptance when they join the company.

To add its ethics and integrity commitment to that of other international companies, Prosegur signed and promoted the “Code of Conduct and Ethics” of the International Security Ligue and recognises the “Code of Conduct and Ethics for the private security sector”, drawn up by the Confederation of European Security Services (CoESS).

Ethics Channel

In order to detect irregular or unlawful conduct or conduct that contravenes the Code of Ethics and Conduct, and act in consequence, the company has an Ethics Channel enabling any person, whether or not they belong to the company, to report such conduct safely and anonymously via a tool available on the website www.prosegur.com. The Internal Audit Department independently and confidentially coordinates the overall management, investigation and resolution of any communications received.

In March 2020, a restructuring project on the Ethics Channel was concluded, which aimed to optimise the administration and control of the communications received in all Prosegur countries. The purpose has been to develop a single and global Ethics Channel for all of Prosegur, with a structured management and control, endowed with resources for its coordination and monitoring, a detailed common procedure and based on a governance and management tool according to existing needs. All this with the aim of complying with both the regulations applicable in the different jurisdictions and with the highest international standards applied to this type of channels, in order to achieve the essential purpose of promoting a culture of transparency, ethics and free from corruption or fraud.

The following specific actions were carried out, among others:

- ▶ Adaptation to the different regulatory environments to which the company is exposed.
- ▶ Drafting of unique corporate procedures for channel management.
- ▶ Appointment of corporate and local managers for its management.
- ▶ Description and assignment of responsibilities and obligations.
- ▶ Protection of the complainant and the accused.
- ▶ Development of a governance and management tool.
- ▶ Dissemination of the ethics channel.
- ▶ Communication and training for employees.

In short, the efficiency in the management and resolution of the communications received through the channel has been improved and the requirements included in Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 are included, relating to the protection of persons who report violations of Union law (Whistleblowers) that will come into force in 2021, consisting mainly of protecting the identity of the complainant and ensuring communications with them.

Contributions to sector-specific associations

Prosegur Code of Ethics and Conduct establishes the duty to act in accordance with the principles of legality, cooperation, truth and transparency in relations with the authorities, public administrations and regulatory bodies in the countries in which the company operates.

Prosegur is a member of industry associations and organisations in order to promote the development of the sector, improved quality standards and to drive the most advanced public policies.

The main organisations at international level in which the company participates include the International Security League, Confederation of European Security Services (CoESS), European Security Transport Association (ESTA), Asian Cash Management Association (ACMA), ATM Industry Association (ATMIA) and Aviation Security Services Association – International (ASSA-I).

Moreover, Prosegur is a member of the main sector organisations in the countries in which it is present.

5.4. Respect for Human Rights

Security is an essential value, a fundamental element in the prosperity and evolution of societies. As such, security and respect for human rights are closely linked and should be consistent. Prosegur, as a benchmark company in the private security sector, takes an active position in respect, protection and concern for making Human Rights effective. From the conviction that they are a fundamental pillar of its business project, in October 2020 the Company's Board of Directors approved Prosegur's Human Rights Policy, thus formalising the commitment to the solicitous and continued respect for Human Rights.

The Policy is part of the internal instruments, which already included the Corporate Social Responsibility Policy and the Code of Ethics and Conduct, through which Prosegur ensures respect for the United Nations Guiding Principles on Business in particular and the Human Rights of the United Nations in general, and the obligations of the International Labour Organisation in the field of freedom of association and collective bargaining, discrimination, forced labour and child labour.

The principles set out in the Human Rights Policy will be applied to all company processes and relationships with employees, suppliers, clients and social environments, and they operate to a minimum.

Precisely with the firm intention of ensuring strict compliance with the Human Rights Policy, Prosegur has systematised the management of due diligence based on the cycle of continuous improvement.

This operational approach ensures the continuity of the exercise of Due Diligence in Human Rights reinforced in 2018, which consists of four stages and exemplifies the aspiration of the company that the actions, objectives and processes in the field of Human Rights should be subject to review and constant improvement, guaranteeing that Prosegur's internal processes effectively identify, prevent, mitigate and repair any possible negative impact on Human Rights.

Additionally, Prosegur has a solid system to manage and control risks in which factors pertaining to human rights are considered. Through the system described in chapter 4.2. of this Directors' Report, the critical operational, regulatory, business, financial and reputational risks are identified, their management is evaluated and supervised using key risk indicators. Depending on the type of risk and its importance, adequate procedures are implemented to prevent, detect, avoid, mitigate, offset or share the effects of a potential materialisation of risks.

An essential part of this system is the 24/24 Ethics Channel, through which the company allows employees and third parties concerned to confidentially and anonymously report any irregularity of potential importance that might be noticed.

In this sense, in 2020 Prosegur has not received any notice through its Report Channel in relation to human rights breaches.

On the other hand, given that the company considers training the main vehicle for transmitting the values and principles of Prosegur in its environment, the training given to its employees in respect of Human Rights is key.

Human rights are included as part of the training courses given from the areas of human resources and regulatory compliance. In addition, given the relevance for its professional sphere, compulsory training plans for operating staff include sessions on critical issues such as the use of force, gender violence, cultural diversity and human rights within the context of the Company. All of these training initiatives supposed a total of 323,933 training hours in matters related to Human Rights in 2020.

For 2021, the contents of a good part of the training material have been revised to integrate the principles and spirit of the new Human Rights Policy, and a specific course on Human Rights has been established in all mandatory training plans for office personnel.

As explained in chapter 3.3 of this Directors' Report, Prosegur maintains the public promotion of respect for Human Rights and provides detailed information to any shareholders, private and institutional investors, the leading stock market analysts and proxy advisors on matters of interest to them. In 2020, the most frequent questions related to human rights were related to the new Human Rights Policy and the implemented management system.

Prosegur has not received any complaints in relation to Human Rights breaches (and did not receive any complaints in 2019 either).

5.5. Company information

| KPIs | 2019 | 2020 | Scope |
|---|-----------------------|-----------------------|-------|
| Number of complaints received from clients/Number of complaints solved | Security: 991/964 | Security: 2,722/2,305 | 92% |
| | Cash: 31,075/23,822 | Cash: 27,588/23,208 | |
| | Alarms: 55,326/51,130 | Alarms: 70,199/58,031 | |

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2020, disinvestments and the countries in which business are equity-accounted.

5.5.1. Commitment to Sustainable Development

Prosegur includes the United Nations Sustainable Development Goals (SDGs) in its strategy and sees them as an opportunity for growth, rapprochement and dialogue with stakeholders and for competitive differentiation, while at the same time underpinning the process of transformation towards a global sustainable society.

Prosegur has no significant impact on the activity of the local communities other than for the fact of offering jobs in all localities where it is present and guaranteeing security as a fundamental right.

In this regard, the Company contributes indirectly to most of the goals and their outcomes, and focuses its business vision on the seven specific goals most closely related to its activities and lines of business.

3 GOOD HEALTH AND WELL-BEING



Ensuring the health and safety of all its employees whilst doing their job is a priority for Prosegur due to the intrinsic risk of their activity. To this end, it focuses on training, monitoring and technological innovation. Furthermore, in 2020, Prosegur joined global efforts to tackle Covid-19.

4 QUALITY EDUCATION



Prosegur knows that education is the basis for improving people's living conditions. The company's commitment to inclusive, equal and quality education has been developing and growing over time, with the aim of empowering employees and strengthening their skills and employment opportunities. The company contributes to the continuous development of its human capital through various initiatives.

8 DECENT WORK AND ECONOMIC GROWTH



To achieve sustainable economic development, Prosegur establishes workspaces that respect and promote worker development. A large part of the company's revenue is distributed as wages, salaries and employee benefits. This distribution has a direct impact on GDP and employment in the various countries. Another area of action and contribution is the protection of labour rights and the promotion of a safe working environment. Prosegur also guarantees job inclusion and decent work to all groups through different integration plans and programmes.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Digital transformation represents a strategic catalyst for Prosegur's business, seeking to optimise operations via more efficient resource management, while having a direct impact on employees, clients, suppliers and communities in general. In this process, technology and innovation are a key element and a constant commitment in the pursuit of sustainable development.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Prosegur works with the aim of being efficient in the use of resources and developing its activity and economic growth without degrading the environment. It also promotes sustainable behaviours among its employees, its value chain and society in general.



5.5.2. Suppliers

Prosegur has a Resources Management Department shared by the different business divisions, which is responsible for managing resources, ensuring efficiency, cost reduction and sustainability, as well as the relations with suppliers and the necessary procurements. It is composed of four areas: Procurement and Supply Chain, Fleet, Property and Service Management.

Moreover, Prosegur has a General Standard on Procurement within its 3P System establishing the criteria and way of managing procurements of goods and/or services in all its spheres of operation, in addition to the national requirements in this connection.

Prosegur determines the level of management for each of the principal purchasing categories:

- ▶ Categories which, based on their global or regional market and provider, are managed on a centralised basis by Procurement Hubs.
- ▶ Local categories that are managed by the local Procurement teams.

In any case, the purchasing processes are carried out in accordance with the indications of the General Standard on Procurement mentioned above, and the treatment of suppliers is framed within what is defined by the “ABC of suppliers” study, which is carried out continuously to segment strategies and action plans at its three levels, with identification and special treatment of those providers considered critical, regardless of the belonging.

Prosegur encourages the hiring of suppliers that meet sustainability and corporate social responsibility criteria, that promote and subscribe to the sustainable development goals and that have some type of ESG certification, either by belonging to sustainable indices or through certifications in the matter. The same is included in the general purchasing conditions to which suppliers must necessarily subscribe.

Supplier management at Prosegur takes place within the context of the Code of Ethics and Conduct, which establishes that the process for selecting its collaborators has to follow the criteria of independence, objectivity and transparency, aspects that must be reconciled with the interest in obtaining the best commercial terms.

Prosegur's purchase orders to its suppliers include acceptance of both the General Purchasing Conditions and the Prosegur Code of Ethics. Furthermore, the Company has an internal procedure of action that determines the steps to be taken if there is a conflict of interest or possible fraud between an employee and a supplier.

Prosegur currently has trade relationships with more than 26,000 thousand suppliers in 18 countries, amongst which the following are some of the principal sectors:

- ▶ Technology: Technological material and subcontracting of services for Prosegur Security.
- ▶ Fleet: Fuel and armoured vehicles for cash in transit.
- ▶ Service management: Supplies, cleaning, building maintenance, travel, telephony and others.
- ▶ Telecommunications & IT: Devices, software, hardware and technical assistance for all business lines and PGA.
- ▶ Buildings: Constructions, rentals and furnishing.
- ▶ Materials: To Prosegur Alarms.
- ▶ Equipment and uniforms: Of the operations personnel.
- ▶ Machines: Operational and maintenance materials in the Prosegur Cash business.
- ▶ Other services: External advisors, marketing and training.

The main objectives that Prosegur has in terms of Suppliers and Supply Chain for the coming years are:

- ▶ Suppliers risk management: aimed at improving the risk management of company suppliers through a Risk Assessment that provides a supplier risk rating in concepts related to business continuity, environmental impact, employment and contracting conditions and reputational risk, among others. In this sense, Prosegur will implement a new process to certify suppliers in the period 21-23. All this based on the Oracle Cloud implementation schedule, which has Portugal as the first country implementation in May 2021.
- ▶ Supply Chain. Sales and Operations planning: Implementation of S&OP processes in all business as a key element for decision-making. S&OP together with the standardisation, automation and robotisation of processes will be key elements to increase the efficiency, resilience and agility of the operations.

Prosegur reserves the right to carry out audits of its suppliers by contract. In 2020, Prosegur made no audit.

5.5.3. Consumers

Prosegur aims always to meet the expectations of its clients and anticipate their needs through a friendly service based on transparency and a proactive approach.

In Prosegur Security, work is channelled at all times toward fulfilling the expectations of each of its clients, mainly B2B, and offering them personalised treatment based mainly on transparency and a comprehensive 360° model that covers all stages of their needs. These values are conveyed by all employees, particularly those in direct contract with clients (sales staff, facility technicians, client service or security guards).

In recent years, a platform for B2B clients has been implemented, through which operational and administrative information is available in real time, which allows us to manage security for clients and streamline decision-making.

The purpose is to ensure an adequate response to their requirements and maintain the traceability required for this.

Furthermore, Prosegur Security has continued the development of the CEM Client Experience platform. Its objective is to identify the action levers in order to continue improving the quality of the service. The most significant touchpoints in the Client Journey for Prosegur Security clients include those relative to the selling experience, the service provision experience and the global experience.

Prosegur Cash offers the CEM Client Experience platform to identify contact points in client relations, mainly B2B, including sales experience, experience in providing the service and global experience, each with specific associated indicators.

In Prosegur Alarms, the main goal is to ensure clients, B2B as well as B2C, have a quality security system where customisation and trust take priority. In order to be able to rigorously evaluate the quality of the service provided, Prosegur implemented the Right Now tool which is constantly improved and enhanced. This is used to measure client satisfaction with the service provided in five different touchpoints: Client service, service contracting, installation process, technical revision and alarm sounding/response.

Complaint channels and operation

For the claims that derive in Civil Liability, the usual channel is to make a formal claim exposing the facts and the amount claimed for the damages suffered. The salesperson sends the claim to the Legal department and this in turn and with the Risks area arranges the processing of compensation, if applicable.

For the rest of claims, there are multiple channels:

- ▶ Billing claims, received by the salesperson and resolved by the CAAP.
- ▶ Operational claims for deficiencies in the operation, received by the salesperson or the operational department.
- ▶ Others.

5.5.4. Public administrations and tax contribution

Prosegur does not obtain material public subsidies that warrant breaking down in the statement of non-financial information.

As a multinational company, Prosegur has a presence in a number of countries over the five continents and contributes to boosting the economies where its operations are based, via its contribution to the public coffers. Accordingly, its tax strategy is based on OECD (Organisation for Economic Cooperation and Development) guidelines, in compliance with recommendations set forth in the document Base Erosion and Profit Shifting, concerning how to combat tax evasion or reduction and practices tending to shift profits to territories with low or zero tax rates.

Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines: Prosegur Security, Prosegur Cash and Prosegur Alarms which therefore correspond to the Group's segments.

- ▶ Prosegur Security: mainly includes the activities of guarding and protection of premises, goods and individuals and activities related to technological security solutions.

- ▶ Prosegur Cash: It includes, primarily, the transportation, storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- ▶ Prosegur Alarms: this includes the installation and maintenance of home alarm systems, as well as the alarm monitoring service by Alarm Reception Centre (ARC).

The corporate functions are supervised by the Global Support Directorates which cover the Financial Department, Prosegur Assets Management, Risk Management and CEO's Office. From the geographical perspective, the following areas are identified:

- ▶ Europe, which includes the following countries: Germany, Spain, Luxembourg (despite not being an area where it has any operational activities, it is included due to the existence of the Luxembourg company Pitco Reinsurance, S.A., whose corporate purpose is insurance cover) and Portugal.
- ▶ ROW, which includes the following countries: Australia, China, United States, the Philippines, India, Indonesia, Singapore and South Africa.
- ▶ LatAm, which includes the following countries: Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

The breakdown by region of profit before income tax is as follows:

| | Europe | ROW | LatAm | Total |
|--------------------------|---------|----------|--------|---------|
| Profit before tax | 442,484 | (39,815) | 81,068 | 483,737 |

EUR 22 million of taxes were paid in the European region, 0 in ROW and EUR 81 million in LatAm.

The breakdown of the effective rate by country is as follows:

| | Argentina | Spain | Brazil | Peru | Portugal | Germany | Paraguay | Other |
|-----|-----------|-------|--------|------|----------|---------|----------|-------|
| TFE | 98% | 14% | 44% | 47% | 29% | 18% | 12% | 21% |

The breakdown of the effective rate by geographic region is as follows:

| | Europe | ROW | LatAm |
|-----|--------|-----|-------|
| TFE | 16% | 18% | 90% |

The effective rate of each company reflects the tax contribution as a percentage of the profit before income tax of each company. Therefore, the tax paid or to be paid year on year for those profits.

The payment of income tax in 2020 was EUR 103 million (2019: EUR 124 million).

This Statement of Non-financial Information does not itemise the profit before income tax by country due to the risk that the disclosure of this information could pose in terms of competitiveness, assuming the flexibility allowed by Directive 2013/34/EU of the European Parliament and of the Council for the protection of sensitive trade information and assurance of fair competition.

5.5.5. Prosegur Foundation

The Company's social commitment

Prosegur Foundation is a non-profit organisation that channels the company's social and cultural action, with the aim of helping to build a more caring society and generating development opportunities for people. A commitment to the communities of Prosegur, which is materialised through projects in three priority fields of action: education, labour inclusion of the intellectually disabled and corporate volunteering.

With this mission, Prosegur Foundation works in 14 countries on 3 continents (Argentina, Chile, Colombia, Costa Rica, El Salvador, Spain, Guatemala, Honduras, Nicaragua, Paraguay, Peru, Portugal, Singapore and Uruguay), progressively implementing the initiatives in the different countries under criteria of sustainability, transparency and replication of good practices.

With sensitivity to local needs, all Foundation programmes share the same approach to focus on the following objectives:

- ▶ To support the training of new generations, in the conviction that education is the best tool for future development. In the current context of transformation, Prosegur Foundation places special emphasis on reducing the digital gap and promoting the skills of the 21st century for comprehensive training of students.
- ▶ To encourage the social inclusion of less favoured groups, trying to generate changes in attitude towards more supportive values. This is the case of the employability of people with intellectual disabilities, an area in which the Foundation works away from welfare approaches.
- ▶ To develop corporate volunteering actions, seeking to reinforce skills and competencies in employees, as well as involving them tangibly and directly in the improvement of their communities.

A social work that - aligned with the United Nations 2030 Agenda for the fight against poverty, inequality and the defence of the planet - contributes to achieving the following Sustainable Development Goals: Quality Education (ODS4), Decent Work (ODS8) and Generation of Alliances (ODS17), which strategically seek to draw on synergies between entities for a greater social impact.

To carry out these projects, the Prosegur Foundation has a professional team headed by the President of Prosegur. The Board of Trustees is made up of representatives of the Board and the Prosegur Management Committee, who encourage social commitment and promote the institution's activities. Teamwork and continuous improvement processes govern the work, which aspires to be an area that generates shared value for society, the company and its stakeholders.

Building the Future through Education

The priority field of action of the Prosegur Foundation is structured around three main programmes that support equal opportunities, talent and sustainability:

1. Picitos Colorados

The aim of this Picitos Colorados Development Cooperation programme is to improve comprehensive education and the quality of life of boys and girls living in disadvantaged areas of LatAm, turning schooling into an engine of change. With 37 active educational centres in Argentina, Chile, Colombia, Paraguay, Peru and Uruguay, which benefit 5,086 students, the project emphasises cooperation and joint responsibility between families, the educational community and the company to make transformation possible. By enhancing human capacities and improving the use of environmental resources, Picitos Colorados aspires to achieve self-management of schools and to increase their development opportunities.

The programme has a comprehensive intervention model, divided into phases: rehabilitation of infrastructures, nutritional training, educational improvement and promotion of sport. Furthermore, during the accompaniment to the schools and with the support of the teachers, we detect the talent to give scholarships to the most outstanding students to continue their education, thus training professionals who will work in the future for their communities.

Committed to an inclusive and quality education, Picitos programme focuses on reducing the digital gap of the most vulnerable students, and on offering educational innovation methodologies that allow

us to approach a new way of teaching and learning (Education 5.0), focused on the 21st century competencies, such as entrepreneurship, teamwork or creativity. To do this, the Foundation works in alliance with leading entities (Fundación Empieza por Educar, Nutrición Sin Fronteras, Fundación Créate, UWC España and Fundación Amigos del Museo del Prado), providing students with tools and knowledge that expand their future opportunities.

2. Talent Scholarships

With the aim of contributing to the training of new generations, Prosegur Foundation has developed the internal Talent Scholarships programme: a commitment to academic excellence and personal effort, both for Prosegur employees and their children. The scholarships are adapted to the needs of each country: aid for secondary studies; for children of university age or for technical studies, and for the employees themselves who combine training with their work at Prosegur.

The programme is implemented in 14 countries (Argentina, Chile, Colombia, Costa Rica, El Salvador, Spain, Guatemala, Honduras, Nicaragua, Paraguay, Peru, Portugal, Singapore and Uruguay), and has benefited more than 13,700 students to date.

3. Planeta Limpio (Clean Planet)

The environmental education projects promoted by the Foundation seek to make new generations aware of the importance of sustainable development and proper waste management. And it wants to do it from school, where behaviours and values that will accompany them in their adult life are learnt. Thus comes Planeta Limpio (Clean Planet), an initiative in alliance with LEGO® Education and its hands-on methodology, aimed at students of between 8 and 12 years old, who develop 21st century skills while solving missions to take care of their environment with the help of robots. To date, more than 8,000 students from Santander and A Coruña (Spain) have participated in the different training actions, which, in addition to workshops in the classrooms, include on-line challenges and fun days open to the public.

Building Future, from Inclusion

Since 2007, through its foundation Prosegur has promoted different initiatives focused on the social and labour inclusion of people with intellectual disabilities, offering this group a more stable future through employment. The projects have been implemented through the replication of good practices, and are already under way in Argentina, Chile, Colombia, Spain and Peru. The following stand out among them:

- ▶ Labour Inclusion Plan for people with intellectual disabilities. Based on the Supported Employment (EcA) methodology, it enables different talent to be brought into Prosegur's headquarters, with a sustainable approach: jobs are offered with real content and which meet the company's needs. To do this, the Foundation forms alliances with entities specialised in this group, such as Prodis or Aprocor in Spain; Best Buddies Colombia, Ann Sullivan Centre of Peru; Fundación Coanil in Chile or Fundación Discar Argentina.
- ▶ Documentary Excellence Centre. An example of the generation of shared value between company and society, the initiative arises from the need for the Company to digitise its paper documentation, in order to achieve a more efficient and environmentally friendly management. The Documentary Excellence Centres, which are made up of people with intellectual disabilities, are currently implemented in Brazil, Chile, Spain and Peru and have reached a volume of documents digitised globally that exceeds 9 million. In addition to the impacts on productivity, this project fosters labour diversity at Prosegur and contributes to reduce the digital gap for this group.

- ▶ Aprocor-Prosegur Special Employment Centre. In alliance with the Aprocor Foundation, this labour inclusion initiative was started in 2007: a special employment centre is a company in which at least 70% of its workforce is made up of people with some type of disability of 33% or more. Its activity focuses on industrial laundry and dry cleaning, including the recycling process and the destruction of garments, with Prosegur as the main client. Thanks to its innovative and sustainable approach and the application of new technologies, this inclusive project has evolved by adapting to business needs until today it has become Prosegur's Merchandise Consolidation and Combination Centre. Here the uniforms from all Prosegur operating staff at European level are received, distributed, recycled and destroyed in accordance with environmental standards. Professionals with disabilities have support based on pictograms and QR codes, as well as innovative computer software that allows employees with reading and writing difficulties to manage garments in the different phases of the work chain.

Building the Future with Volunteering

The Foundation believes in people and in their power to generate changes that improve social environment. Under this premise, it encourages the participation of the company's professionals in different volunteer actions, thus supporting their commitment to solidarity. To connect efforts that multiply the impacts, the initiatives are framed within the priority fields of action:

- ▶ Volunteering in Picitos Colorados: The solid link between the staff and the schools in the programme is one of the essential features of the project and also the attribute that gives the intervention model a unique character. In addition to presenting candidate schools for the programme, it is the employees themselves who actively participate in the improvement actions on the ground. This volunteering has evolved from an initial phase more focused on the rehabilitation of infrastructures and delivery of kits, towards the transmission of knowledge and experiences. Thus, Prosegur professionals are those who give workshops on matters of safety, recycling and the environment, art, values or entrepreneurship, broadening the horizons of those most vulnerable students.
- ▶ Volunteering for Inclusion. With a varied programme of inclusive activities, the Foundation seeks to sensitise employees and their families about diversity and the right of people with disabilities to participate fully in society. The inclusive days implemented in Spain and LatAm have a varied theme (adapted sport, theatre, painting and cooking workshops, geocaching, eco-hiking, marathon or Camino de Santiago) and a common axis: teaming up with people with disabilities in a standardised and leisure environment.
- ▶ Motivational talks and professional guidance. The lack of references and information on job opportunities affect the dropout rate of young people from vulnerable backgrounds. To alleviate this deficit, Prosegur volunteers share their professional and personal experiences with secondary school or vocational training students in Madrid, serving as an example and motivation for them to continue with their studies and guiding them in their future.

2020: the year that stopped the world and the Prosegur Foundation was reinvented

The Foundation's social work, articulated in the projects described above, was directly affected by the outbreak of the COVID-19 pandemic. The global scope of the crisis, the limitations due to lockdowns and uncertainty, resulted in an unprecedented context that resulted in the withdrawal of actions on the ground at the international level, to focus only on essential initiatives.

With presence and means limited, the Foundation reoriented its initiatives to continue giving value to society at a time of greatest need. In the adaptation process, the focus was on the beneficiary (client-centric) and on the following levers in order to reach people:

- ▶ Agility to take the pulse of social demands and act fast.
- ▶ Digitisation in a double sense: in the internal procedures and channels, as well as in the improvement of the beneficiaries' technological skills.
- ▶ Scalability: in the design of each action took this factor into account to be replicated in different countries and thus be more efficient.

With a clear commitment to networking and a more innovative mindset, these are the lines of work that the Foundation has deployed in 2020:

Close to society

To support society at a critical time of the pandemic, the Foundation mobilised the Company's professionals in Spain, who once again demonstrated their commitment to solidarity. Thus, Prosegur employees decided to join the "Letters against Loneliness" initiative promoted to virtually bring words of encouragement to the elderly in residences, they got involved in the production of personal protective equipment (PPE), which Prosegur Cash employees sent in armoured trucks to where it was most needed. In total, more than 12,700 kits for health personnel were distributed in 88 institutions.

In addition, in line with the constant commitment of the LatAm staff to the schools of the Picitos Colorados programme, Prosegur professionals have wanted to be close to the most vulnerable students, collaborating in the delivery of books, school supplies and basic necessities to the families with fewer resources.

Together with the employees and their families

Aware of the unprecedented situation that many company employees were experiencing, making telework compatible with the training of their children due to the closure of schools, Prosegur Foundation launched an internal on-line campaign in Spain and LatAm to provide them with recreational-educational activities.

Through 37 communications launched in 12 countries, the Foundation has brought didactic content on science, cybersecurity, cultural heritage, creativity, caring for the environment or STEM skills. In this sense, the #AprendemosConectados proposal stands out, where thanks to the reconversion of our collaboration with educational partners (Lego Education Robotix; Schoollab) from off-line to digital, on-line platforms with programming, science and maths challenges were initiated during lockdown.

In addition, in order to be close to the university talent scholarship recipients in this complex year, the Foundation has carried out Labour Guidance Workshops with the support of the Human Resources department, to provide them with useful tools in order to find their first job, to help them face a selection interview or to show what skills are the most demanded by companies today. The training sessions have been developed in Argentina, Chile, Colombia, Spain, Paraguay and Uruguay and Peru and Central America will be added in 2021.

In the process of digitisation and the adoption of teleworking that the workforce has experienced, Prosegur Foundation has paid special attention to the group of professionals with intellectual disabilities in Prosegur. With the support of our leading partners, it has carried out an evaluation of each position in Spain and LatAm, detecting those that could be adapted to teleworking, and employees have received the necessary training in technological tools to be able to tackle their tasks from home.

Bridging the digital gap

Every student counts. Given the unprecedented context of the closure of schools, Prosegur Foundation could not fail to meet the educational needs of those who still have more difficulty: the students of the Picitos Colorados Development Cooperation programme. Aware of the lack of connectivity and of technological devices in many of their homes, helping Picitos also meant addressing the reverse process of digitisation that the Foundation was already promoting in other environments. Thus, the didactic materials of the Lego and Schoollab platforms were adapted to the paper format, to bring these science and mathematics contents in the form of booklets to the families and to help the students continue with their training.

A training that has also reached teachers. With the aim of reinforcing their digital skills, Prosegur Foundation has given tutorials and training in technological tools, so that teachers can use these resources to communicate with their students, to promote networking and to develop new didactic content. In this support to the teachers and in response to their request to strengthen the students' curricula, the Foundation has prepared a total of 34 booklets with more than 140 activities related to cross-cutting subjects (mathematics, physical education, emotional intelligence or healthy eating) that have benefited more than 4,700 LatAm students.

The educational gap that the pandemic has generated has also resulted in a digital gap. For this reason, together with giving educational content, Prosegur Foundation wanted to contribute to reduce these differences by donating computers and tablets. Thanks to the collaboration of the IT departments, more than 100 devices have been delivered to vulnerable students from Argentina, Chile, Colombia and Spain, in a line of work that will continue in 2021.

Relying on innovation

With a global impact, the health crisis caused by the coronavirus has changed the way of working, travelling, interacting or studying. It is in this last sphere where Prosegur Foundation has wanted to focus this year, aware of its irreplaceable role as a motor of progress and because it is a fundamental right of children and young people. Because as the virus spread, its effects were greater on education, until it reached an unprecedented situation: More than 1.5 billion students and 63 million teachers in 191 countries were affected by the closure of schools, according to UNESCO data for April.

Thus, during the lockdown, the entity participated in third sector forums, where it heard groups such as parents, students, teachers and foundations in the social and educational field, express the same concern: the need to return to the physical classroom. A concern turned into a challenge as it affected all types of educational institutions, which had to be urgently resolved worldwide, but under the premise of public health and safety.

Because for students, the classroom represents the centre of their integral development. The brain is social, and both children and young people need to interact with their peers to maintain their emotional balance and to promote basic soft skills in the 21st century. The closure of schools and the activation of on-line teaching added to these effects in student training, the impact of inequality due to the digital gap, the teaching overload and difficulties in reconciling family and work.

Prosegur Foundation therefore assumed this situation as a first level social challenge, but how can it tackle this unprecedented challenge from its perimeter of action? In this reorientation process, the Foundation found a reference framework in the company to approach other approaches to project management and disruptive methodologies. Specifically, in the area of Innovation and its open innovation programme. With a change in mentality, the entity decided to propose a safe return to face-to-face education as an innovation challenge aimed at the start-up ecosystem at international level.

This started the For a COVID Free face-to-face education: the challenge that the Prosegur Foundation - together with the company's Open Innovation area - launched to entrepreneurs in June to detect initiatives (scalable and with agile implementation) that can provide the solutions that society needs. In four weeks, a total of 85 proposals were received from 20 countries, with the Spanish start-up Nothingbutnet winning with its Social Distance solution. A technological tool to ensure the maintenance of social distance in high-occupancy spaces, which was deployed on 7 September by its pilot in a state-supported school in Paterna (Valencia, Spain).

This technology allows each student to be detected and positioned in real time with a highly accurate location system. In this system, sensors were installed in the school which, together with the tags in the form of cards that the children carry, make sure the infant students keep the safety distance between the "bubble" groups, both in the classrooms and in the playground. When two students from different groups get too close, the cards vibrate to warn them that they are not at a safety distance. In addition, if a student were to become infected, it would be possible to anonymously trace the devices with which they have had close contact, allowing the school to make the relevant notifications.

Although the pilot will continue until the end of the school year, the data obtained in this first quarter yield interesting conclusions:

- ▶ There has been a progressive fall in interactions between bubbles: this reflects the children's learning.
- ▶ What's more, the children have naturalised the use of technology and the incorporation of security protocols to protect themselves.
- ▶ The movements are reflected in heat maps, which detect the busiest areas, so the school can organise disinfection work more efficiently.
- ▶ Given that real data are obtained on the movements of each student and each group, possible new uses in schools have been identified for the future. This is the case of detecting the degree of physical activity and the possible isolation of students, which is useful information for the school in taking preventive measures against childhood obesity or bullying.

On an annual basis, the Prosegur Group contributes to the Prosegur Foundation the funds necessary for its operation. Contribution to Prosegur Foundation in 2020 amounted to EUR 1.2 million.

5.5.6 Contingency plans during the COVID19 crisis

In 2020 Prosegur was not immune to the effects of the pandemic caused by COVID-19; in this context the company acted quickly to minimise the impact and ensure the quality and continuity of the services.

Prosegur's main services were declared essential. In this complex context, company teams are playing a fundamental role and are serving a wide variety of sectors. Some are as critical as health infrastructures, logistics centres or food distribution chains.

To safeguard employee health and safety, Prosegur has established a series of organisational and health measures, among which the following stand out:

- ▶ Prioritisation of remote work. All those positions in which teleworking is feasible are using this form of work. Wherever it is not viable due to the type of post, contingency plans have been activated in order to protect the health of all the professionals.

- ▶ Plant adaptation. Beacons and signs have been implemented in our facilities; capacity control mechanisms have been established; cleaning and disinfection measures have increased and mask usage and social distancing are now mandatory.

Regarding cleaning and disinfection measures, from the outset of the pandemic, an urgent disinfection protocol was designed to treat risk areas and prevent possible sources of contagion. In the same way, ordinary cleaning products have been replaced by viricides recommended by the health authorities and the frequency of cleaning has been stepped up in areas of higher occupancy and risk, such as call centres, surveillance areas and other operational areas unable to resort to teleworking. Similarly, a plan was designed and implemented to ensure the presence of alcoholic hydrogel in all work areas in a sufficient quantity to ensure the permanent disinfection of workers.

Regarding vehicles, in addition to being included in the special protocols for urgent disinfection, specific viricides have been provided for use by the users themselves.

- ▶ Plant management methodology. Prosegur has developed a methodology that facilitates the company's compliance with official requirements, while protecting all workers. The company has a reliable record of its workers' relationship with the disease; it can generate protocols for the reincorporation of professionals, approval of movements and access control, based on the person's risk situation, and can manage the workspaces and how the employees are distributed.

The service makes it easier for employees to know their personal risk status, to improve their prevention and self-care actions and be able to prevent contact with asymptomatic people. Prosegur may also have risk maps, greater capacity to act in situations of insecurity, and a channel of information and permanent and updated contact with professionals. This methodology has been applied successfully both for spaces in support areas with indirect personnel and for operational properties such as Alarm Receiver Centres, Control Centres and delegations, and has been exported to all the countries where Prosegur operates so that it can be customised to reality and local legislation.

- ▶ Reinforcement of communication. Prosegur has promoted communication channels with the different stakeholders with whom they interact. Very particularly, Prosegur has strengthened internal communication with employees. Among other actions, the company sends periodic reminders with the recommendations and basic hygiene measures, it reports the new protocols on a recurring basis, it conducts surveys and, ultimately, establishes a fluid dialogue between the company itself and the employees.
- ▶ Increase of the resilience of supply chains to adapt to the needs and volatility of the markets, ensuring the worldwide availability of the necessary protective equipment. Prosegur since the beginning of the pandemic, has modified our procurement and supply strategy to guarantee the redundancy of supply sources, combining short, medium and long-term strategies with local, regional and global means.
- ▶ Business continuity plans implementation: During the health crisis, maintaining excellence and quality in the service the company provides to its clients has been an ongoing task. Prosegur is prepared to face these situations through the deployment of business continuity plans. Thanks to the anticipation and extraordinary commitment of our team, it has guaranteed the continuity of services to clients at all times. This is even more important, considering that Prosegur activities are part of an essential sector for society.

5.5.7 Innovation

During the Strategic Plan 2018-2020, Prosegur set as main objective to continue strengthening its leadership in the industry through three basic pillars: Digitisation, Innovation and Growth. Through the different initiatives that the company has launched as part of an ambitious Digital Transformation Plan, technology is now no longer an instrument but rather an intrinsic part of its activity.

Innovation has become a cornerstone of the company's future business. After the identification and certification process carried out during the course of 2020, Prosegur has been established that in 2019 it invested more than EUR 21.2 million in projects approved as innovation by the governments of the countries in which it operates, representing growth of more than 100% compared to the equivalent investment in 2018. Likewise, throughout the 2018-2020 Plan, over EUR 12 million have been invested by Prosegur directly in innovative start-ups with technological solutions that are quickly incorporated into the range of services and solutions for clients.

Additionally, Prosegur has launched an ambitious internal training plan on Innovation, called "Innovation Deep Dive", which aims to give all its employees technological capabilities, allowing them to acquire knowledge in advanced IoT technologies (Internet of things), Data Science, IA, Blockchain, Mixed Reality, 3D printing and Robotics), as well as in innovative management processes (Management 3.0, Design Thinking and Agile Methodology). More than 4,000 company employees have participated in the programme, totalling over 30,000 training hours in technology and innovation.

R&D+i Activities

During 2020 Prosegur decisively promoted innovation within the company, by creating an Innovation area capable of providing support through Tech Studios to the development of its own technologies based on IoT, Artificial Intelligence and Electronic Security Systems. Furthermore, open innovation initiatives were carried out aimed at establishing collaborations with the entrepreneurial ecosystem capable of providing innovative solutions to business challenges.

Thanks to the impulse of innovation, Prosegur has been able to adapt in an agile way to the situation imposed by COVID-19, and has offered solutions to clients that guarantee the monitoring of the health protocols. Self-diagnostic applications, artificial vision algorithms for the detection of masks and alert systems have been developed by the company to guarantee social distancing. These were the first applications added in the new intelligent GENZAI platform, which allows the integration and management of cameras, sensors and other devices that can be deployed at client facilities to collect and process the information obtained to optimise operations.

In the field of open innovation, the COME IN Programme managed to receive more than 370 solution proposals to the seven challenges published between the months of March and June. Seven pilot projects are currently under way with each of the winning start-ups: Xandar Kardian (South Korea), Social Distance (Spain), Ubirch (Germany), Thinger io (Spain), Dogtis (Spain), Radio Physics (UK), Veridas (Spain).

What's more, in its commitment to innovation and excellence, each of the business is carrying out various projects aimed at offering clients new services or improvements to current ones. This is the case of the Prosegur Alarms SMART app, which will become the main meeting point with users and will offer innovative security services inside and outside home. Prosegur Security has focused its efforts on a new vision of the Control Centre that allows the expansion of the scope of security thanks to the technology applied to the protection of people and their most important assets at any place and time while guaranteeing the continuity of their business processes. Prosegur Cash in 2020 launched a new and disruptive crypto custody service for digital assets that allows the storage of wallets and cold transactions. Cipher, for its part, began the commercialisation of CipherBox Managed Detection & Response, which provides clients with immediate access to cybersecurity experts along with highly certified processes and cutting-edge technology. After a quick installation, Cipher's Security Operations Centre can immediately observe the security status of clients' networks and regularly monitor their vulnerabilities.

Prosegur Cash:

In 2020, Prosegur Cash directed its innovation efforts at three priority objectives: that of improving the efficiency of its processes, that of reducing the environmental impact of its operations, and that of launching innovative products with high added value.

Prosegur Cash promoted and improved the services offered through Prosegur Smart Cash, a product that has seen a growth of more than 22% in the last year with a significant stake on the instant depositing in the client's account of the cash placed in the machines. Product attributes will continue to increase throughout 2021, especially in the realm of communication channels and front-office solutions.

In addition, in accordance with the comprehensive sustainability plan to reduce the environmental impact of its operations, the first twelve hybrid armoured units (diesel-electric) were presented in Spain and the world's first 100% electric armoured vehicles in Germany.

In this sense, one of the priority levers of action is the plan for the hybridisation and electrification of these vehicles. Likewise, the impact of the use of plastic bags has been reduced with 100% use of recycled material in Europe.

Finally, and before the end of the year, Prosegur Cash launched Prosegur Crypto, the first digital asset custody model that combines Prosegur's infrastructures and physical security protocols with the latest cryptographic and cybersecurity technologies. A solution aimed at the institutional market for the storage of cryptocurrencies or any other digital asset, which also allows its completely secure administration through a mobile application.

Prosegur Security:

Prosegur Security incorporated new technological security services adapted to the reality imposed by the pandemic. Through the use of thermal imaging cameras, artificial intelligence, data analytics and contactless technology, Prosegur Security launched a package of products aimed at controlling the protocols established in access to buildings and industrial plants. The most prominent include access control systems through non-contact biometric readers, thermal imaging cameras, artificial intelligence programs capable of recognising the use of masks or the crowding of employees who are not respecting social distancing. Regarding access control, in addition to biometric systems, facial recognition solutions were also developed that guarantee safe entry when connected to the automatic door opening and closing system.

For the commerce and retail sector, Prosegur Security also offered artificial intelligence services applied to the analysis of images that allow useful patterns to be detected, for instance, for optimising the use of space, or for measuring the distance between people and enabling an audible alarm to notify surveillance personnel of the situation so that they act according to the established protocol.

Prosegur thus manages to expand the scope of security to that of protection and to the aforementioned initiatives adds the offer of vision-based solutions to detect access to restricted areas or monitor the use of personal protective equipment (PPE).

Another area in which Prosegur Security has launched innovative services thanks to the application of new technologies is Business Continuity. Thanks to the use of connected sensors, Prosegur Security guarantees the cold chain for food logistics clients or monitors the status of machinery in productive industries.

Lastly, Prosegur Security reinvents the Control Centres through a form of Security Hub. Thus, it has been possible for the Security Operations Centre (SOC) of Paraguay to use the technical

infrastructure in production of the SOC of Brazil, and the response is coordinated uniformly through the alarms management platform.

Prosegur Alarms:

In 2020, Prosegur Alarms continued working on improving the clients experience and offering new services through the SMART platform, the app that also allows alarms to be turned on and off and remote access to be had to the cameras.

Work was also done throughout the year on integrating the cameras in GENZAI in order to equip them with intelligence, thus allowing facial recognition of tenants and improving intrusion alerting.

In October, Movistar Prosegur Alarmas launched ContiGo, a protection service outside the home that is managed from the user application and that has two new features: the SOS button and the Countdown. Both aim to guarantee user safety by notifying the Alarm Reception Centre if they are in danger and need help. The solution will be progressively deployed in different markets.

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Appendix I - Compliance with the United Nations Global Compact

The United Nations Global Compact is a call to companies and organisations to align their strategies and operations with ten universal principles on human rights, labour rules, the environment and anti-corruption. It has the UN mandate for promotion of the Sustainable Development Goals (SDG) in the private sector.

Prosegur has been a member of the United Nations Global Compact since 2002.

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| Principle 9 . Companies should encourage the development and diffusion of environmentally friendly technologies. | 5.1. Environmental matters |
| Anti-Corruption | |
| Principle 10 . Business should work against corruption in all its forms, including extortion and bribery. | 5.3. Anti-corruption and bribery matters |

Appendix II - Index of GRI Standard Contents

The Directors' Report has been prepared in accordance with Global Reporting Initiative (GRI) standards, thus covering all indicators related to the material aspects of the Company that were defined in the materiality analysis.

GENERAL BASIC CONTENT

| Indicators | | Chapter / Information | Global Compact Principle |
|------------------------------|---|--|--------------------------|
| ORGANISATION PROFILE | | | |
| 102-1 | Company name | Prosegur Compañía de Seguridad, S.A. | - |
| 102-2 | Activities, trademarks, products and services | 1.1. Business Model | - |
| 102-3 | Location of organisation headquarters | Calle Pajaritos, 24, Madrid (Spain) | - |
| 102-4 | Location of Operations | 1. About Prosegur | - |
| 102-5 | Ownership and legal nature | 1.2.1. Ownership structure | - |
| 102-6 | Service markets | 1. About Prosegur | - |
| 102-7 | Organisation size | 2. Business performance and profit/(loss) | - |
| 102-8 | Information on employees and other workers | 5.2. Social and employment matters | - |
| 102-9 | Describe the organisation supply chain | 5.5.2. Suppliers | - |
| 102-10 | Significant changes in the organisation and its supply chain | 5.5.2. Suppliers | - |
| 102-11 | Precautionary principle or approach | 4.2. Risk management | - |
| 102-12 | Prepare a list of the letters, the principles or other external initiatives of an economic, environmental and social nature to which the organisation subscribes or has adopted | 5.3. Anti-corruption and bribery matters Appendix I- Compliance with the United Nations Global Compact | - |
| 102-13 | Association membership | 5.3. Anti-corruption and bribery matters | - |
| STRATEGY AND ANALYSIS | | | |
| 102-14 | Statement of senior executives responsible for decision-making | Letter from the President Message from the Executive Director | - |
| 102-15 | Main impacts, risks and opportunities | 1.1.3. Business environment 1.3. Strategic Performance Framework 2.5. Information on the foreseeable evolution of the entity 4.2. Risk management | - |

| ETHICS AND INTEGRITY | | | |
|---|---|---|----|
| GRI 103: Management focus - Material topic: Ethics and anti-corruption | | | |
| 103-1 | Explanation of the material topic and its coverage | 1.1.2. Purpose, Mission, Vision and Values 5.3. Anti-corruption and bribery matters | - |
| 103-2 | Management approach and its components | 1.1.2. Purpose, Mission, Vision and Values 5.3. Anti-corruption and bribery matters | - |
| 103-3 | Evaluation of the management approach | 1.1.2. Purpose, Mission, Vision and Values 5.3. Anti-corruption and bribery matters | - |
| 102-16 | Values, principles, standards and rules of conduct | 1.1.2. Purpose, Mission, Vision and Values 5.3. Anti-corruption and bribery matters | 10 |
| 102-17 | Mechanisms for consultancy and ethical concerns | 1.1.2. Purpose, Mission, Vision and Values 5.3. Anti-corruption and bribery matters | 10 |
| GOVERNANCE | | | |
| 103-1 | Explanation of the material topic and its coverage | 1.2. Governance and organisational | - |
| 103-2 | Management approach and its components | 4.1. Prosegur Management Model | - |
| 103-3 | Evaluation of the management approach | 4.1. Prosegur Management Model | - |
| 102-18 | Describe the governance structure | 1.2. Governance and organisational | - |
| 102-19 | Describe the process by which the Board of Directors delegates its authority to Senior Management and certain employees for matters of an economic, environmental and social nature | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-20 | Indicate whether executive posts exist in the organisation or any with responsibility for economic, environmental and social matters, and whether those holding them are directly accountable before the Board of Directors | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-21 | Describe the consulting processes among stakeholders and the Board of Directors with respect to economic, environmental and social matters. | 1.2. Governance and organisational structure | - |
| 102-22 | Structure of the supreme governing body and its committees | 1.2. Governance and organisational | - |
| 102-23 | Indicate if the person who presides over the Board of Directors also holds an executive post. If so, describe the executive duties and the reasons for this arrangement | 1.2. Governance and organisation structure Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-24 | Describe the processes for appointment and selection of the Board of Directors and its committees, as well as the criteria on which the appointment and selection of its members are based | Annual Corporate Governance Report Available at www.prosegur.com | - |

| | | | |
|---------------|--|---|---|
| 102-25 | Describe the processes by means of which the Board of Directors prevents and manages possible conflicts of interest. | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-26 | Describe the duties of the Board of Directors and of Senior Management in the development, approval and update of the proposal, the values or the mission statements, strategies, policies and objectives relative to economic, environmental and social impacts of the organisation | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-27 | Indicate what measures have been adopted to develop and improve the collective knowledge of the Board of Directors in relation to economic, environmental and social matters | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-28 | Describe the processes for evaluating the performance of the Board of Directors in relation to the governing of economic, environmental and social matters. Indicate whether the evaluation is independent and how frequently it is performed. Indicate if this is a self-evaluation | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-29 | Describe the duty of the Board of Directors in the identification and management of the impacts, risks and opportunities of an economic, environmental and social nature. Likewise indicate the role of the Board of Directors in the application of due diligence processes | 4.2. Risk management Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-30 | Describe the duty of the Board of Directors in the analysis of the effectiveness of risk management processes of the organisation with regard to economic, environmental and social matters. | 4.2. Risk management Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-31 | Indicate the frequency with which the Board of Directors analyses and evaluates the impacts, risks and opportunities of an economic, environmental and social nature. | 4.2. Risk management Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-32 | Indicate which committee or position of greatest importance reviews and approves the sustainability report of the organisation and ensures that all material Aspects are reflected. | The Annual Report is reviewed and approved by the Board of Directors | - |
| 102-33 | Describe the process for conveying significant concerns to the Board of Directors | 1.2. Governance and organisation structure Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-34 | Indicate the nature and the number of important concerns that were conveyed to the Board of Directors; also describe the mechanisms used to address and evaluate them. | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-35 | Describe the remuneration policies for the Board of Directors and Senior Management | Annual Corporate Governance Report Available at www.prosegur.com | - |
| 102-36 | Describe the processes by means of which the remuneration is determined. Indicate if consultants are used to determine the remuneration and whether they are independent from Management. | Annual Corporate Governance Report Available at www.prosegur.com | - |

| | | | |
|--------------------------------------|--|---|-------------------------------|
| 102-37 | Explain how the opinion of stakeholders is requested and considered with regard to remuneration including, where appropriate, the results of votes on policies and proposals regarding this matter | In 2020 there was no consultation relative to this matter in any of the Company communication channels | - |
| 102-38 | Ratio of total annual compensation | Annual Corporate Governance Report Available at www.prosegur.com Director remuneration report Available at www.prosegur.com | - |
| 102-39 | Ratio of the percentage increase of total annual compensation | Annual Corporate Governance Report Available at www.prosegur.com Director remuneration report Available at www.prosegur.com | - |
| PARTICIPATION OF STAKEHOLDERS | | | |
| 102-40 | Prepare a list of stakeholders associated with the organisation | 5. Statement of Non-financial Information | - |
| 102-41 | Percentage of employees covered by bargaining agreements | 5.2. Social and employment matters | 1, 3 |
| 102-42 | Indicate the basis for the election of stakeholders with which it works | 5. Statement of Non-financial Information | - |
| 102-43 | Describe the approach of the organisation regarding the participation of stakeholders, including the frequency of collaboration with the different stakeholder types and groups, or indicate if the participation of one group took place specifically in the process for preparation of the annual report | 5. Statement of Non-financial Information | 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 |
| 102-44 | Indicate which key issues and problems were identified as a result of the participation of the stakeholders and describe the evaluation made by the organisation, by means of its annual report among other aspects. Specify which stakeholders raised each of the key topics and problems | 5. Statement of Non-financial Information | - |
| REPORTING PRACTICE | | | |
| 102-45 | Entities included in the Consolidated financial statements | 2020 Consolidated Annual Accounts Report Available at www.prosegur.com 1. About Prosegur | - |
| 102-46 | Definition of the contents of the report and coverage of each aspect | 5. Statement of Non-financial Information | - |
| 102-47 | List of material topics | 5. Statement of Non-financial Information | - |
| 102-48 | Re-statement of the information | None of the information published in any prior reports has been restated | - |
| 102-49 | Significant changes in the scope and coverage of reported aspects | 5. Statement of Non-financial Information | - |

| | | | |
|---------------|--|---|---|
| 102-50 | Annual reporting period (for example, fiscal or calendar year) | 2020 | - |
| 102-51 | Date of the last report (if appropriate) | 2019 | - |
| 102-52 | Reporting cycle (annual, biennial, etc.) | Annual | - |
| 102-53 | Provide a point of contact to resolve any doubts that may arise over the content of the report | accionistas@prosegur.com | - |
| 102-54 | Statement of report preparation in accordance with GRI standards | Appendix II | - |
| 102-55 | GRI indicator index | Appendix II | - |
| 102-56 | External audit | The Statement of Non-financial Information, contained in the 2020 Consolidated Directors' Report, has been audited by EY. | - |

SPECIFIC CONTENT
ECONOMY
ECONOMIC PERFORMANCE

| | | | |
|--------------|--|---|---------|
| 201-1 | Direct, generated and distributed economic value | 2. Business performance and profit/(loss) | - |
| 201-2 | Financial consequences and other risks and opportunities for organisation activities owing to climate change | 5. Statement of Non-financial Information | 7, 8, 9 |
| 201-3 | Restriction of organisation obligations owing to social benefit programmes | N/A. There is no benefit plan for employees | - |

MARKET PRESENCE

| | | | |
|--------------|--|--------------------------|---|
| 202-2 | Percentage of Senior Managers from the local community in places where significant operations are undertaken | 5.5. Company information | - |
| 204-1 | Percentage of the expense in places with significant operations that correspond to local suppliers | 5.5.2. Suppliers | - |

COMPANY
ANTI-CORRUPTION
GRI 103: Management focus - Material topic: Ethics and anti-corruption

| | | | |
|--------------|--|--|----|
| 103-1 | Explanation of the material topic and its coverage | 5.3. Anti-corruption and bribery matters | - |
| 103-2 | Management approach and its components | 5.3. Anti-corruption and bribery matters | - |
| 103-3 | Evaluation of the management approach | 5.3. Anti-corruption and bribery matters | - |
| 205-1 | Number and percentage of centres in which risks regarding corruption have been appraised, and significant risks detected | 5.3. Anti-corruption and bribery matters | 10 |

| | | | |
|--|--|--|----|
| 205-2 | Policies and procedures for communication and training on anti-corruption | 5.3. Anti-corruption and bribery matters | 10 |
| 205-3 | Confirmed cases of corruption and measures adopted | 5.3. Anti-corruption and bribery matters | 10 |
| UNFAIR COMPETITION PRACTICES | | | |
| 206-1 | Number of legal procedures for causes regarding monopolies and other unfair competition practices, and their results | 5.3. Anti-corruption and bribery matters | 10 |
| REGULATORY COMPLIANCE | | | |
| 419-1 | Breach of laws and legislation in social and economic areas | 5.3. Anti-corruption and bribery matters | 10 |
| ENVIRONMENT | | | |
| MATERIALS | | | |
| 301-1 | Materials by weight or volume | 5.1. Environmental matters | - |
| 301-2 | Percentage of used materials that have been recycled | 5.1. Environmental matters | 9 |
| ENERGY | | | |
| 302-1 | Internal energy consumption | 5.1. Environmental matters | - |
| 302-4 | Decreased energy consumption | 5.1. Environmental matters | 9 |
| WATER | | | |
| 303-1 | Water extraction by source | 5.1. Environmental matters | - |
| 303-3 | Percentage and total volume of recycled and reused water | 5.1. Environmental matters | 9 |
| EMISSIONS | | | |
| 305-1 | Direct greenhouse gas emissions (Scope 1) | 5.1. Environmental matters | - |
| 305-2 | Indirect greenhouse gas emissions from generating energy (Scope 2) | 5.1. Environmental matters | - |
| 305-5 | Reduced greenhouse gas emissions | 5.1. Environmental matters | 9 |
| EFFLUENTS AND WASTE | | | |
| 306-2 | Total weight of waste managed, by type and treatment method | 5.1. Environmental matters | - |
| SOCIAL PERFORMANCE | | | |
| LABOUR PRACTICES AND DIGNIFIED EMPLOYMENT | | | |
| EMPLOYMENT | | | |
| 401-1 | Number and rate of recruits and average rotation of employees, broken down by ethnic group, gender and region | 5.2. Social and employment matters | 6 |

| | | | |
|---|---|---|------|
| 401-2 | Social benefits for full-time employees that are not offered to temporary or part-time employees, broken down by significant activity locations | The Company does not differentiate social benefits between temporary or part-time employees and full-time employees | - |
| 401-3 | Rates of returning to and remaining at the job following maternity or paternity leave, broken down by gender | 5.2. Social and employment matters | 6 |
| RELATIONS BETWEEN EMPLOYEES AND MANAGEMENT | | | |
| 402-1 | Minimum notice periods for operating changes and possible inclusion of these in bargaining agreements | 5.2. Social and employment matters | - |
| OCCUPATIONAL HEALTH AND SAFETY | | | |
| GRI 103: Management focus - Material topic: Occupational health and safety | | | |
| 103-1 | Explanation of the material topic and its coverage | 5.2. Social and employment matters | - |
| 103-2 | Management approach and its components | 5.2. Social and employment matters | - |
| 103-3 | Evaluation of the management approach | 5.2. Social and employment matters | - |
| 403-1 | Employee representation on formal employee-company committees on health and safety | 5.2. Social and employment matters | 1 |
| 403-2 | Type of accidents and accident frequency rates, occupational illnesses, days lost, absenteeism and number of deaths by occupational accident or illness | 5.2. Social and employment matters | - |
| 403-3 | Employees with a high incidence or at high risk for illnesses relating to their activity | 5.2. Social and employment matters | - |
| 403-4 | Health and safety topics addressed in formal agreements with unions | The information is contained in the bargaining agreements of the various countries of operation. | - |
| TRAINING AND EDUCATION | | | |
| 404-1 | Average hours of annual training per employee, broken down by gender and professional category | 5.2. Social and employment matters | - |
| 404-2 | Programmes for skill management and on-going training that promote the employability of workers and helps them manage the end of their professional careers | 5.2. Social and employment matters | 6 |
| 404-3 | Percentage of employees who receive regular evaluations on performance and professional development, broken down by gender and professional category | 5.2. Social and employment matters | - |
| DIVERSITY AND EQUAL OPPORTUNITIES | | | |
| 405-1 | Diversity in governance bodies and employees | 1.2. Governance and organisational structure | 1, 6 |

| | | | |
|---|---|--|------|
| EQUAL REMUNERATION BETWEEN MEN AND WOMEN | | | |
| 405-2 | Ratio of the base salary and remuneration of women vs men | 5.2. Social and employment matters | 1, 6 |
| HUMAN RIGHTS | | | |
| GRI 103: Management focus - Material topic: Human Rights | | | |
| 103-1 | Explanation of the material topic and its coverage | 5.4. Respect for Human Rights | - |
| 103-2 | Management approach and its components | 5.4. Respect for Human Rights | - |
| 103-3 | Evaluation of the management approach | 5.4. Respect for Human Rights | - |
| NON-DISCRIMINATION | | | |
| 406-1 | Number of cases of discrimination and corrective measures adopted | 5.3. Anti-corruption and bribery matters | - |
| FREEDOM OF ASSOCIATION AND COLLECTIVE NEGOTIATION | | | |
| 407-1 | Identification of centres and suppliers in which the freedom of association and the right to bargaining agreements may be infringed or threatened, and measures adopted in defence of these rights | 5.2. Social and employment matters | 3 |
| SECURITY MEASURES | | | |
| 410-1 | Percentage of security staff that has received training on the policies or procedures of the organisation on human rights relevant to the operations | 5.2. Social and employment matters | 1 |
| INVESTMENT | | | |
| 412-3 | Number and percentage of significant investment contracts and agreements that include clauses on human rights or that have been the subject of analysis on human rights | 5.4. Respect for Human Rights | 2 |
| 412-2 | Training hours of employees on policies and procedures regarding those aspects of human rights relevant to their activities, including the percentage of trained employees | 5.4. Respect for Human Rights | 1, 2 |
| CLIENT HEALTH AND SAFETY | | | |
| 416-1 | Percentage of categories of significant products and services whose impacts on health and safety have been evaluated to promote improvements | 5.5.3. Consumers | 9 |
| 416-2 | Number of incidents deriving from the breach of legislation or of the voluntary codes relative to the impacts of the products and services on health and safety during their life cycle, broken down by the type of result of those incidents | No incidents have been recorded in this aspect | - |

Independent Limited Assurance Report of the Consolidated Non-Financial Statements for the year ended December 31, 2020

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. and SUBSIDIARIES



INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2020, of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. and subsidiaries (hereinafter, the Group), which is part of the Group's accompanying Consolidated Management Report.

The content of the Management Report includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in table "Index of contents required by Law 11/2018" of the accompanying Statement.

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Management Report of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. and its content is the responsibility of the Board of Directors of the Group. The NFS was prepared in accordance with the content required by prevailing company law and in conformity with the criteria outlined in the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in table "Index of contents required by Law 11/2018" from the accompanying Management Report.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality control procedures

We have complied with the independence and other Code of Ethics requirements for accounting professionals issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of professional integrity, objectivity, competence, diligence as well as confidentiality and professional behavior.

Our Firm complies with the International Standard on Quality Control No. 1 and thus maintains a global quality control system that includes documented policies and procedures related to compliance with ethical requirements, professional standards, as well as applicable legal provisions and regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed, that refers exclusively to 2020. Our review has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- ▶ Analyzing the scope, relevance and integrity of the content included in the NFS for the year 2020 based on the materiality analysis made by the Group and described in section “Materiality”, considering the content required by prevailing mercantile regulations.
- ▶ Analyzing the processes for gathering and validating the data included in the 2020 Non-Financial Statement.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2020 NFS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2020 NFS and its correct compilation from the data provided by the information sources.
- ▶ Obtaining a representation letter from the Board of Directors and Management.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2020 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter in the table "Index of contents required by Law 11/2018" of the Management Report.

Use and distribution

This report has been prepared as required by prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 25, 2021

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT OF 2020

The members of the board of directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2020, authorised for issue by the board of directors at the meeting held on 24 February 2021 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and results of Prosegur Compañía de Seguridad, S.A. and the consolidated subsidiaries taken as a whole, and that the respective consolidated directors' report provides a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A. and its consolidated group, together with the main risks and uncertainties facing the group.

In Madrid, 24 February 2021.

Ms Helena Irene Revoredo
Delvecchio
President

Mr Isidro Fernández Barreiro
Vice-President

Mr Christian Gut Revoredo
Executive Director

Mr Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

Mr Ángel Duráñez Adeva
Director

Mr Fernando Vives Ruiz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE CONSOLIDATED ANNUAL ACCOUNTS

The Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries are the responsibility of the directors of the Parent Company and have been prepared in accordance with international financial reporting standards endorsed by the European Union.

The Directors are responsible for the completeness and objectivity of the Annual Accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by Management and that accounting records are reliable for the purposes of drawing up the Annual Accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the Annual Accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2020. Based on this evaluation, the Directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by Management, and that the financial records are reliable for the purposes of drawing up the Annual Accounts.

Independent auditors are appointed by the shareholders at their Shareholders General Meeting to audit the Annual Accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino

Chief Financial Officer

**Audit Report on Annual Accounts
issued by an Independent Auditor**

**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.
Annual Accounts and Director' Report
for the year ended
December 31, 2020**



AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.:

Report on the annual accounts

Opinion

We have audited the annual accounts of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (the Company), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying annual accounts) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the annual accounts in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of long-term investments in group companies and associates

Description At December 31, 2020, the Company has recognised in non-current assets, investments in group companies and associates amounting to 1,443 million euros, representing 68% of total assets.

The Company assess, at least once a year, the existence of impairment indicators and performs the necessary valuation adjustments whenever there is objective evidence that the carrying amount of an investment will not be recoverable, being the amount of the adjustment, the difference between its carrying amount and the recoverable amount.

The recoverable amount has been determined considering their value in use for the Cash, Security and Cybersecurity businesses, and based on the fair value for the Alarms business.

The determination of the recoverable amount requires complex estimations, which entails the application of judgements in establishing the assumptions considered by Company Management in relation to those estimates.

We have considered this a Key Audit Matter due to the significance of the amounts involved, and the inherent complexity of the estimation process in determining the recoverable amount of these investments.

Disclosures for the recognition and valuation criteria as well as the main assumptions used by Company Management in determining the impairment losses on long-term investments in group companies and associates, is included in Notes 25.3 and 9 of the accompanying annual accounts.

Our Response

Our audit procedures include, among others, the following:

- ▶ Understand the processes established by Company Management to determine impairment of the losses on long-term investments in group companies and associates, including assessment of the design and implementation of relevant controls.
- ▶ Assessment of the analysis of impairment indicators of the long-term investments in group companies and associates carried out by Company Management.
- ▶ Regarding the Cash, Security and Cybersecurity businesses, review of the models used by Company Management, in collaboration with our valuation specialists, encompassing its mathematical coherence, reasonableness of the projected cash flows, discount and long-term growth rates, as well as the consistency of these models with the business plans approved by the Company's governing bodies. Throughout the performance of our work, we held interviews with those responsible for the preparation of the models and using renowned external sources and other available information to contrast the data.

- ▶ With respect to the Alarms business, review, in collaboration with our valuation specialists, the reasonableness of the judgments applied in the determination of the main assumptions considered for the fair value estimate, in particular, the recurrent monthly revenues per connection and the market multiples applied on such revenues, which was obtained based on the latest transactions observed.
- ▶ Review of the sensitivity analysis performed by Company Management regarding the estimates performed in determining the recoverable amount in the event of changes in the relevant assumptions considered.
- ▶ Review disclosures included in the annual accounts in accordance with the applicable financial reporting framework.

Tax and legal provisions and contingencies

Description At December 31, 2020, the Company is involved in lawsuits of different nature, including tax claims as the head of the Spanish Tax Group within the Prosegur Group.

The assessment of the contingencies related to these lawsuits and claims and, when applicable, the valuation of possible related provisions, requires complex estimates to be made by Company Management, which entails the application of judgements in determining the assumptions considered in relation to these estimates.

We have considered this a Key Audit Matter, due to the complexity of the inherent judgements in assigning value to the main assumptions considered, and because changes in such judgements could result in material differences in the amounts recognised date, with a significant impact on the balance sheet and the income statement.

Disclosures for the recognition and valuation criteria, as well as the breakdown of these provisions and contingencies, which are recognised in the long term, are included in Notes 25.10, 14, 16 and 17 of the accompanying annual accounts.

Our

Response

Our Audit procedures include, among others, the following:

- ▶ Understand the processes established by Company Management to estimate provisions and contingencies, including assessment of the design and implementation of relevant controls.
- ▶ Obtain confirmation letters from the internal and external legal and tax advisors of the Company, with their representation regarding the current status of the ongoing lawsuits and claims, as well as the assessment of the risk related to them.
- ▶ Involve our legal and tax specialists to analyze the reasonableness of the conclusions reached by Company Management.
- ▶ Review disclosures included in the annual accounts in accordance with the applicable financial reporting framework.

Other matters

On February 27, 2020 other auditors issued their audit report on the annual accounts for the year ended December 31, 2019, where they expressed an unmodified opinion.

Other information: directors' report

Other information refers exclusively to the 2020 directors' report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the directors' report. Our responsibility for the directors' report, in conformity with prevailing audit regulations in Spain, entails:

- a. Checking only that certain information included in the Annual Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the directors' report with the annual accounts, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that provided in the 2020 annual accounts and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2.a) to the accompanying annual accounts, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 25, 2021.

Term of engagement

The ordinary general shareholders' meeting held on June 4, 2019 appointed us as auditors for 3 years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors
under No. S0530)

(Signed on the original version in Spanish)

Ana María Prieto González
(Registered in the Official Register of Auditors
under N°.18888)

February 25, 2021

Annual Accounts and Directors' Report at 31 December 2020

(Free translation for the original in Spanish. In the event of discrepancy, the Spanish-language version prevails).

Prosegur Compañía de Seguridad S.A.

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I. INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Expressed in thousands of EUR)

| | Note | 2020 | 2019 |
|--|---------------------|------------------|-----------------|
| Net turnover | 3 | 253,889 | 108,595 |
| Dividend received | 3 and 19 | 235,303 | 80,440 |
| Loan interest income | 3 and 19 | 426 | 2,131 |
| Provision of services | 3 and 19 | 18,160 | 26,024 |
| Supplies | | (14) | (18) |
| Consumption of raw materials and other consumables | | (14) | (18) |
| Other operating income | | 1,431 | 610 |
| Non-core and other operating revenues | | 1,431 | 610 |
| Personnel Expenses | 3 | (3,132) | (783) |
| Wages, salaries and similar charges | | (2,598) | (580) |
| Social security obligations | | (534) | (203) |
| Other operating expenses | | (11,237) | (12,248) |
| External services | 3 | (8,108) | (8,618) |
| Taxes | | (2,790) | (193) |
| Other ordinary expenses | | (339) | (3,437) |
| Fixed assets deterioration | 6 and 7 | (4,618) | (4,617) |
| Impairment and gains/(losses) on disposal of fixed assets and financial instruments | 6 | (6) | — |
| Profit/(losses) on disposals and other operations | | (6) | — |
| Other profit/(loss) | 3, 14 and 17 | (17,145) | — |
| OPERATING PROFIT/(LOSS) | | 219,168 | 91,539 |
| Financial income | 4 | 1,081 | 498 |
| Third parties | | 1,081 | 498 |
| Financial expense | 4 | (24,692) | (9,996) |
| From payables to Group companies and associates | 4 and 19 | (614) | (927) |
| From payables to third parties | | (24,078) | (9,069) |
| Variation in fair value of financial instruments | 4 | 13 | 354 |
| Variation in fair value of financial instruments | | 13 | 354 |
| Exchange differences | 4 | (2,334) | 122 |
| Impairment and gains/(losses) on disposal of financial instruments | 4 and 9 | (87,285) | — |
| Impairments and Losses | | (87,285) | — |
| NET FINANCE INCOME | | (113,217) | (9,022) |
| PROFIT BEFORE TAX | | 105,951 | 82,517 |
| Income tax | 16 | (21,213) | (643) |
| PROFIT/(LOSS) FOR THE YEAR | 5 | 84,738 | 81,874 |

The accompanying notes form an integral part of the Annual Accounts for 2020.

II. BALANCE SHEET AT 31 DECEMBER 2020 AND 2019

(Expressed in thousands of EUR)

| ASSETS | Note | 2020 | 2019 |
|---|---------------------|------------------|------------------|
| NON-CURRENT ASSETS | | 1,622,177 | 1,452,791 |
| Intangible assets | 6 | 24,620 | 28,260 |
| Patents, licences, trademarks and others | | 24,620 | 28,257 |
| Computer software | | — | 3 |
| Property, Plant and Equipment | 7 | 11,145 | 11,795 |
| Technical facilities and other property, plant and equipment | | 11,145 | 11,795 |
| Long-term investments in Group companies and associates | | 1,442,772 | 1,401,311 |
| Equity instrument | 9 | 1,442,772 | 1,328,311 |
| Loans to companies | 8 and 11 | — | 73,000 |
| Long-term financial investments | | 128,952 | 2,943 |
| Equity instrument | 10 | 128,379 | 2,650 |
| Other financial assets | 8 and 11 | 573 | 293 |
| Deferred tax assets | 16 | 14,688 | 8,482 |
| CURRENT ASSETS | | 495,300 | 625,065 |
| Trade and other receivables | | 18,510 | 92,497 |
| Clients' receivables for sales and services | 8 | 82 | 192 |
| Clients, Group companies and associates | 8, 11 and 19 | 8,134 | 42,285 |
| Miscellaneous receivables | 8 and 11 | 9 | 6 |
| Personnel | 8 and 11 | 1 | 1 |
| Current tax assets | 16 | 10,279 | 50,008 |
| Public entities, other receivables | 16 | 5 | 5 |
| Short-term investments in Group companies and associates | 8, 11 and 19 | 154,685 | 161,256 |
| Loans to companies | | 58,218 | 62,790 |
| Other financial assets | | 96,467 | 98,466 |
| Short-term financial investments | 8 and 11 | 150,721 | 320,289 |
| Loans to companies | | 348 | 348 |
| Debt securities | | 150,045 | 319,621 |
| Other financial assets | | 328 | 320 |
| Short-term deferrals | | 467 | 1,144 |
| Cash and cash equivalents | 12 | 170,917 | 49,879 |
| Cash and other cash equivalents | | 170,917 | 49,879 |
| TOTAL ASSETS | | 2,117,477 | 2,077,856 |

The accompanying notes form an integral part of the Annual Accounts for 2020.

(Expressed in thousands of EUR)

| NET EQUITY AND LIABILITIES | Notes | 2020 | 2019 |
|--|---------------------|------------------|------------------|
| EQUITY | | 970,973 | 1,033,718 |
| Shareholders' equity | | 982,876 | 1,033,718 |
| Subscribed capital | 13 | 32,916 | 35,921 |
| Registered capital | | 32,916 | 35,921 |
| Share premium | 13 | 25,472 | 25,472 |
| Reserves | 13 | 922,327 | 1,077,404 |
| Legal and statutory reserves | | 7,406 | 7,406 |
| Other reserves | | 914,921 | 1,069,998 |
| (Own shares and equity holdings) | 13 | (14,550) | (107,927) |
| Profit/(loss) for the year | 5 | 84,738 | 81,874 |
| (Interim dividend) | 5 | (68,027) | (79,026) |
| Value change adjustments | 10 | (11,903) | — |
| Available-for-sale financial assets | | (11,903) | — |
| NON-CURRENT LIABILITIES | | 826,998 | 720,990 |
| Non-current provisions | 14 | 54,791 | 1,413 |
| Obligations for long-term personnel benefits | | 524 | 1,412 |
| Other provisions | | 54,267 | 1 |
| Long-term debts | 8 and 15 | 748,318 | 698,054 |
| Debentures and other negotiable securities | | 697,322 | 696,203 |
| Debts with credit institutions | | 40,000 | — |
| Other financial liabilities | | 10,996 | 1,851 |
| Deferred tax liabilities | 16 | 23,889 | 21,523 |
| CURRENT LIABILITIES | | 319,506 | 323,148 |
| Short-term debts | 8 and 15 | 162,086 | 94,978 |
| Debentures and other negotiable securities | | 6,254 | 6,252 |
| Debts with credit institutions | | 81,001 | 6,020 |
| Other financial liabilities | | 74,831 | 82,706 |
| Short-term payables to Group companies and associates | 8, 15 and 19 | 145,072 | 214,913 |
| Trade and other payables | | 12,348 | 13,257 |
| Suppliers, Group companies and associates | 8, 15 and 19 | 3,220 | 5,593 |
| Sundry accounts payable | 8 and 15 | 4,686 | 1,774 |
| Personnel (salaries payable) | 8 and 15 | 969 | 950 |
| Public entities, other payables | 16 | 3,473 | 4,940 |
| TOTAL EQUITY AND LIABILITIES | | 2,117,477 | 2,077,856 |

The accompanying notes form an integral part of the Annual Accounts for 2020.

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(Expressed in thousands of EUR)

| | <u>Note</u> | <u>2020</u> | <u>2019</u> |
|--|-------------|----------------------|----------------------|
| Profit/(losses) in the income statement | 5 | 84,738 | 81,874 |
| Income and expenses passed on directly to the net equity: | | | |
| I. For the estimation of financial instruments | | (11,903) | — |
| 1. Financial assets available for sale | 10 | (11,903) | — |
| Total income and expenses passed on directly to the Net Equity | | <u>(11,903)</u> | <u>—</u> |
| Total comprehensive income | | <u><u>72,835</u></u> | <u><u>81,874</u></u> |

The accompanying notes form an integral part of the Annual Accounts for 2020.

B) STATEMENT OF TOTAL CHANGES IN EQUITY

(Expressed in thousands of EUR)

| | Share capital | Share premium | Legal Reserve | Other Reserves | (Own shares and equity holdings) | Profit/(loss) for the year | (Interim dividend) | Value change adjustments | TOTAL |
|--|----------------|---------------|---------------|------------------|----------------------------------|----------------------------|--------------------|--------------------------|------------------|
| | (Note 13) | (Note 13) | (Note 13) | (Note 13) | (Note 13 c) | (Note 5) | (Note 5) | (Note 10) | |
| START OF FINANCIAL YEAR 2019 | 37,027 | 25,472 | 7,406 | 1,107,700 | (65,240) | 102,985 | (79,054) | — | 1,136,296 |
| Total comprehensive income | — | — | — | — | — | 81,874 | — | — | 81,874 |
| Operations with partners and owners | (1,106) | — | — | (37,702) | (42,687) | (102,985) | 28 | — | (184,452) |
| (-) Capital reductions | (1,106) | — | — | (63,795) | 64,901 | — | — | — | — |
| Operations with own stocks or shares (net) | — | — | — | — | (107,588) | — | — | — | (107,588) |
| Other operations with partners or owners | — | — | — | 26,093 | — | (102,985) | 79,054 | — | 2,162 |
| Interim dividend | — | — | — | — | — | — | (79,026) | — | (79,026) |
| BALANCE AT YEAR END 2019 | 35,921 | 25,472 | 7,406 | 1,069,998 | (107,927) | 81,874 | (79,026) | — | 1,033,718 |
| Total comprehensive income | — | — | — | — | — | 84,738 | — | (11,903) | 72,835 |
| Operations with partners and owners | (3,005) | — | — | (155,077) | 93,377 | (81,874) | 10,999 | — | (135,580) |
| (-) Capital reductions | (3,005) | — | — | (144,671) | 147,676 | — | — | — | — |
| Operations with own stocks or shares (net) | — | — | — | (13,254) | (54,299) | — | — | — | (67,553) |
| Other operations with partners or owners | — | — | — | 2,848 | — | (81,874) | 79,026 | — | — |
| Interim dividend | — | — | — | — | — | — | (68,027) | — | (68,027) |
| BALANCE AT YEAR END 2020 | 32,916 | 25,472 | 7,406 | 914,921 | (14,550) | 84,738 | (68,027) | (11,903) | 970,973 |

The accompanying notes form an integral part of the Annual Accounts for 2020.

IV. CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Expressed in thousands of EUR)

| | Note | 2020 | 2019 |
|--|---------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Pre-tax financial year profit | | 105,951 | 82,517 |
| Adjustments made to results | | (64,128) | (65,964) |
| Fixed assets depreciation (+) | 6 and 7 | 4,618 | 4,617 |
| Change in provisions (+/-) | 14 | 53,308 | 129 |
| Results from fixed asset disposals and sale | | 6 | — |
| Results from disposal and sale of financial instruments (+/-) | 9 | 87,285 | — |
| Financial income (-) | 4 | (1,081) | (498) |
| Dividend received (-) | 4 | (235,303) | (80,440) |
| Financial expenses (+) | 4 | 24,692 | 9,996 |
| Exchange differences (+/-) | 4 | 2,334 | (122) |
| Variation in fair value of financial instruments (+/-) | | 13 | 354 |
| Changes in current capital | | 74,834 | (27,259) |
| Clients and other receivables (+/-) | | 73,986 | (28,338) |
| Other current assets (+/-) | | 5,529 | 5,968 |
| Trade and other payables (+/-) | | (910) | (1,429) |
| Other current liabilities (+/-) | | — | (3,366) |
| Other non-current assets and liabilities (+/-) | | (3,771) | (94) |
| Other cash flows from operating activities | | 32,640 | 59,142 |
| Interest payments (-) | | (1,342) | (573) |
| Dividend collection (+) | | 49,482 | 75,053 |
| Interest received (+) | | 954 | 647 |
| Income tax received/(paid) (+/-) | | (16,441) | (15,245) |
| Other payments (receipts) (+/-) | | (13) | (740) |
| Cash flows from operating activities | | 149,297 | 48,436 |
| Payments for investments (-) | | (126,486) | (149,765) |
| Group companies and associates | | (133,487) | (149,751) |
| Intangible assets | 6 | (301) | (3) |
| Property, Plant and Equipment | 7 | (33) | (11) |
| Other financial assets | | — | — |
| Collections from disposal of investments (+) | | 7,335 | — |
| Group companies and associates | 13 | 7,335 | — |
| Cash flows from investing activities | | (126,486) | (149,765) |
| Collections and payments for equity instruments | 13 | (108,052) | (107,286) |
| Purchases of equity instruments (-) | | (108,052) | (107,937) |
| Sale of equity instruments (+) | | — | 651 |
| Collections and payments for liability instruments | | 253,014 | 197,425 |
| Issue | | 273,556 | 197,425 |
| Debentures and similar securities (+) | | 169,576 | 160,690 |
| Debts with credit institutions and other payables (+) | | 103,980 | 6,020 |
| Loans to Group companies and associates (+) | | — | 30,715 |
| Repayment and amortisation of | | (20,542) | — |
| Loans to Group companies and associates (-) | | (14,956) | — |
| Debts with credit institutions and other payables (-) | | (5,586) | — |
| Dividends payable and remunerations from other equity instruments | | (46,735) | (77,194) |
| Dividends (-) | | (46,735) | (77,194) |
| Cash flows from financing activities | | 98,227 | 12,945 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 121,038 | (88,384) |
| Cash and equivalents at the beginning of the year | 12 | 49,879 | 138,263 |
| Cash and equivalents at the end of the year | 12 | 170,917 | 49,879 |

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General Information

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (hereinafter the Company or Prosegur), the parent company of the Prosegur Group, has its registered offices at Calle Pajaritos 24 in Madrid. The Company was incorporated on 14 May 1976 and is entered in the Companies Register of Madrid as the first inscription on page 32,805, section 3, sheet 22 of volume 4,237.

The corporate purpose of the Company is described in article 2 of its Articles of Association, including the following services and activities:

1. Security and the protection of goods, premises, shows, competitions and conventions.
2. The protection of certain individuals subject to prior authorisation.
3. The storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value, the expectations they generate or the associated risk, notwithstanding any activities inherent to financial institutions.
4. The transportation and distribution of the aforementioned objects using, where necessary, vehicles with characteristics regulated by the Spanish Ministry of Home Affairs to avoid confusion with those used by the armed forces or state security forces.
5. The installation and maintenance of security equipment, devices and systems.
6. The operation of centres in which alarm signals are received, verified, broadcast and reported to state security forces, as well as the provision of response services in circumstances that do not come under the state security forces.
7. Planning of security activities and related advisory services.
8. Security services and the protection of rural property by private security guards.

The activities comprising the corporate purpose can also be performed indirectly by the Company, by means of the shareholding in other companies of an identical or similar corporate purpose.

The services provided by the Prosegur Group are distributed mainly into the following business lines:

- Security.
- Cash.
- Alarms.

From 2013 the Company segregated the private security business line in Spain to Prosegur España, S.L.U. resulting in the main activity of the Company now becoming the acquisition, holding,

management and administration of securities and shares or any other form of representation of interest in the capital of entities that are resident and non-resident in Spain and of funding in investee companies; and the provision of services that are complementary or ancillary to the management of activities carried out by the investee companies.

The Company's statutory activity does not include activities expressly restricted by law to entities that comply with special requirements not met by the Company, particularly financial brokerage activities that are restricted by financial legislation governing collective investment undertakings and the securities market law and supplementary provisions applicable to collective investment undertakings.

Prosegur Compañía de Seguridad, S.A., at 31 December 2020, is controlled by Gubel, S.L., a company incorporated in Madrid which, after the capital reductions approved at the Shareholders General Meeting held on 26 October 2020 on 2 December 2020, owns 59.37% of the Company's shares.

Prosegur Compañía de Seguridad, S.A. is a public limited company that is listed on the Stock Exchanges of Madrid, Valencia, Bilbao and Barcelona whose shares are traded on the Spanish Stock Exchange Interconnection System (SIBE).

In accordance with prevailing legislation, Prosegur Compañía de Seguridad, S.A. is the parent of a group of companies (hereinafter the Group). In accordance with generally accepted accounting principles in Spain, Consolidated Annual Accounts must be prepared to present fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in group companies, associates and jointly controlled companies are disclosed in Appendix I.

The Directors prepare the Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A., in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2020. The consolidated Annual Accounts were drawn up by the Board of Directors, together with these Individual Annual Accounts, on 24 February 2021 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Mercantile Register of Madrid.

The Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for 2020 present consolidated profit of EUR 334,875 thousand and consolidated equity of EUR 718,117 thousand (EUR 160,226 thousand and EUR 898,340 thousand respectively in 2019).

2. Basis for Presentation

a) Fair image

The Annual Accounts have been prepared on the basis of the accounting records of the Company and are presented in accordance with mercantile legislation in force and the rules established in the General Chart of Accounts approved by Royal Decree 1514/2007, in order to reflect a true and fair image of the equity, financial situation and results of the Company, as well as the veracity of the cash flows shown in the cash flow statement.

b) Critical issues regarding the valuation and estimation of relevant uncertainties

Preparation of the Annual Accounts requires the Company to make certain estimates and judgements concerning the future. These are evaluated constantly and based on historical experience and other factors, including expectations of future events that are considered reasonable under certain circumstances.

Although estimates are calculated by the Company's Directors based on the best information available at year end, future events may require changes to these estimates in subsequent years. Any effect on the Annual Accounts of adjustments to be made in subsequent years would be recognised prospectively.

The estimates and judgements that present significant risk of a material adjustment to the carrying amounts of assets and liabilities in the subsequent reporting period are as follows:

Estimate of the recoverable value of investments in subsidiaries

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the carrying amount of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on five-year projections of the budgets approved by Management. The cash flows take into account past experience and represent Management's best estimate of future market performance. Cash flows as of five years are extrapolated using individual growth rates. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, average weighted rate of capital and tax rates (see Notes 9 and 25.4).

Provisions and contingencies

The Company has made judgements and estimates in relation to the probability of risks liable to cause the recording of provisions, and the amount thereof, where appropriate, recording a provision only when the risk is considered probable, when they estimate the cost that said obligation would cause (Notes 17 and 25.10).

c) Functional and presentation currency

The figures disclosed in the Annual Accounts are expressed in thousands of EUR, the Company's functional and presentation currency, rounded off to the nearest thousand.

d) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the Annual Accounts, in addition to the figures for financial year 2020, the Annual Accounts show those pertaining to the previous year, those of 2019, approved by the Shareholders General Meeting at 29 October 2020.

COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic, after spreading rapidly around the world. Having affected over 150 countries, the majority of Governments have taken restrictive measures to contain the propagation which include: isolation, confinement, quarantine and restrictions to the free movement of people, closing public and private establishments except for those used for basic needs and healthcare, closed borders and a drastic reduction of transport by air, sea, rail and road.

This situation had a significant effect on the world economy due to the interruption or slowing down of the supply chains and the significant increase of economic uncertainty which is evidenced by a greater volatility in the price of assets, exchange rates and reduced long-term interest rates.

The measures adopted by the different governments to combat the spread of COVID-19 and the circumstances arising from the coronavirus crisis have limited access to the market in which Prosegur Group operates. This is due to the closures of business, successive multiple temporary ceases of activity due to the impact of COVID-19 and restrictions on the free movement of people.

With this panorama, characterised by a drastic drop in the different sectors of the economy, and absolute uncertainty for the future, the main impacts have been the following:

- Staff have been temporarily laid-off to try and adapt the organisational structure, production and costs to the new levels of activity.
- Exemption from Social Security payments associated with the temporary workforce reduction plans (ERTE) in Spain,
- With respect to safeguarding employee health, the working method of structural personnel has been adapted, who have been working remotely since the declaration of the pandemic.

Prosegur has adopted a series of measures to mitigate these effects in the countries in which it operates. The following aspects stand out from the results of these measures:

- Liquidity risk: The situation of uncertainty generated by the COVID-19 pandemic has led to greater liquidity constraints in the economy as a whole, as well as reduced access to credit. For this reason, the Company has drawn down of EUR 40,000 thousand of lines of credits associated with the syndicated financing facilities for the amount of EUR 200,000 thousand.
- Risk of measurement of assets and liabilities on the balance sheet: The Company has carried out an analysis and a series of calculations associated with the accounting valuation of certain assets (tax credits and non-current assets).
- Credit risk: In the 2020 financial year, the Company suffered no significant increases associated with the credit risk due to insolvency of its clients.
- Operational risk: Private security has been declared an essential activity by the governments in Spain. Therefore, our security business was not stopped in 2020, and the drop in volume was partially offset by the increase in certain public services such as operations classified as essential activities.
- Going concern risk: in light of the aspects mentioned above, the Company considers that at 31 December 2020, no risk associated with the application of the going concern principle was detected.

3. Income and Expenses

a) Net turnover

Details of net turnover by category of activity and geographical area are as follows:

| | Thousands of Euros | | | | | | | | | |
|----------------------------------|--------------------|----------------|--------------|------------|-----------|--------------|--------------|----------------|----------------|----------------|
| | National | | Europe | | AOA (*) | | LatAm | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Dividend received: | | | | | | | | | | |
| - Group companies and associates | 235,303 | 80,440 | — | — | — | — | — | — | 235,303 | 80,440 |
| Loan interest income | 62 | 266 | 36 | — | 18 | 1,573 | 310 | 292 | 426 | 2,131 |
| Provision of services: | | | | | | | | | | |
| - General services | 16,067 | 28,180 | 1,087 | 560 | 15 | 36 | 991 | (2,752) | 18,160 | 26,024 |
| Total | 251,432 | 108,886 | 1,123 | 560 | 33 | 1,609 | 1,301 | (2,460) | 253,889 | 108,595 |

(*) AOA: includes India, United States, Australia and Abu Dhabi in 2020, and India, United States and Abu Dhabi in 2019.

The services provided in 2020 and 2019 were services associated with the transfer of the brand; in the year 2019 the losses recorded corresponded to payments for the transfer of the brand.

Of the total income from dividends, EUR 180,000 thousand correspond mainly to the alarm business, EUR 32,514 thousand to the Cash business and EUR 15,118 thousand to the asset management business.

The Company also received dividend income amounting to EUR 7,617 thousand from investments in Telefónica, S.A. (Note 10).

b) Personnel Expenses

Details of the employee benefits expense are as follows:

| | Thousands of Euros | |
|----------------------------------|--------------------|------------|
| | 2020 | 2019 |
| Salaries and wages | 2,598 | 536 |
| Social security obligations | 528 | 189 |
| Other employee benefits expenses | 6 | 58 |
| Total | 3,132 | 783 |

The 2017 long-term incentive plan for Executive Director and Senior Management (Note 25.9), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2020 commitment amounting to EUR 83 thousand.

With regard to the 2020 long-term incentive plan for the Executive Director and Senior Management, because of the impact of the COVID-19 pandemic on the Company's profits, the targets set for fulfilling

the entire 2020 Plan are not expected to be reached. Consequently, the provision has been adjusted on the basis of a new target, showing a positive effect on the year's profits of EUR 909 thousand.

During 2019 the 2017 and 2020 long-term incentive plans for Executive Director and Senior Management, within the Salaries and wages paragraph, included in the expense accrued during the year 2019 amounting to EUR 712 thousand.

c) External Services

Details of external services are as follows:

| | Thousands of Euros | |
|-----------------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Leases and levies | 299 | 290 |
| Independent professional services | 6,045 | 5,473 |
| Transport | 1 | 2 |
| Insurance premiums | 192 | 40 |
| Banking and similar services | 551 | 422 |
| Advertising and supplies | 503 | 1,687 |
| Other services | 517 | 704 |
| Total | <u>8,108</u> | <u>8,618</u> |

d) Impairment and disposal of fixed assets

In the financial year 2020, there were disposals in the intangible assets of licences that were obsolete, and which led to the recording of a loss amounting to EUR 6 thousand. In 2019 there was no significant disposal.

e) Other profit/(loss)

During 2020 in "Other Profit/(Loss)" the Company recognised a provision of EUR 17,145 thousand mainly relating to the process open with the National Commission on Markets and Competition (CNMC) for EUR 8,695 thousand (Note 14 and 17) and other contingencies amounting to EUR 8,450 thousand (Note 14).

4. Net Finance Income

Details of financial income and costs are as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Financial income | 1,094 | 852 |
| Third parties | 1,081 | 498 |
| Variation in fair value of financial instruments | 13 | 354 |
| Variation in fair value of financial instruments | 13 | 354 |
| Financial expense | (24,692) | (9,996) |
| From payables to Group companies (Note 19) | (614) | (927) |
| From payables to third parties | (24,078) | (9,069) |
| Impairment and gains/(losses) on disposal of financial instruments | (87,285) | — |
| Exchange differences | (2,334) | 122 |
| NET FINANCE INCOME | (113,217) | (9,022) |

•Finance income and costs

Finance costs in relation to Group companies reflect interest earned on current loans to Group companies (Note 19).

In 2020, interest for debts with third parties mainly related to the interest on bank borrowing amounting to EUR 9,349 thousand and interest for other contingencies amounting to EUR 14,078 thousand.

The financial income amounting to EUR 1,081 thousand (EUR 498 thousand in 2019) mainly relates to interest associated to proceedings with the State Tax Administration (AEAT) for EUR 1,007 thousand and interest generated by the investments in fixed-term deposits amounting to EUR 70 thousand. (Note 8).

•Impairment and gains/(losses) on disposal of financial instruments

The impairment and disposals of instruments recorded in 2020 amounting to EUR 87,285 thousand correspond mainly to valuation adjustments for impairment of the investment in Prosegur Global SIS, S.L., in an amount of EUR 83,320 thousand. (Note 9).

•Exchange profit/losses

The main currency conversion difference items are the following:

| | Currency | Thousands of Euros | |
|---|--------------------|--------------------|------------|
| | | 2020 | 2019 |
| Debt due to acquisition of Tellex | Argentine Peso | 194 | — |
| Debt due to acquisition of Cipher SA | Brazilian Real | (3,030) | — |
| Debt due to acquisition of Beloura Investment | Colombian Peso | 242 | (21) |
| Debt resulting from the acquisition of Prosegur Ciberseguridad Paraguay, S.A. | Guarani | 50 | — |
| Loans to Group company | Peruvian Nuevo Sol | (8) | — |
| Other items | | 218 | 143 |
| | | (2,334) | 122 |

5. Profit/(loss) for the year

a) Distribution of profit

On the date these Annual Accounts are authorised for issue, the Boards of Directors will propose to the Shareholders General Meeting that profit for the year be distributed as follows:

| | Thousands of Euros | |
|----------------------------|---------------------------|---------------|
| | 2020 | 2019 |
| Basis of allocation | | |
| Profit/(loss) for the year | 84,738 | 81,874 |
| Total | 84,738 | 81,874 |
| Allocation | | |
| Voluntary reserves | 16,711 | 2,848 |
| Interim dividend | 68,027 | 79,026 |
| Total | 84,738 | 81,874 |

The distribution of the result from the 2019 financial year was approved on 29 October 2020.

On 17 December 2020, the Board of Directors approved the distribution of a regular dividend of EUR 0.124 per share on account of the 2020 profits, or a total maximum dividend of EUR 68,027 thousand (considering that the share capital is currently represented by 548,604,222 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2021. Each payment is calculated as EUR 0.0310 per outstanding share at the payment date.

At 31 December 2020 dividends payable of EUR 68,027 thousand have been recognised under current liabilities as other payables within other financial liabilities.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2019 is reflected in the item of "Other operations with partners or owners" of the statement of changes in equity for the amount of EUR 2,848 thousand.

Nevertheless, if the number of shares changes between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR 17,007 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional accounting statement presented by the Board of Directors in accordance with the legal requirements that evidenced the lack of sufficient liquidity to pay the aforementioned interim dividend is set forth below:

| | <u>Thousands of</u> |
|---|-----------------------|
| | <u>2020</u> |
| 1. Initial cash on hand (before the interim dividend) | 56,912 |
| 2. Group current bank account balances | (33,788) |
| 3. Proceeds pending | 12,967 |
| 4. Temporary financial investments | 150,348 |
| 5. Receipts for Capital and Extraordinary Transactions | 170,000 |
| 6. Payments for Current Operations | (14,584) |
| 7. Payments for Financial Transactions | (11,097) |
| 8. Extraordinary Payments | (3,772) |
| Forecast Cash | 326,986 |
| Less dividend payments according to the proposal | (68,027) |
| Final cash after dividends | <u>258,959</u> |

b) Dividend restrictions

Reserves and profit for the year are freely distributable except for the restrictions described in Note 13.

6. Intangible assets

Details of intangible assets and movement are as follows:

| | Thousands of Euros | | | | Total |
|---------------------------------------|--------------------|------------------------|-------------------|-------------------------|----------|
| | Licences | Trademarks and similar | Computer software | Other intangible assets | |
| Cost | | | | | |
| Balance at 01 January 2019 | 8 | 39,068 | 26 | 362 | 39,464 |
| Additions | 3 | — | — | — | 3 |
| Disposals | — | — | (1) | — | (1) |
| Balance at 31 December 2019 | 11 | 39,068 | 25 | 362 | 39,466 |
| Additions | — | 301 | — | — | 301 |
| Disposals | (8) | — | — | — | (8) |
| Balance at 31 December 2020 | 3 | 39,369 | 25 | 362 | 39,759 |
| Depreciation and amortisation | | | | | |
| Balance at 01 January 2019 | (2) | (6,912) | (18) | (353) | (7,285) |
| Depreciation and amortisation for the | (1) | (3,907) | (4) | (9) | (3,921) |
| Balance at 31 December 2019 | (3) | (10,819) | (22) | (362) | (11,206) |
| Depreciation and amortisation for the | — | (3,932) | (3) | — | (3,935) |
| Disposals | 2 | — | — | — | 2 |
| Balance at 31 December 2020 | (1) | (14,751) | (25) | (362) | (15,139) |
| Carrying amount | | | | | |
| At 01 January 2019 | 6 | 32,156 | 8 | 9 | 32,179 |
| At 31 December 2019 | 8 | 28,249 | 3 | — | 28,260 |
| At 31 December 2020 | 2 | 24,618 | — | — | 24,620 |

a) Description of the main movements

In 2020, the additions correspond to the acquisition of the Trademark and commercial name of “M&A ECUADOR NOMBRE COMERCIAL” for EUR 301 thousand.

Additions in 2019 corresponded to the purchase of Microsoft Software licences for EUR 3 thousand.

The 2020 financial year saw the disposal of licences in disuse amounting to EUR 8 thousand, which produced losses of EUR 6 thousand.

There were no significant disposals during the 2019 financial year.

The Company invoices and recognises revenue from the transfer to its subsidiaries of the rights of use of the Prosegur Trademark.

b) Licences

Details of licences at the end of 2020 and 2019 are as follows:

| Description and operation | Expiry date | Depreciation period (Note 25.1) | Thousands of Euros | | | |
|---------------------------|-------------|---------------------------------|---------------------------|----------|--------------------------|-----------------|
| | | | Amortisation for the year | Cost | Accumulated amortisation | Carrying amount |
| 2020 | | | | | | |
| Licences - Software | 2023 | 4 years | — | 3 | 1 | 2 |
| | | | — | 3 | 1 | 2 |

| Description and operation | Expiry date | Amortisation period | Thousands of Euros | | | |
|---------------------------|-------------|---------------------|---------------------------|-----------|--------------------------|-----------------|
| | | | Amortisation for the year | Cost | Accumulated amortisation | Carrying amount |
| 2019 | | | | | | |
| Licences - Software | 2026 | 10 years | — | 1 | 1 | — |
| Licences - Software | 2027 | 10 years | 1 | 4 | 2 | 2 |
| Licences - Software | 2028 | 10 years | — | 3 | — | 3 |
| Licences - Software | 2028 | 10 years | — | 3 | — | 3 |
| | | | 1 | 11 | 3 | 8 |

c) Fully amortised intangible assets

The cost intangible assets items which are fully amortised and still in use at 31 December is as follows:

| | Thousands of Euros | |
|-------------------------|--------------------|------------|
| | 2020 | 2019 |
| Computer software | 22 | 2 |
| Other intangible assets | 362 | 362 |
| | 384 | 364 |

d) Assets subject to guarantees and title restrictions

At 31 December 2020 and 2019 the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

7. Property, Plant and Equipment

Details of property, plant and equipment and movement are as follows:

| | Thousands of Euros | | |
|--|---|---------------------------------|----------------|
| | Other install., equipment and furniture | Other property, plant and | Total |
| Cost | | | |
| Balance at 01 January 2019 | 378 | 13,372 | 13,750 |
| Additions | — | 11 | 11 |
| Balance at 31 December 2019 | 378 | 13,383 | 13,761 |
| Additions | 27 | 6 | 33 |
| Balance at 31 December 2020 | 405 | 13,389 | 13,794 |
| Depreciation and amortisation | | | |
| Balance at 01 January 2019 | (255) | (1,015) | (1,270) |
| Depreciation and amortisation for the year | (31) | (665) | (696) |
| Balance at 31 December 2019 | (286) | (1,680) | (1,966) |
| Depreciation and amortisation for the year | (17) | (666) | (683) |
| Balance at 31 December 2020 | (303) | (2,346) | (2,649) |
| Carrying amount | | | |
| At 01 January 2019 | 123 | 12,357 | 12,480 |
| At 31 December 2019 | 92 | 11,703 | 11,795 |
| At 31 December 2020 | 102 | 11,043 | 11,145 |

a) Description of the main movements

In 2020, the most significant additions corresponded to the installation of security systems for EUR 27 thousand and the purchase of information equipment for EUR 6 thousand.

In the 2019 financial year, the most significant additions to property, plant and equipment correspond to information processing equipment for EUR 10 thousand and telephony for EUR 1 thousand.

No losses were registered in 2020 and 2019.

b) Fully depreciated property, plant and equipment

The cost of property, plant and equipment items which are fully amortised and still in use at 31 December is as follows:

| | Thousands of Euros | |
|--|--------------------|------------|
| | 2020 | 2019 |
| Other installations, equipment and furniture | 275 | 131 |
| Other property, plant and equipment | 189 | 187 |
| | 464 | 318 |

c) Property, plant and equipment pledged as collateral

At 31 December 2020 and 2019 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

d) Assets under operating lease

Lessee

The Company rents offices and office equipment under non-cancellable operating leases.

Operating lease payments have been recognised as an expense under other operating expenses, external services as follows (Note 3):

| | Thousands of Euros | |
|----------------|--------------------|------------|
| | 2020 | 2019 |
| Lease expenses | 299 | 290 |
| | 299 | 290 |

Future minimum payments under non-cancellable operating leases are shown in Note 18.

e) Insurance

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

8. Analysis of financial instruments

8.1 Analysis by category

The carrying amount of each category of financial instrument specified in the significant accounting policy on financial instruments, except investments in Group companies, jointly controlled companies and associates (Note 9) and cash and cash equivalents (Note 12), is as follows:

a) Financial assets:

Thousands of Euros

| | 2020 | | | |
|---|---------------------------|-----------------------------|-----------------------|----------------|
| | At amortised cost or cost | | | |
| | Credits and other | Trade and other receivables | Financial Investments | Total |
| Non-currents | | | | |
| Loans and Receivables (Note 11) | — | — | 573 | 573 |
| Available-for-sale financial assets (Note 10) | — | — | 128,379 | 128,379 |
| | — | — | 128,952 | 128,952 |
| Current | | | | |
| Loans and Receivables (Note 11) | 58,218 | 8,226 | 150,045 | 216,489 |
| Other financial assets (Note 11) | 348 | — | 96,795 | 97,143 |
| | 58,566 | 8,226 | 246,840 | 313,632 |
| Total | 58,566 | 8,226 | 375,792 | 442,584 |

Thousands of Euros

| | 2019 | | | |
|---|---------------------------|-----------------------------|-----------------------|----------------|
| | At amortised cost or cost | | | |
| | Credits and other | Trade and other receivables | Financial Investments | Total |
| Non-currents | | | | |
| Loans and Receivables (Note 11) | — | — | 293 | 293 |
| Available-for-sale financial assets (Note 10) | — | — | 2,650 | 2,650 |
| Loans to companies | 73,000 | — | — | 73,000 |
| | 73,000 | — | 2,943 | 75,943 |
| Current | | | | |
| Loans and Receivables (Note 11) | 62,790 | 42,484 | 98,814 | 204,088 |
| Other financial assets (Note 11) | — | — | 319,941 | 319,941 |
| | 62,790 | 42,484 | 418,755 | 524,029 |
| Total | 135,790 | 42,484 | 421,698 | 599,972 |

The carrying amount of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

b) Financial liabilities:

Thousands of Euros

| | 2020 | | | | |
|------------------------------|--|--------------------------------|--------------------------|-----------------------------|------------------|
| | At amortised cost or cost | | | | |
| | Debentures and other negotiable securities | Debts with credit institutions | Trade and other payables | Other financial liabilities | Total |
| Non-currents | | | | | |
| Debts and payables (Note 15) | 697,322 | 40,000 | — | 10,996 | 748,318 |
| | 697,322 | 40,000 | — | 10,996 | 748,318 |
| Current | | | | | |
| Debts and payables (Note 15) | 6,254 | 81,001 | 8,875 | 219,903 | 316,033 |
| | 6,254 | 81,001 | 8,875 | 219,903 | 316,033 |
| Total | 703,576 | 121,001 | 8,875 | 230,899 | 1,064,351 |

Thousands of Euros

| | 2019 | | | | |
|------------------------------|--|--------------------------------|--------------------------|-----------------------------|------------------|
| | At amortised cost or cost | | | | |
| | Debentures and other negotiable securities | Debts with credit institutions | Trade and other payables | Other financial liabilities | Total |
| Non-currents | | | | | |
| Debts and payables (Note 15) | 696,203 | — | — | 1,851 | 698,054 |
| | 696,203 | — | — | 1,851 | 698,054 |
| Current | | | | | |
| Debts and payables (Note 15) | 6,252 | 6,020 | 8,317 | 297,619 | 318,208 |
| | 6,252 | 6,020 | 8,317 | 297,619 | 318,208 |
| Total | 702,455 | 6,020 | 8,317 | 299,470 | 1,016,261 |

The carrying amount of the financial liabilities valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

8.2. Analysis by maturity

Details of financial instruments with fixed or determinable maturity, by year of maturity, are as follows:

a) Financial assets:

| Thousands of Euros | 2020 | | | | | |
|---|------------------|----------|----------|----------|------------------|----------------|
| | Financial assets | | | | | |
| | 2021 | 2022 | 2023 | 2024 | Subsequent years | TOTAL |
| Investments in Group companies and associates: | | | | | | |
| - Loans to companies (Note 19) | 58.218 | — | — | — | — | 58.218 |
| - Other financial assets | 96.467 | — | — | — | — | 96.467 |
| | 154.685 | — | — | — | — | 154.685 |
| Financial Investments: | | | | | | |
| - Equity instruments | — | — | — | — | 128.379 | 128.379 |
| - Loans to companies | 348 | — | — | — | — | 348 |
| - Other financial assets | 150.373 | — | — | — | 573 | 150.946 |
| | 150.721 | — | — | — | 128.952 | 279.673 |
| Trade and other receivables: | | | | | | |
| - Clients from sales and other | 82 | — | — | — | — | 82 |
| - Clients. Group companies and | 8.134 | — | — | — | — | 8.134 |
| - Sundry Debtors | 9 | — | — | — | — | 9 |
| - Personnel | 1 | — | — | — | — | 1 |
| | 8.226 | — | — | — | — | 8.226 |
| Total | 313,632 | — | — | — | 128,952 | 442,584 |

| Thousands of Euros | 2019 | | | | | |
|---|------------------|----------|----------|----------|------------------|----------------|
| | Financial assets | | | | | |
| | 2020 | 2021 | 2022 | 2023 | Subsequent years | TOTAL |
| Investments in Group companies and associates: | | | | | | |
| - Loans to companies (Note 19) | 62,790 | — | — | — | 73,000 | 135,790 |
| - Other financial assets | 98,466 | — | — | — | — | 98,466 |
| | 161,256 | — | — | — | 73,000 | 234,256 |
| Financial Investments: | | | | | | |
| - Equity instruments | — | — | — | — | 2,650 | 2,650 |
| - Loans to companies | 348 | — | — | — | — | 348 |
| - Other financial assets | 319,941 | — | — | — | 293 | 320,234 |
| | 320,289 | — | — | — | 2,943 | 323,232 |
| Trade and other receivables: | | | | | | |
| - Clients from sales and other | 192 | — | — | — | — | 192 |
| - Clients, Group companies and assoc. | 42,285 | — | — | — | — | 42,285 |
| - Sundry Debtors | 6 | — | — | — | — | 6 |
| - Personnel | 1 | — | — | — | — | 1 |
| | 42,484 | — | — | — | — | 42,484 |
| Total | 524,029 | — | — | — | 75,943 | 599,972 |

Other financial assets include fixed-term deposits contracted with the following characteristics:

- On 22 June 2017, Repo was constituted for EUR 150,000 thousand in Citibank Global Markets, with an annual interest rate of 0.05%. This deposit remains in force on the 31 December 2020.
- On 19 April 2017, a fixed income investment fund was set up with Gesconsulting, S.A. for the amount of USD 50,000 thousand with an annual interest rate of 0.14%. In 2020, this fund was completely disposed of for the amount of EUR 29,621 thousand.
- On 20 March 2018, time deposits were constituted for EUR 140,000 thousand in Morgan Stanley with indefinite maturity and an annual interest rate of 0.17%. This fund was cancelled in 2020.

As of 31 December 2020, "Equity instruments" mainly includes the fair value of the 39,545,262 shares of Telefónica, S.A. received as consideration for the sale of 50% of the Alarmas España business. (Note 10)

b) Financial liabilities:

| Thousands of Euros | 2020 | | | | | |
|--|-----------------------|-----------|------------|----------------|------------------|------------------|
| | Financial liabilities | | | | | |
| | 2021 | 2022 | 2023 | 2024 | Subsequent years | TOTAL |
| Debentures and other negotiable securities (Note 15) | 6,254 | — | — | 697,322 | — | 703,576 |
| Debts with credit institutions (Note 15) | 81,001 | — | — | — | 40,000 | 121,001 |
| Suppliers, Group companies and associates (Note 15) | 3,220 | — | — | — | — | 3,220 |
| Sundry creditors (Note 15) | 4,686 | — | — | — | — | 4,686 |
| Personnel (Note 15) | 969 | — | — | — | — | 969 |
| Payables to Group companies (Note 19) | 145,072 | — | — | — | — | 145,072 |
| Other financial liabilities (Note 15) | 74,831 | 94 | 267 | 5,102 | 5,533 | 85,827 |
| Total | 316,033 | 94 | 267 | 702,424 | 45,533 | 1,064,351 |

| Thousands of Euros | 2019 | | | | | |
|--|-----------------------|-----------|-----------|-----------|------------------|------------------|
| | Financial liabilities | | | | | |
| | 2020 | 2021 | 2022 | 2023 | Subsequent years | TOTAL |
| Debentures and other negotiable securities (Note 15) | 6,252 | — | — | — | 696,203 | 702,455 |
| Payables to Group companies (Note 19) | 214,913 | — | — | — | — | 214,913 |
| Debts with credit institutions (Note 15) | 6,020 | — | — | — | — | 6,020 |
| Suppliers, Group companies and associates (Note 15) | 5,593 | — | — | — | — | 5,593 |
| Sundry creditors (Note 15) | 1,774 | — | — | — | — | 1,774 |
| Personnel (Note 15) | 950 | — | — | — | — | 950 |
| Other financial liabilities (Note 15) | 82,706 | 94 | 94 | 94 | 1,569 | 84,557 |
| Total | 318,208 | 94 | 94 | 94 | 697,772 | 1,016,262 |

9. Investments in Group Companies, Jointly Controlled Companies and Associates

Details of the movements in investments in Group companies, jointly controlled companies and associates are as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|------------------|
| | 2020 | 2019 |
| Balance at 1 January | 1,328,311 | 956,552 |
| <u>Investments</u> | 197,781 | 371,759 |
| Additions | 216,804 | 371,759 |
| Disposals | (21,617) | — |
| Transfers | 2,594 | — |
| Impairment | (83,320) | — |
| Additions | (83,320) | — |
| Balance at 31 December | 1,442,772 | 1,328,311 |

In 2019 and 2020 the Company made a series of capital increases by capitalising loans in companies in which it had a holding (Note 8).

The addition of loans were made mainly to provide the subsidiaries with sufficient funds for the acquisition of subsidiaries operating in the security market.

Increases and decreases in investments in Group companies, jointly controlled companies and associates in 2020 and 2019 are as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Additions | | |
| Prosegur Global Ciber Security, S.L.U. | (1) — | 28,853 |
| Prosegur Gestión de Activos, S.L.U. | (2) 24,000 | 85,500 |
| Prosegur Global SIS ROW, S.L.U. | (3) 60,000 | 3,900 |
| Prosegur Global Alarmas ROW, S.L.U. | (4) — | 10,000 |
| Prosegur Global Alarmas, S.L.U. | (5) 12,400 | 78,800 |
| Prosegur Global SIS, S.L. | (6) 35,700 | 164,700 |
| Prosegur Finance, S.L. | (7) 10 | 3 |
| Prosegur ODH, S.L. | (8) 1,000 | 3 |
| Prosegur Assets Management, S.L. | (9) 8,250 | — |
| Prosegur Cash, S.A. | (10) 44,005 | — |
| Prosegur Tecnologia Peru, S.A. | (11) 388 | — |
| Prosegur Global BSI International, S.L. | (12) 13 | — |
| Cipher, S.A. | (13) 15,307 | — |
| Prosegur Consumer Finance Perú, SAC | (14) 85 | — |
| Loredat, S.A. | (15) 23 | — |
| Cipher Security Limited | (16) 15,623 | — |
| Total | 216,804 | 371,759 |

| Disposals | Thousands of Euros | |
|--|--------------------|-----------------|
| | 2020 | 2019 |
| Cost | | |
| Prosecur Global Cyber Security, S.L.U. | (1) | (21,180) |
| Prosecur Holding, S.A. | (18) | (49) |
| Prosecur Inversiones, S.A. | (19) | (5) |
| Prosecur Servicios Administrativos, S.A. | (20) | (109) |
| Prointrans, LLC | (21) | (274) |
| Total Cost | | (21,617) |

Increases in investments in Group companies, jointly controlled companies and associates in 2020 and 2019 are as follows:

a) Additions

(1) Prosecur Global Cyber Security, S.L.:

- On 21 July 2020, the Company cancelled part of its interest in Prosecur Global Cyber Security, S.L. This cancellation was recorded for a total EUR 17,000 thousand and has had no impact on the income statement.
- On 24 July 2020, the Company cancelled part of its interest in Prosecur Global Cyber Security, S.L. for the amount of EUR 4,180 thousand. The operation took place by selling to a company outside of the group; the sales price was less than the net carrying amount that the company had recorded, generating a loss of EUR 4,180 thousand.
- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosecur Global Cyber Security, S.L., by capitalising loan rights for a total EUR 28,853 thousand.

(2) Prosecur Gestión de Activos, S.L.U.

- On 14 February 2020, the Company subscribed the capital increase of the Spanish company Prosecur Gestión de Activos, S.L.U. by capitalising loan rights for a total EUR 24,000 thousand.
- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosecur Gestión de Activos, S.L.U., by capitalising loan rights for a total EUR 68,000 thousand.
- On 1 April 2019, the Company subscribed the capital increase of the Spanish company Prosecur Gestión de Activos, S.L.U. by capitalising loan rights for a total EUR 17,500 thousand.

(3) Prosecur Global SIS ROW, S.L.U.

- On 1 January 2020, the Company participated in the capital increase of the Spanish company Prosecur Global SIS ROW, S.L.U., by capitalising loan rights for a total EUR 60,000 thousand.
- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosecur Global SIS ROW, S.L.U., by capitalising loan rights for a total EUR 3,900 thousand.

(4) Prosecur Global Alarmas ROW, S.L.U.

- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosecur Global Alarmas ROW, S.L.U., by capitalising loan rights for a total EUR 10,000 thousand.

(5) Prosegur Global Alarmas, S.L.U.

- On 1 January 2020, the Company subscribed the capital increase of the Spanish company Prosegur Global Alarmas, S.L.U. by capitalising loan rights for a total EUR 12,400 thousand.
- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosegur Global Alarmas, S.L.U. by capitalising loan rights for a total EUR 78,800 thousand.

(6) Prosegur Global SIS, S.L.

- On 01 January 2020, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by capitalising loan rights for a total EUR 27,000 thousand.
- On 25 March 2020, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by capitalising loan rights for a total EUR 8,700 thousand.
- In 2020 the Company recognised a value adjustment for impairment of the interest in Prosegur Global SIS, S.L. for the amount of EUR 83,320 thousand.
- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosegur Global SIS, S.L., by capitalising loan rights for a total EUR 156,700 thousand.
- On 23 June 2019, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by capitalising loan rights for a total EUR 8,000 thousand.

(7) Prosegur Finance, S.L.

- On 27 November 2020, the Company participated in the capital increase of the Spanish company Prosegur Finance, S.L. through the monetary contribution of EUR 10 thousand.
- On 26 July 2019, the Company acquired 100% of the Spanish company Prosegur Finance, S.L., through a monetary contribution of EUR 3 thousand.

(8) Prosegur ODH, S.L.

- On 1 November 2020, the Company participated in the capital increase of the Spanish company Prosegur ODH, S.L. by capitalising loan rights for an amount of EUR 1,000 thousand.
- On 1 January 2019, the Company acquired 100% of the Spanish company Prosegur ODH, S.L. through a monetary contribution of EUR 3 thousand.

(9) Prosegur Assets Management, S.L.

- On 1 January 2020, the Company participated in the capital increase of the Spanish company Prosegur Assets Management, S.L. by capitalising loan rights for a total EUR 8,250 thousand.

(10) Prosegur Cash, S.A.

- On 3 July 2020, the Company participated in the capital increase of the Spanish company Prosegur Cash, S.A. through a cash contribution for a total of EUR 11,686 thousand.
- On 5 October 2020, the Company participated in the capital increase of the Spanish company Prosegur Cash, S.A. through a cash contribution for a total of EUR 11,566 thousand.
- In 2020, all other transactions correspond to purchases of treasury stock of Prosegur Cash, S.A.; these operations were carried out in different months of the year, totalling EUR 20,753 thousand, all through cash contributions.

(11) Prosegur Tecnología Peru, S.A.

- On 14 December 2020, the Company participated in the capital increase of the Peruvian company Prosegur technology Peru, S.A., by capitalising loan rights for EUR 388 thousand.

(12) Prosegur Global BSI International, S.L.

- On 14 February 2020, the Company acquired a 100% stake in the Spanish company Prosegur Global BSI International, S.L., for EUR 3 thousand.
- On 27 November 2020, the Company subscribed the capital increase of the Spanish company Prosegur Global BSI International, S.L., by capitalising loan rights for a total EUR 10 thousand.

(13) Cipher, S.A.

- On 24 June 2020, the Company acquired shares from another group company Ciber Security, S.L., in the Brazilian company Cipher, S.A. This did not entail a capital increase in the company, but the purchase was by way of a cash contribution of EUR 15,307 thousand.

(14) Prosegur Consumer Finance Perú, SAC

- On 2 November 2020, the Company participated in the capital increase of the Peruvian company Prosegur Consumer Finance, SAC, by capitalising loan rights for EUR 85 thousand.

(15) Loredat, S.A.

- On 14 February 2020, the Company acquired shares from another group company, Ciber Security, S.L., in the company Loredat, S.A. This did not entail a capital increase in the Uruguayan company, but the purchase was by way of a cash contribution of EUR 23 thousand.

(16) Cipher Security Limited

- On 24 June 2020, the Company participated in the purchase of capital in the English company Cipher Security Limited, through a cash contribution of EUR 95 thousand.
- On 24 June 2020, the Company acquired shares from another group company, Ciber Security, S.L., in the English company Cipher Security Limited. This purchase was by way of a cash contribution of EUR 15,528 thousand.

b) Transfers

| Transfers | | Thousands of Euros | |
|--------------------------|------|--------------------|----------|
| | | 2020 | 2019 |
| Euroforum Escorial, S.A. | (17) | 2,594 | — |
| Total | | 2,594 | — |

(17) Euroforum Escorial, S. A.

- On 31 December 2020, the Company made a carry-over to reclassify the balance of the company Euroforum Escorial, S.A. as an investee of Group companies, jointly controlled companies and associates.

c) Disposals

Decreases in investments in Group companies, jointly controlled companies and associates in 2020 and 2019 were as follows:

(18) Prosegur Holding, S.A.

- On 18 August 2020, the company made a divestment in Prosegur Holding, S.A., reducing its interest by EUR 49 thousand; no profit or loss was generated.

(19) Prosegur Inversiones, S.A.

- On 18 August 2020, the company made a divestment in Prosegur Holding, S.A., reducing its interest by EUR 5 thousand; no profit or loss was generated on this disposal.

(20) Prosegur Servicios Administrativos, S.A.

- On 30 October 2020, the Peruvian company, Prosegur Servicios Administrativos, S.A. was liquidated. This operation gave rise to losses amounting to EUR 109 thousand.

(21) Prointrans, LLC

- On 1 January 2020, the American company, Prointrans, LLC was liquidated, derecognising the investment that was recorded for the amount of EUR 274 thousand. This operation gave rise to a gain of EUR 324 thousand.

Disposals of shareholdings produced the following results:

| | | Thousands of Euros | |
|---|------|--------------------|----------|
| | | 2020 | 2019 |
| Profit/(loss) on disposal of financial instruments | | | |
| Prosegur Global Cyber Security, S.L.U. | (1) | 4,180 | — |
| Prosegur Servicios Administrativos, S.A. | (20) | 109 | — |
| Prointrans, LLC | (21) | (324) | — |
| Total profit/(loss) on disposal of financial instruments | | 3,965 | — |

d) Impairment losses and profit/(losses) on disposal of financial instruments

In 2020 a value adjustment for impairment was recognised in the interest in Prosegur Global SIS, S.L. for the amount of EUR 83,320 thousand.

The impairment losses recorded on the balance sheet correspond to investments in the following Group companies, jointly controlled companies and associates at the end of the year:

| | Thousands of Euros | |
|-----------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Rosegur Holding Corporation, S.L. | 6,650 | 6,650 |
| Esta Service, SAS | 1,740 | 1,740 |
| Rosegur Cash Services, S.A. | 230 | 230 |
| Prosegur Activa Perú, S.A. | 26 | 27 |
| Prosegur Tecnología Chile, Ltda. | 1 | 1 |
| Prosegur Global SIS, S.L. | 83,320 | — |
| Total | 91,967 | 8,648 |

The Company annually evaluates the existence of indicators of impairment of the stakes in Group companies and estimates the recoverable value at the closing date of those entities for which there are signs of impairment. The impairment indicator was calculated by comparing the net book value of the stake with the net worth of the investee and the recoverable value of the entities with an impairment indicator was determined considering its value in use. Based on the analysis made, in 2020 the Company considered it necessary to record a value adjustment for impairment of the interest in Prosegur Global SIS, S.L. in an amount of EUR 83,320 thousand, as a result of a downward revision of the projections calculated in certain countries, particularly Colombia and Chile.

In these countries, the weight of surveillance and protection of premises, goods and individuals is, in terms of percentage, much greater than that of activities regarding technological security solutions, whereby the Gross Margin associated with traditional surveillance activities is lower than the Gross Margin of activities relating to technology. The 2021-2023 Plan approved by Management focuses on the growth of technological security solutions over the traditional surveillance business; however given Prosegur's positioning in the technology business in the aforementioned countries, the estimated growths are lower.

Furthermore, COVID-19 has caused a downward revision in the short-term forecasts.

Lastly, the currency evolution had a negative impact on all LatAm countries.

In 2019 there were no impairment losses due to investment impairment.

e) Investments in Group companies

The information on shares held in Group companies is contained in **Appendix I** of these Annual Accounts.

10. Financial assets

a) Available-for-sale assets

The movements of financial assets available for sale for 2020 and 2019 are as follows:

| | Thousands of Euros | |
|------------------------------------|-------------------------------------|----------------|
| | Financial assets available for sale | |
| | Equity instruments | Total |
| Balance at 1 January 2019 | 2,650 | 2,650 |
| Balance at 31 December 2019 | 2,650 | 2,650 |
| Additions | 140,227 | 140,227 |
| Transfer | (2,595) | (2,595) |
| Change in fair value | (11,903) | (11,903) |
| Balance at 31 December 2020 | 128,379 | 128,379 |

On 28 February 2020, the investee company Prosegur Global Alarmas Row, S.L. sold the Telefónica Group 50% of its alarm business in Spain. The transaction was pinned down on a price of EUR 305,345 thousand. The entire price was paid through the delivery of Telefónica Group shares.

On 27 November 2020, Prosegur Global Alarmas Row, S.L. distributes an interim dividend to the Company, charged to the result accumulated in the 2020 financial year, by delivering cash and 39,545,262 Telefónica shares at a value of EUR 3.5460 per share.

The change in the fair value of Telefónica shares corresponding to the 2020 financial year was included in the Company's equity. The fair value of the was determined by the price quoted in the active market.

At 31 December 2020 and 2019, details of available-for-sale equity instruments are as follows:

| | Thousands of Euros | | |
|----------------------|--------------------|-------------|------------|
| | 2020 | | |
| | Recoverable amount | % ownership | Investment |
| <i>Equity titles</i> | | | |
| Telefonica, S.A. | 128,324 | 0.74 % | 128,324 |
| Others | 55 | | — |
| Total | 128,379 | | |

| Name | Thousands of Euros | | |
|--|--------------------|-------------|------------|
| | 2019 | | |
| | Recoverable amount | % ownership | Investment |
| <i>Equity shares not officially listed</i> | | | |
| Euroforum Escorial, S.A. | 2,595 | 8 % | 2,595 |
| Others | 55 | — | — |
| Total | 2,650 | | |

Prosegur's maximum exposure to credit risk at the reporting date is the fair value of these assets. All assets are denominated in EUR.

11. Loans and receivables

Details of loans and receivables at 31 December 2020 and 2019 are as follows:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Loans and receivables - non-current | | |
| - Loans to Group company | — | 73,000 |
| - Other financial assets | 573 | 293 |
| | 573 | 73,293 |
| Loans and receivables - current | | |
| - Loans to Group companies (Note 19) | 58,218 | 62,790 |
| - Clients' receivables for sales and services | 82 | 192 |
| - Clients, Group companies and associates (Note 19) | 8,134 | 42,285 |
| - Other financial assets (Note 19) | 96,467 | 98,466 |
| - Sundry Debtors | 9 | 6 |
| - Personnel | 1 | 1 |
| - Loans to companies | 348 | 348 |
| - Debt securities (Note 8) | 150,045 | 319,621 |
| - Other financial assets | 328 | 320 |
| Total | 314,205 | 597,322 |

There is no concentration of credit risk with respect to trade receivables, given that these are with Group companies (Note 19).

Accounts receivable from clients, due for less than one year, are considered not to have suffered any impairment, except for those clients in special situations of insolvency whose accounts receivable are considered in the client impairment, without taking into account the age of the debt.

The recognition of value corrections due to the impairment of accounts receivable from clients are included in "Losses, impairment and variation of provisions for commercial operations" in the Income Statement.

In the financial years 2020 and 2019, Loans and accounts receivable suffered no impairment.

Loans and receivables are measured at their nominal amount, which does not differ significantly from their fair value, as these items are current and the effect of discounting the cash flows is therefore not significant.

The carrying amounts of loans and receivables are denominated in the following currencies:

| | Thousands of Euros | |
|--------------------|--------------------|----------------|
| | 2020 | 2019 |
| Euros | 313,737 | 595,057 |
| US Dollar | — | 2,261 |
| Australian Dollar | — | 4 |
| Mexican Pesos | 120 | — |
| South African Rand | 348 | — |
| Total | 314,205 | 597,322 |

Impaired receivables are usually written off when the Company does not expect to recover any further amount.

The maximum exposure to credit risk at the reporting date is the fair value of the receivables in each of the above-mentioned categories. The Company does not hold any collateral to secure receivables.

Under this heading Other financial assets, guarantees are recorded as collateral for leases and others.

12. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

| | Thousands of Euros | |
|---------------------------|--------------------|---------------|
| | 2020 | 2019 |
| Cash in hand and at banks | 170,917 | 49,879 |
| Total | 170,917 | 49,879 |

At 31 December 2020 and 2019, the effective interest rate on current bank deposits is 0.1%.

Cash in hand and at banks essentially reflects cash in hand and at banks at each year end.

13. Share capital, share premium and own shares

Details of equity and movement during the year are shown in the statement of changes in equity.

a) Share capital

At 31 December 2020 the share capital of Prosegur CASH, S.A. was EUR 32,916 thousand (2019: EUR 35,291 thousand) and is represented by 548,604,222 shares (2019: 598,679,362 shares) with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (SIBE).

On 26 June 2019 the share capital was reduced following approval by the Shareholders General Meeting held on 4 June 2019. The Company's share capital in 2019 was reduced by EUR 1,106,716.68, through the cancellation of 18,445,278 own shares.

Consequently, article 5 of the Company's Articles of Association was modified and after the reduction, the share capital stood at EUR 35,920,761.72, divided into 598,679,362 ordinary shares of the same class and series each with a par value of EUR 0.06, fully subscribed and paid up.

The capital reduction was made against free reserves, by provisioning an amortised capital reserve with an amount equivalent to the par value of the cancelled shares (that is EUR 1,106,716.68).

In 2020, in line with the objectives of the Own Share buyback programme and in application of the authorisation to the Board of Directors for the reduction in capital approved by the Shareholders General Meeting held on 4 June 2019, on 26 October 2020 the share capital is reduced by EUR 1,511,371.02, through the redemption of 25,189,517 own shares. The resulting capital after the reduction will be EUR 34,409,390.70, divided into 573,489,845 shares of the same class and series, each with a par value of EUR 0.06 fully subscribed and paid up, thus ending up the Programme.

Furthermore, on 29 October 2020, the Ordinary General Shareholders Meeting approved the capital reduction in the amount of EUR 1,493,137.38 through the amortisation of 24,885,623 own shares, with a par value of EUR 0.06, which was registered on 2 December 2020, leaving a resulting capital of EUR 32,916,253.32.

The capital reduction was made against free reserves, by provisioning an amortised capital reserve with a total amount equivalent to the par value of the cancelled shares (that is EUR 3,004,508.40).

Details of the Company's shareholders are as follows:

| Shareholders | Number of shares | |
|-----------------------------------|--------------------|--------------------|
| | 2020 | 2019 |
| Ms Helena Revoreda Delvecchio (1) | 325,918,224 | 309,240,330 |
| FMR LLC (2) | — | 37,089,806 |
| Ms Mirta Giesso Cazenave (3) | 34,877,487 | 34,778,187 |
| Invesco Limited (4) | — | 21,318,944 |
| Others | 187,808,511 | 196,252,095 |
| Total | 548,604,222 | 598,679,362 |

(1) Through Gubel, S.L. (59.37%) and Prorevosa, S.L.U. (0.040%)

(2) Investment through various funds managed.

(3) Both directly and through AS Inversiones, S.L.

(4) Investment through various funds managed.

At 31 December 2020 and 2019, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 327,837,886 shares (2019: 310,131,060 shares) corresponding to 59.76% of the share capital (2019: 51.80%).

b) Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2020 or 2019.

c) Own shares and equity holdings

Details of movements in own shares are as follows:

| | <u>Number of shares</u> | <u>Thousands of Euros</u> |
|------------------------------------|-----------------------------|-------------------------------|
| Balance at 1 January 2019 | 18,542,006 | 65,240 |
| Purchase of shares | 30,083,417 | 107,937 |
| Capital reductions | (18,445,278) | (64,901) |
| Other awards | (99,185) | (349) |
| Balance at 31 December 2019 | 30,080,960 | 107,927 |
| Purchase of shares | 42,007,038 | 108,052 |
| Capital reductions | (50,075,140) | (147,675) |
| Other awards | 16,752,816 | (53,754) |
| Balance at 31 December 2020 | 38,765,674 | 14,550 |

At the Shareholders General Meeting held on 27 June 2011, the shareholders authorised the acquisition of own shares up to the legal maximum. All or part of these own shares may be granted or transferred to the Directors of the Company or Prosegur employees, either directly or as a result of a share option being exercised within remuneration schemes linked to the quoted share price.

On 4 June 2019 the Board of Directors of Prosegur decided to implement an own share buyback programme.

The Programme puts into effect under the provisions of Regulation (EU) no. 596/2014 on market abuse and the Commission Delegated Regulation 2016/1052, making use of the authorisation granted by the Shareholders General Meeting held on 27 April 2016 for the purchase of own shares, for the purpose of reducing the share capital of Prosegur Compañía de Seguridad, S.A. in the terms agreed by the Shareholders General Meeting held on 4 June 2019.

The Programme will apply to a maximum of 59,850,000 shares, representing approximately 10% of Prosegur's share capital (after the capital reduction agreed upon).

The Programme will have the following features:

- Maximum amount allocated to the Programme: EUR 300,000 thousand.
- Maximum number of shares that can be acquired: up to 59,850,000 shares representing approximately 10% of the Company's share capital.
- Maximum price per share: the Company will not buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) the highest current independent bid on the trading venues where the purchase is carried out.
- Maximum volume per trading session: in so far as volume is concerned, Prosegur must not purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.
- Duration: the Programme will commence on 5 June 2019 and finish no later than 5 June 2022. Notwithstanding the above, Prosegur reserves the right to conclude the Programme, if prior to the indicated maximum date of the term, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

On 26 June 2019 a capital decrease took place by means of the redemption of 18,445,278 of its own shares.

On 26 October 2020 and 2 December 2020, two capital reductions were made for EUR 1,511,371.02 and EUR 1,493,137.38 respectively, through the amortisation of a total of 50,075,140 of own shares at the end of this Programme.

Prosegur Compañía de Seguridad holds 0.926% (5.02% in 2019) of treasury stock deemed strategic to satisfy possible future corporate transactions.

In 2020 and 2019, "Other awards" includes the delivery of shares to employees at market value and in 2020 it also includes the reinvestment programme for the payment of the interim dividend for 2019.

d) Reserves

Details of reserves are as follows:

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 2020 | 2019 |
| Legal reserve | | |
| Legal reserve | 7,406 | 7,406 |
| Total | 7,406 | 7,406 |
| Other reserves | | |
| Voluntary reserves | 859,756 | 1,014,833 |
| Reserves due to revised Budget Act of 1983 | 104 | 104 |
| Capitalisation reserve | 55,000 | 55,000 |
| Differences on translation of share capital to EUR | 61 | 61 |
| Total | 914,921 | 1,069,998 |

Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At year end, the Company had appropriated to this reserve the minimum amount required by law.

Voluntary reserves

These reserves are freely distributable. The movement of these reserves is shown below:

| | Thousands of Euros | |
|--|--------------------|------------------|
| | 2020 | 2019 |
| Opening balance | 1,069,998 | 1,107,700 |
| Own dividend refund (Note 5) | 6,023 | 2,060 |
| Distribution of result of last year (Note 5) | 2,848 | (21,069) |
| Capitalisation Reserve (Note 5) | — | 45,000 |
| (-) Capital reductions | (144,671) | (63,693) |
| Other changes | (19,277) | — |
| Closing balance | 914,921 | 1,069,998 |

The dividends approved by the Shareholders General Meeting and the Board of Directors of the Company are described in Note 5.

Own dividend refund corresponds to the amount undistributed as approved dividends.

Reserves due to revised Budget Act of 1983

This reserve arises from balances revalued in accordance with the aforementioned act applied by the Company and is subject to restrictions on distribution. This reserve amounts to EUR 104 thousand (EUR 104 thousand in 2019).

Differences on translation of share capital to EUR

This non-distributable reserve arises from the translation of share capital from Pesetas to EUR. This reserve amounts to EUR 61 thousand (EUR 61 thousand in 2019).

Capitalisation reserves

The Shareholders General Meeting held on 4 June 2019, agreed to endow a capitalisation reserve charged to the profits of the year 2018. At 31 December 2020 this reserve amounts to EUR 55,000 thousand (EUR 55,000 thousand in 2019).

14. Non-current provisions

Details of provisions and movement are as follows:

| | Thousands of Euros | | |
|------------------------------------|----------------------------|------------------|---------------|
| | Accruals with personnel | Other provisions | TOTAL |
| Balance at 1 January 2019 | 1,648 | 1 | 1,649 |
| Applications | (365) | — | (365) |
| Provisions | 712 | — | 712 |
| Reversals | (583) | — | (583) |
| Balance at 1 January 2020 | 1,412 | 1 | 1,413 |
| Applications | 51 | (1) | 50 |
| Short-term transfer | 20 | — | 20 |
| Provisions | 504 | 54,267 | 54,771 |
| Reversals | (1,463) | — | (1,463) |
| Balance at 31 December 2020 | 524 | 54,267 | 54,791 |

These provisions include the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plan (Note 25.9).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the end of the year or at the payment time.

In 2020 provisions were allocated totalling EUR 54,267 thousand; EUR 8,695 thousand of those provisions are for a penalty from the National Commission on Markets and Competition (Note 3 and 17), EUR 37,122 thousand are for the tax provisions detailed in Note 16 and EUR 8,450 thousand for other contingencies (Note 3).

15. Debts and payables

Details of debts and payables are as follows:

| | Thousands of Euros | |
|--|--------------------|----------------|
| | 2020 | 2019 |
| Non-current | | |
| - Debentures and other negotiable securities | 697,322 | 696,203 |
| - Bank borrowings | 40,000 | — |
| - Other financial liabilities | 10,996 | 1,851 |
| Total | 748,318 | 698,054 |
| Current | | |
| - Debentures and other negotiable securities | 6,254 | 6,252 |
| - Bank borrowings | 81,001 | 6,020 |
| - Other financial liabilities | 74,831 | 82,706 |
| - Payables to Group companies (Note 19) | 145,072 | 214,913 |
| - Loans to group companies (Note 19) | 3,220 | 5,593 |
| - Sundry accounts payable | 4,686 | 1,774 |
| - Other payables | 969 | 950 |
| Total | 316,033 | 318,208 |

The exposure of the Company's debts and payables to fluctuations in interest rates and the contractual price review dates are as follows:

| | Thousands of Euros | |
|-------------------------|--------------------|----------------|
| | 2020 | 2019 |
| Between 6 and 12 months | 266,073 | 220,933 |
| Total | 266,073 | 220,933 |

a) Debentures and other negotiable securities

On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 08 February 2023, was made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.

b) Bank borrowings

On 10 February 2017, the Company contracted a syndicated loan for EUR 200,000 thousand maturing in 2025. As of 31 December 2020, EUR 40,000 thousand of this loan had been out laid.

At the close of the financial year, the Company is in compliance with the loan covenants.

The rest of the variations recorded under the heading "Loans with credit institutions" have been justified by the addition of new loans.

On 23 April 2020, a new loan was formalised for a total amount of EUR 40,000 thousand, maturing in the short term.

Furthermore, during the year, on 12 March 2020, the Company contracted a loan policy for EUR 30,000 thousand.

Credit facilities

At 31 December 2020, the company has no credit policies with national and international banking institutions. In 2019, the Company had a policy contracted with a limit of EUR 35,000 thousand.

As of 31 December 2020 and 2019, no amount of this credit facility has been drawn down.

The Company has the following unused credit facilities:

| | Thousands of Euros | |
|---|--------------------|----------------|
| | 2020 | 2019 |
| Floating interest rate: | | |
| maturing in less than 1 year (credit policies) | 35,000 | 35,000 |
| maturing in more than 1 year (syndicated loans) | 160,000 | 200,000 |
| | 195,000 | 235,000 |

Credit facilities are subject to various interest rate reviews in 2020 and 2019.

c) Other financial liabilities

Details of financial liabilities by maturity are as follows:

| | Thousands of Euros | | | | | | | |
|-----------------------------|--------------------|------|------|-------|-------|------------------|-------------------|--------|
| | 2020 | | | | | | | |
| | 2021 | 2022 | 2023 | 2024 | 2025 | subsequent years | Total Non-current | Total |
| Other financial liabilities | 74,831 | 94 | 267 | 5,102 | 5,533 | — | 10,996 | 85,827 |

| | Thousands of Euros | | | | | | | |
|-----------------------------|--------------------|------|------|------|-------|------------------|-------------------|--------|
| | 2019 | | | | | | | |
| | 2020 | 2021 | 2022 | 2023 | 2024 | subsequent years | Total Non-current | Total |
| Other financial liabilities | 82,706 | 94 | 94 | 94 | 1,569 | — | 1,851 | 84,557 |

The most significant other financial liabilities at 31 December 2020 and 2019 are as follows:

- Non-current amounts at 31 December 2020 were EUR 10,966 thousand (EUR 1,851 thousand in 2019), corresponding mainly to a loan received from the Ministry of Industry under the Avanza I+D programme of EUR 376 (EUR 470 thousand IN 2019) and the debt for the purchase of the English company Cipher Security Limited for EUR 10,620 thousand.
- The current amounts at 31 December 2020 amounted to EUR 74,831 thousand (EUR 82,706 thousand in 2019), the most significant correspond to the outstanding interim dividend for 2020 for EUR 68,027 thousand (EUR 79,026 thousand in 2019) (Note 5), which will be settled in January, April, July and October 2021 as approved by the Board of Directors.

d) Other payables

Other payables comprise salaries payable that have been accrued by different Company personnel.

The Company's remuneration policy for personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Company employees' contribution to its success by achieving or surpassing set targets and developing the necessary skills for excellence in their duties and responsibilities.

The Incentive Programme is based on the direct link of variable remuneration with the achievement of previously set targets during a specific period of time by the Company Executive Management or the direct superior of the employee.

The liability for this as of 31 December 2020 amounts to EUR 841 thousand (EUR 708 thousand in 2019) and the amount recognised in the income statement for this item classified under the "Personnel Expenses" heading amounts to EUR 909 thousand (EUR 773 thousand in 2019) due to the adjustment of the previous year.

"Other debts" includes the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plans for EUR 523 thousand, as of 31 December 2020 (3,076 thousand at 31 December 2019) (Note 25.9).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period or at the payment time.

Additionally, this item also includes salaries payable and accrued extraordinary salary instalments amounting to EUR 119 thousand (EUR 242 thousand in 2019).

e) Foreign currency

The carrying amount of the Company's financial liabilities is denominated in the following currencies:

| | Thousands of Euros | |
|----------------|--------------------|------------------|
| | 2020 | 2019 |
| Euros | 1,039,680 | 1,014,234 |
| Argentine Peso | 13 | 102 |
| Colombian Peso | 1,600 | 1,926 |
| Chilean Peso | 116 | — |
| Brazilian Real | 11,941 | — |
| Total | 1,053,350 | 1,016,262 |

f) Deferred payments to suppliers. Third additional provision. "Reporting Requirement", of Act 15/2010 of 5 July 2010

The information required by the "Reporting Requirement", third additional provision of Act 15/2010 of 5 July 2010 (modified through the Final Provision Two of Act 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2017, on the information to be included in the annual accounts report in relation to the average period of payment to suppliers in commercial operations is detailed below.

Information on deferred payments to suppliers by the company is as follows:

| | Payments made and outstanding at close of balance sheet | |
|---------------------------------------|---|-------|
| | 2020 | 2019 |
| | Days | Days |
| Average payment period to suppliers | 82 | 73 |
| Ratio of transactions paid | 83 | 74 |
| Ratio of transactions pending payment | 51 | 61 |
| | Amount (thousands of EUR) | |
| Total payments made | 7,679 | 9,249 |
| Total payments pending | 285 | 564 |

In accordance with the ICAC Resolution, the calculation of the average payment period to suppliers has considered the commercial transactions corresponding to the delivery of goods or the rendering of services accrued through the date of entry into force of Act 31/2014, 3 December.

For the exclusive purposes of providing the disclosures envisaged in this Resolution, suppliers are deemed as commercial creditors holding debts for the supply of goods or services, included under "Suppliers and other payables" of current liabilities of the balance sheet.

"Average payment period to suppliers" is understood as the period between the delivery of the goods or the rendering of the services by the supplier and the material payment of the transaction.

The maximum legal term of payment applicable to the companies in 2020 and 2019, according to Act 11/2013, of 26 July, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

16. Taxation

a) Public administration:

Details of balances with public entities are as follows:

| | Thousands of Euros | | | |
|---|--------------------|---------------|---------------|---------------|
| | 2020 | | 2019 | |
| | No Current | Current | No Current | Current |
| Assets | | | | |
| Deferred tax assets | 14,688 | — | 8,482 | — |
| Current tax assets | — | 10,279 | — | 50,008 |
| Value added tax and similar liabilities | — | 5 | — | 5 |
| | 14,688 | 10,284 | 8,482 | 50,013 |
| Liabilities | | | | |
| Deferred tax liabilities | 23,889 | — | 21,523 | — |
| Withholdings | — | 3,412 | — | 4,889 |
| Social Security | — | 61 | — | 51 |
| | 23,889 | 3,473 | 21,523 | 4,940 |

The Company is the parent of a group that files consolidated income tax returns in Spain. This consolidated tax group comprises the Company and Spanish subsidiaries of the Prosegur Group that meet the requirements set out in regulations governing consolidated taxation.

The Company, as parent, and its subsidiaries Servimax Servicios Generales, S.A. (merged with ESC Servicios Generales, S.L. in 2014), Prosegur Transportes de Valores, S.A. (absorbed in 2011) and Formación, Selección y Consultoría, S.A. have filed consolidated tax returns since 2001, pursuant to Chapter VII of Spanish Corporate Income Tax Act 43/1945 of 27 December 1945 (Official State Gazette (BOE) 28/10/1995). In 2002, Prosegur Alarmas España, S.A. was incorporated in the Tax Group regime (Prosegur Multiservicios in 2011 and Prosegur Soluciones, S.A. in 2015), and Prosegur Tecnología, S.L.U. in 2005. (formerly Nordés Prosegur Tecnología, S.L.U. absorbed in 2011) and ESC Servicios Generales, S.L. in 2005. In 2006, Prosegur Activa Holding, S.L.U. was incorporated (in 2015: Prosegur Global Alarmas, S.L.U.). and Prosegur Activa España, S.L.U. (absorbed in 2011); in 2009: Prosegur Servicio Técnico, S.L.U. (absorbed in 2011); in 2010: Prosegur Gestión de Activos, S.L.U.; In 2011 Pitco Ventures, SCR Simplificada, S.A. (in 2014: Liquidated). In 2012, the following companies acquired in 2011 were incorporated: Seguridad Vigilada, S.A., STMEC, S.L., Salcer Servicios Auxiliares, S.L., and Beloura Investements, S.L.U. Prosegur España S.L.U. has been added in 2013. In 2014 there has been no addition to the tax group. In 2015, Armor Adquisición, S.A., Juncadella Prosegur International, S.A. Prosegur Global SIS, S.L.U., Prosegur Alarmas España, S.L.U., Prosegur Global CIT, S.L.U., Prosegur Vigilancia España, S.L.U., Prosegur Colombia 3, S.L.U. (formerly Prosegur Berlín, S.L.U.), Prosegur AVOS España, S.L.U. (formerly Prosegur BPO España, S.L.U.), Prosegur International CIT 1, S.L.U., Prosegur International CIT 2, S.L.U., Prosegur Global Alarmas ROW, S.L.U., Prosegur Global CIT ROW, S.L.U. and Prosegur Global SIS ROW, S.L.U. were brought in Servimax Servicios Generales, S.A. and PITCO Ventures, SCR Régimen Simplificado were excluded. Change of registered name in 2015: Prosegur Gestión de Activos International, S.L.U. (formerly Seguridad Vigilada, S.A.), Prosegur International SIS, S.L.U. (formerly STMEC, S.L.), Prosegur USAP International, S.L.U. (formerly Salcer Servicios Auxiliares, S.L.U.), Prosegur International Alarmas, S.L.U. (formerly Beloura Investments, S.L.U.) and Prosegur Servicios de Efectivo España, S.L.U. (formerly Prosegur España, S.L.U.). In 2017 Prosegur Cash, S.A., Centro Informático de Servicios de Vigo, S.A. (wound up in 2018), Prosegur Ciberseguridad España, S.L. and Prosegur Assets Management, S.L.U. were brought in. In 2018, Contesta Teleservicios, S.A.U., Integrum 2008, S.L.U., Bloggers Brokers, S.L.U., Contesta Servicios Auxiliares, S.L.U., Prosegur Colombia 1, S.L., Prosegur Colombia 2, S.L.U., Prosegur Global Cyber Security, S.L., Segtech Ventures, S.A., and Prosegur Servicios de Pago EP, S.L. were brought in. In 2019, Risk Management Solutions, S.L.U., Compliofficer, S.L.U., Work 4 Data LAB, S.L., Dopar Servicios, S.L. (wound up in 2019), Enclama, S.L. (merged in Prosegur AVOS España, S.L.U. in 2019), Iberprofin, S.L. (wound up in 2019), Prosegur Alpha 3 Cashlabs, S.L., Prosegur Finance, S.L., Prosegur ODH, S.L., Gelt Cash Transfer, S.L., Cash Centroamérica Uno, S.L. and Cash Centroamérica Tres, S.L. were all brought in.

In 2020, Netijam Technologies, S.L., Garantís Sumarmas, S.L., Prosegur Global BSI International, S.L., Prosegur Custodia de Activos Digitales, S.L., and Prosegur Global BSI, S.L. were brought in. The companies excluded from the tax group in 2020 are: Prosegur Alarmas España, S.L., Prosegur Ciberseguridad España, S.L., Indiseg Evolium Group, S.L. and Prosegur Global Cyber Security, S.L.

For the purposes of Corporate Income Tax, the Prosegur Group prepares a consolidated balance sheet and the income statement corresponding to the fiscal consolidation scope in accordance with the consolidation accounting standards in Spain.

On 6 June 2018, the Technical Office of the Spanish Tax Administration issued a Resolution for rectifying the settlement proposal contained in the record of non-acceptance for the 2011-2014 period for Corporate Income Tax, establishing the debt at the amount of EUR 1,354 thousand, of which EUR 1,195 thousand correspond to principal and EUR 159 thousand to late-payment interest. The Company

has lodged a claim against that Resolution with the Central Court for Economic-Administrative Issues, which was overturned on 13 October 2020. On 10 December 2020, the Company filed a contentious-administrative appeal before the National Court, which is pending resolution.

In addition, the Company has two lawsuits awaiting decision arising from two records of non-acceptance in proceedings brought by the Spanish Administration. The first proceeding was brought in 2012, in relation to Corporate Income Tax for the years 2005, 2006 and 2007, for a tax liability of EUR 8,268 thousand. That lawsuit is currently awaiting a decision by the Supreme Court. The second proceeding was brought in 2014 in relation to Corporate Income Tax for the years 2008 and 2009 and is for a tax liability of EUR 16,088 thousand. That lawsuit is awaiting a decision by the National Court. Given the latest rulings of the European Court of Justice and the reiterated position of the Supreme Court in favour of the Tax Administration, the Company decided to provision the risk in the amount of EUR 24,342 thousand for the tax debt and EUR 12,780 thousand for the interest deriving from said litigation (Note 3 and 14).

On 10 July 2020 notice of the opening of a general inspection procedure was received for the Company for the 2015-2018 tax periods for corporate income tax and for the 2016-2018 tax periods for all other tax items. At 31 December the possible impact of this inspection procedure is not known.

A reconciliation of the accounting profit and taxable income is as follows:

| | Thousands of Euros | |
|---|--------------------|---------------|
| | 2020 | 2019 |
| Account finance income before tax | 105,951 | 82,517 |
| Permanent differences | (128,235) | (78,422) |
| Timing differences: | 22,176 | (1,284) |
| - Originating in the current period | 23,754 | 3,366 |
| - Arising in previous years | (1,578) | (4,648) |
| Taxable base for tax consolidation | (108) | 2,811 |
| Tax rate | 25 % | 25 % |
| Resulting tax payable | (27) | 703 |
| Deductions: | (212) | (519) |
| - Double taxation | (208) | (242) |
| - Contributions made to Foundations | (3) | (275) |
| - Other deductions | (1) | (2) |
| Tax payable | (239) | 184 |

The main permanent differences of the accounting profit for the year 2020 correspond to items that do not have a tax deductible expense or taxable revenue, which are mainly: variation adjustment for impairment of the investment in Prosegur Global SIS, S.L. for the amount of EUR 83,320 thousand, the exemption of dividends received from the subsidiaries in Spain amounting to EUR 227,631 thousand (Note 19) and contributions to foundations for a positive amount of EUR 8 thousand.

The main permanent differences of the accounting profit for the year 2019 correspond to items that do not have a tax deductible expense or taxable revenue, which are mainly: the exemption of dividends received from the subsidiaries in Spain amounting to EUR 80,440 thousand (Note 19) and contributions to foundations for a positive amount of EUR 822 thousand.

The main temporary difference adjustments to accounting profit originating in the year that are deductible in subsequent years are as follows:

I. Positive:

- Provision for personnel expenses, amounting to EUR 524 thousand (EUR 1,413 thousand in 2019).
- Adjustments for intangible fixed asset depreciation differences in an amount of EUR 1,953 thousand (EUR 1,953 thousand in 2019).
- Other adjustments for EUR 21,277 thousand correspond mainly to provision endowments.

II. Negative:

- There are no negative adjustments in the year or in the previous year.

The main temporary difference adjustments to accounting profit originating in previous years are as follows:

I. Positive:

- Application of EUR 6 thousand, corresponding to the reversal of the negative adjustment of elements of property, plant and equipment subject to the freedom to amortise for the years 2009, 2010, 2011 and until March 2012 (EUR 21 thousand in 2019).
- Impairment of stakes in Group companies amounting to EUR 1,272 thousand (EUR 1,272 thousand in 2019).

II. Negative:

- Reversal of provisions from previous years amounting to EUR 2,855 thousand (EUR 5,941 thousand in 2019).

The positive tax adjustments corresponding to the correction of the value of the investees correspond to the reversal of negative differences from previous years due to the obligation introduced by Royal Decree Law 3/2017 to reverse a minimum annual amount of one fifth of the impairment of securities representing the shares in the treasury of entities that was tax deductible and that is pending reversal. Positive tax adjustments reflect the impairment of investees for accounting purposes recognised in the income statement.

In 2020, the main deductions correspond to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 208 thousand, deduction for donations to non-profit entities for EUR 3 thousand.

In 2019, the main deductions correspond to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 242 thousand, deduction for donations to non-profit entities for EUR 275 thousand.

The amount to be paid by the Company, in a negative amount of EUR 239 thousand (2019: EUR 184 thousand), is recorded under the Current Tax Assets heading. Current tax assets, reflected within the heading Trade debtors and other accounts receivable, for EUR 27,484 thousand (2019: EUR 50,008 thousand), correspond to the net between the payments on account of the Corporate Tax for the financial year 2020 of the Tax Group for the amount of EUR 16,442 thousand (2019: EUR 15,245 thousand) and the refund for Corporation Tax from previous years amounting to EUR 11,042 thousand

(2019: EUR 40,027 thousand) because the Company, as the parent company of the tax group, reflects the entire tax credit of the Tax Group.

Details at year end of available tax loss carryforwards and deductions recognised by the Group and pending application are as follows:

| | Thousands of Euros | |
|----------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Deductions and tax credit rights | 2,967 | 2,875 |
| | 2,967 | 2,875 |

Deductions recognised by the Group are as follows:

| | Thousands of Euros | |
|-------------------------------|--------------------|--------------|
| | 2020 | 2019 |
| International double taxation | 2,020 | 2,864 |
| Innovation Technology (IT) | 947 | 11 |
| | 2,967 | 2,875 |

Details of the income tax expense for the year are as follows:

| | Thousands of Euros | |
|---|--------------------|---------------|
| | 2020 | 2019 |
| Account finance income before tax | 105,951 | 82,517 |
| Permanent differences | (128,235) | (78,422) |
| Elimination of own shares transactions | 267 | (135) |
| Taxable base | (22,017) | 3,959 |
| Tax rate | 25 % | 25 % |
| Resulting tax payable | (5,504) | 990 |
| - Double taxation | (208) | (242) |
| - Contributions made to Foundations | (3) | (2) |
| - Other deductions | (1) | (275) |
| Expense (income) tax on profit | (5,716) | 471 |
| - Withholdings at source and other | 26,929 | 172 |
| Final expense (income) tax on profit | 21,213 | 643 |

The corporate income tax expense is as follows:

| | Thousands of Euros | |
|--|--------------------|------------|
| | 2020 | 2019 |
| Current tax | (239) | 184 |
| Elimination of own shares transactions | 67 | (34) |
| Deferred tax | (5,544) | 321 |
| Provision outside the regime of fiscal neutrality and others | 26,929 | 172 |
| | 21,213 | 643 |

The item "Provision outside the regime of fiscal neutrality and others" mainly includes withholdings in other countries for various services and differences in the tax settlement of the previous year.

Pursuant to tax legislation in force for 2020 and 2019 the Company's tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods financial

and non-financial goodwill may only be amortised up to one twentieth of its amount per year. Furthermore, for 2014 and 2013 property, plant and equipment, intangible assets and property investments may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes. As of 2015, they will be incorporated for 10 years.

In 2020 no corporate restructuring operation was carried out under the neutral tax regime. In 2019 no corporate restructuring operation was carried out under the neutral tax regime.

b) Deferred taxes

Tax assets and tax liabilities are offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Gross movement in deferred tax is as follows:

| | Thousands of Euros | | | |
|-------------------------------|--------------------|-----------------------------------|----------------------|---------------|
| | 01/01/2020 | Recognised in profit / loss | Other adjustments | 31/12/2020 |
| Deferred tax assets | | | | |
| Stock impairment | 1,391 | 271 | — | 1,662 |
| Provisions | 448 | 4,913 | 167 | 5,528 |
| Goodwill tax and portfolios | 1,146 | (175) | — | 971 |
| Amortisation and depreciation | 1,383 | 487 | — | 1,870 |
| Credits for deductions | 2,876 | — | 92 | 2,968 |
| Others | 1,238 | — | 451 | 1,689 |
| | 8,482 | 5,496 | 710 | 14,688 |

| | Thousands of Euros | | | |
|-------------------------------|--------------------|-----------------------------------|----------------------|--------------|
| | 01 January 2019 | Recognised in profit / loss | Other adjustments | 31/12/2019 |
| Deferred tax assets | | | | |
| Stock impairment | 1,120 | 271 | — | 1,391 |
| Provisions | 1,323 | (954) | 79 | 448 |
| Goodwill tax and portfolios | 1,323 | (177) | — | 1,146 |
| Amortisation and depreciation | 896 | 487 | — | 1,383 |
| Credits for deductions | 5,406 | — | (2,530) | 2,876 |
| Others | 788 | — | 450 | 1,238 |
| | 10,856 | (373) | (2,001) | 8,482 |

| | Thousands of Euros | | | 31/12/2020 |
|------------------------------------|--------------------|-----------------------------------|----------------------|-----------------|
| | 01/01/2020 | Recognised in profit / loss | Other adjustments | |
| Deferred tax liabilities | | | | |
| Goodwill for tax purposes | (13) | — | — | (13) |
| Stock impairment | (47) | 47 | — | — |
| Freedom of Amortisation Act 4/2008 | (1) | 1 | — | — |
| Others | (21,462) | — | (2,414) | (23,876) |
| | (21,523) | 48 | (2,414) | (23,889) |

| | Thousands of Euros | | | 31/12/2019 |
|------------------------------------|--------------------|-----------------------------------|----------------------|-----------------|
| | 01 January 2019 | Recognised in profit / loss | Other adjustments | |
| Deferred tax liabilities | | | | |
| Goodwill for tax purposes | (13) | — | — | (13) |
| Stock impairment | (94) | 47 | — | (47) |
| Freedom of Amortisation Act 4/2008 | (6) | 5 | — | (1) |
| Others | (21,462) | — | — | (21,462) |
| | (21,575) | 52 | — | (21,523) |

The Company has generated a deferred tax liability in accordance with the eleventh additional provision of Revised Spanish Income Tax Act 4/2008, which regulates eligibility to apply accelerated depreciation for investments in new items of property, plant and equipment and property investments for the purposes of economic activity that are made available to the taxable entity during the tax periods beginning in 2009 and 2010, provided that, during the 24 months after the start of the tax period in which the acquired assets are brought into service, the Company's average workforce remains consistent with the average headcount of the prior 12 months. For years commencing after 2011 and the first quarter of 2012, this provision was amended and the requirement of a consistent headcount was eliminated.

The Company has opted to depreciate the property, plant and equipment during the same year in which they come into operation.

17. Contingencies

a) Contingent liabilities

The Company has contingent liabilities from litigation arising in the ordinary course of business which are not expected to give rise to significant liabilities.

Guarantees provided by the Company to third parties at year end are as follows:

| | Thousands of Euros | |
|-----------------------|--------------------|---------------|
| | 2020 | 2019 |
| Commercial guarantees | 160 | 40 |
| Financial guarantees | 78,975 | 73,842 |
| | 79,135 | 73,882 |

Financial guarantees essentially include those relating to litigations in process.

b) Contingent assets

At 31 December 2020 and 2019 the Company has no contingent assets.

c) National Commission on Markets and Competition

On 22 April 2015, Spain's National Commission on Markets and Competition (hereinafter, the CNMC) commenced disciplinary proceedings against Prosegur, Prosegur Servicios de Efectivo España, S.L.U. (currently a subsidiary of Prosegur Cash) and Loomis España, S.A. for alleged anticompetitive practices in accordance with European Union legislation. On 10 November 2016, the Competition Chamber of the CNMC ruled to fine Prosegur and its subsidiary EUR 39,420 thousand.

On 13 January 2017 Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling requesting the cancellation of this resolution and the adoption of an interim measure consisting of suspending payment of the fine imposed.

On 13 February 2017, the National Court accepted the appeal proposed by Prosegur for processing, commencing the relevant proceedings, prior to formal filing of the appeal. Prosegur made the corresponding appeal on 6 September 2018.

By Order of 12 July 2017 -after the provision of the mandatory surety bond by Prosegur, by presenting a bank guarantee for the amount of EUR 39,420 thousand on 9 June 2017-, the National Court granted the precautionary suspension of the payment of the fine.

On 10 June 2019, Prosegur was notified of the Court Order declaring the proceedings to be concluded, with a vote and decision pending on them when their turn for this arrives.

Prosegur will exclusively and at its own expense assume the defence of Prosegur and Prosegur Servicios de Efectivo España S.L., having sole power regarding the directing and control of that defence and of the lawsuit.

On-site inspection of the CNMC at PROSEGUR's headquarters

On 10, 11 and 12 February 2015, the CNMC's Competition Directorate (DC) carried out inspections at the headquarters of Prosegur Compañía de Seguridad, S.A. and Prosegur Servicios de Efectivo España, S.L.

On 20 February 2015, Prosegur filed an administrative appeal before the CNMC Council against the inspection proceedings of the DC. On 18 May 2018, the National Court dismissed the contentious-administrative appeal filed by Prosegur against the resolution of the Competition Chamber of the CNMC Council of 9 April 2015, by which it was agreed to dismiss the internal appeal against the Investigation Order of 4 February 2015 issued by the CNMC's Competition Directorate and subsequent inspections.

A cassation appeal was filed before the Supreme Court against the ruling of the National Court but was dismissed by the order of 8 January 2019, as it did not have annulment interest, and this was made final.

Finally, on 11 September Prosegur filed an appeal for constitutional protection against the CNMC Investigation Order and the inspection proceedings, the Resolution on the Investigation Order, the Ruling on the appeal against the Investigation Order that was made final after the Order of the Supreme Court and the Petition for Nullity. By Order of 16 June 2020, the Second Chamber of the Constitutional Court has agreed not to accept the appeal for constitutional protection presented by the Company for not considering it to have the special constitutional significance which, as a condition for its acceptance, the law requires. Whereby in 2020 the possibility of any legal appeals has concluded.

As a result of recent events, the Company has decided to record a provision based on the best estimate available to it on the date of preparation of these annual accounts for EUR 8,695 thousand (Note 3 and 14).

Prosegur Compañía de Seguridad, S.A. will exclusively and at its own expense assume the defence of Prosegur and Prosegur Servicios de Efectivo España S.L., having sole power regarding the directing and control of that defence and of the lawsuit.

18. Commitments

a) Sale and purchase commitments for property, plant and equipment and intangible assets

At the close of 2020 and 2019, the Company has no purchase and sale commitments in fixed assets, which are not included in the balance sheet.

b) Operating lease commitments

Future minimum payments under non-cancellable operating leases are as follows:

| | Thousands of Euros | | | |
|------------------|--------------------|------------|--------------|------------|
| | 2020 | | 2019 | |
| | Buildings | Vehicles | Buildings | Vehicles |
| Less than 1 year | 123 | 102 | 197 | 122 |
| 1 to 5 years | 502 | 120 | 807 | 132 |
| | 625 | 222 | 1,004 | 254 |

Pursuant to the provisions of the sixth and ninth clauses of the leases for the properties at Calle Pajaritos, 24 (Madrid) and Calle Santa Sabina, 8 (Madrid), respectively, between Proactinmo, S.L.U. and the Company, these are subrogated to Prosegur Gestión de Activos, S.L. as the lessor of both premises, from 1 January 2017 (Note 19.b)

The lease commitments correspond to the impact that Prosegur Gestión de Activos, S.L. makes on the Company.

19. Other related party transactions

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 59.37% of the Company's shares. The remaining 40.59% is held by various shareholders, including AS Inversiones, S.L. with 6.36% and the rest of the shares correspond to several managed funds (Note 13).

a) Group companies, jointly controlled companies and associates

The Company's financial assets and financial liabilities with Group companies, excluding equity instruments (Note 9), are as follows:

Thousands of Euros

Group companies in Spain

| | 2020 | | | | |
|--|----------------------|------------------------------------|--------------------|------------------------|----------------|
| | Financial assets | | | Financial liabilities | |
| | Current | | | Current | |
| Credits (Note 11) | Debtors (Note 11) | Other financial assets (Note | Debts (Note 15) | Suppliers (Note 15) | |
| Prosegur Soluciones Integrales de Seguridad España, S.L.U. | — | 19 | 3,005 | (23,959) | (115) |
| Prosegur Gestión de Activos, S.L.U. | — | 141 | 7 | (7,061) | (79) |
| Prosegur Global Alarmas, S.L.U. | — | 2 | 90 | (1,038) | — |
| Compañía Ridur, S.A. | — | — | 8 | (1,213) | — |
| Formación, Selección y Consultoría, S.A. | — | — | 170 | (1,613) | (5) |
| Prosegur Gestión de Activos Internacional, S.L.U. | 51 | 6 | — | (19) | — |
| Prosegur International SIS, S.L.U. | 5,520 | 10 | 2 | (14) | — |
| Prosegur USAP International, S.L.U. | 16 | — | — | (1) | — |
| Prosegur International Alarmas, S.L.U. | — | — | — | (216) | — |
| Prosegur Soluciones, S.A.U. | 2,918 | — | 1,855 | — | (20) |
| MIV Gestión, S.A. | — | — | 92 | (34) | — |
| Prosegur Ciberseguridad, S.L. | 2,994 | 19 | — | (340) | — |
| Indiseg Evolium Group, S.L. | — | — | — | (140) | — |
| Prosegur Assets Management, S.L.U. | — | — | 17,484 | (47,238) | — |
| Prosegur Global SIS, S.L.U. | 18,476 | 11 | 28 | (17) | — |
| Prosegur Servicios de Efectivo España, S.L.U. | — | — | 4,302 | (2,118) | (48) |
| Prosegur Alarmas España, S.L.U. | — | — | 427 | (376) | — |
| Prosegur Global CIT, S.L.U. | — | — | — | (964) | — |
| Prosegur Cash, S.A. | — | 1,344 | 41,513 | (22,083) | (1,522) |
| Prosegur Berlín, S.L.U. | — | — | — | (283) | — |
| Prosegur BPO España, S.L.U. | — | — | 107 | (315) | (7) |
| Armor Acquisition, S.A. | — | — | — | (158) | — |
| Juncadella Prosegur Internacional, S.A. | — | — | — | (5,571) | — |
| Prosegur International CIT 1, S.L. | — | — | 102 | (17) | — |
| Prosegur International CIT 2, S.L.U. | — | — | — | (1) | — |
| Prosegur Global Alarmas ROW, S.L.U. | 12,574 | — | 18,293 | (12,767) | (94) |
| Prosegur Global CIT ROW, S.L.U. | — | — | 154 | (82) | — |
| Prosegur Global SIS ROW, S.L.U. | 4,882 | — | 3,244 | (3,213) | (27) |
| ESC Servicios Generales, S.L.U. | — | 26 | — | (1,646) | — |
| Integrum 2008 | — | — | 14 | (42) | — |
| Contesta Teleservicios | — | — | 18 | (67) | (6) |
| Bloggers Brokers | — | — | 31 | (36) | — |
| Contesta Servicios Auxiliares | — | — | 205 | — | — |
| Prosegur Colombia 1, S.L.U. | — | — | — | (10) | — |
| Prosegur Colombia 2, S.L.U. | — | — | — | (10) | — |
| Prosegur Global Cyber Security, S.L.U. | — | — | 4,020 | (2,790) | (8) |
| Segtech Ventures SCR, S.A. | 1,912 | 6 | 3 | (57) | — |
| Prosegur Servicios de Pago | — | — | — | (118) | — |
| Risk Management Solution | — | — | 138 | — | — |
| Compliofficer, S.L.U. | — | — | 47 | (7) | — |
| Work 4 Data Lab, S.L. | — | — | 146 | (30) | — |
| Enclama, S.L. | — | — | 21 | (20) | — |
| Prosegur Alpha3 Cashlab | — | — | — | (2) | — |
| Prosegur Finance, S.A. | — | — | — | (11) | — |
| Prosegur ODH, S.L. | 550 | 6 | — | (26) | — |
| CASH Centroamerica Tres, S.L. | — | — | — | (1) | — |
| Netijam Technologies S.L. | — | — | — | (29) | — |
| Prosegur Global BSI Int | 4 | — | — | (1) | — |
| Prosegur BSI España, S.L. | — | — | — | (14) | — |
| PROSEGUR FOUNDATION | — | 2 | — | — | — |
| UTES | — | — | 8 | (3,362) | — |
| Total Spain | 49,897 | 1,593 | 95,534 | (139,130) | (1,931) |

| | 2020 | | | | |
|--------------------------------------|----------------------|----------------------|---|-----------------------|------------------------|
| | Financial assets | | | Financial liabilities | |
| | Current | | | Current | |
| | Credits (Note 11) | Debtors (Note 11) | Other financial assets (Note 11) | Debts (Note 15) | Suppliers (Note 15) |
| Subsidiaries abroad | | | | | |
| Prosegur Group in Abu Dhabi | 727 | — | — | — | — |
| Prosegur Group in Argentina | 2,661 | 3,254 | 39 | (83) | (112) |
| Prosegur Group in Australia | — | 63 | — | — | — |
| Prosegur Group in Brazil | — | 562 | 500 | (141) | (635) |
| Prosegur Group in Chile | — | 691 | 22 | (117) | (386) |
| Prosegur Group in China | — | 45 | — | — | — |
| Prosegur Group in Colombia | 1,263 | 1 | 320 | (2) | (18) |
| Prosegur Group in the USA | — | 18 | — | (2) | — |
| Prosegur Group in France | 3,550 | — | — | — | — |
| Prosegur Group in India | — | 307 | — | (32) | — |
| Prosegur Group in Luxembourg | — | — | — | (4,175) | — |
| Prosegur Group in Mexico | — | — | 8 | (149) | (75) |
| Prosegur Group in Paraguay | — | — | — | — | (5) |
| Prosegur Group in Peru | — | 86 | 44 | (219) | (14) |
| Prosegur Group in Portugal | — | 1,177 | — | (1,022) | (43) |
| Prosegur Group in the United Kingdom | 120 | — | — | — | — |
| Prosegur Group in Uruguay | — | 337 | — | — | (1) |
| Total Foreign | 8,321 | 6,541 | 933 | (5,942) | (1,289) |
| Total | 58,218 | 8,134 | 96,467 | (145,072) | (3,220) |

| Thousands of Euros | 2019 | | | | |
|--|----------------------|----------------------|---|-----------------------|------------------------|
| | Financial assets | | | Financial liabilities | |
| | Current | | | Current | |
| | Credits (Note 11) | Debtors (Note 11) | Other financial assets (Note 11) | Debts (Note 15) | Suppliers (Note 15) |
| Group companies in Spain | | | | | |
| Prosegur Soluciones Integrales de Seguridad España, S.L.U. | — | 2,743 | 4,836 | (17,168) | (131) |
| Prosegur Gestión de Activos, S.L.U. | — | 250 | 20,346 | (5,137) | (67) |
| Prosegur Global Alarmas, S.L.U. | 8,288 | 24 | — | (395) | — |
| Compañía Ridur, S.A. | — | — | 8 | (1,219) | — |
| Formación, Selección y Consultoría, S.A. | — | — | — | (1,645) | (12) |
| Prosegur Gestión de Activos International, S.L.U. | — | — | — | (345) | — |
| Prosegur International SIS, S.L.U. | 1,957 | 3 | — | (90) | — |
| Prosegur USAP International, S.L.U. | 20 | — | — | (6) | — |
| Prosegur International Alarmas, S.L.U. | 4,409 | 8 | — | (119) | — |
| Prosegur Soluciones, S.A.U. | — | — | 1,061 | (10,176) | (56) |
| MIV Gestión, S.A. | — | — | 118 | (26) | — |
| Prosegur Ciberseguridad, S.L. | 2,475 | 22 | — | (1,537) | (302) |
| Indiseg Evolium Group, S.L. | 141 | 3 | — | (120) | — |
| Prosegur Assets Management, S.L.U. | — | — | 19,737 | (56,403) | (429) |
| Prosegur Global SIS, S.L.U. | 27,032 | 38 | 4,741 | (328) | (7) |
| Prosegur Servicios de Efectivo España, S.L.U. | — | 1 | 7,209 | (3,332) | (13) |
| Prosegur Alarmas España, S.L.U. | — | 1,009 | 730 | (23,848) | (213) |
| Prosegur Global CIT, S.L.U. | — | — | — | (2,642) | — |
| Prosegur Cash, S.A. | — | 28,917 | 33,335 | (15,839) | (13) |
| Prosegur Colombia 3, S.L. | — | — | — | (1,848) | — |
| Prosegur BPO España, S.L.U. | — | — | 802 | (1,750) | — |
| Armor Acquisition, S.A. | — | — | — | (1,568) | — |
| Juncadella Prosegur Internacional, S.A. | — | — | — | (37,708) | — |
| Prosegur International CIT 1, S.L. | — | — | — | (34) | — |
| Prosegur International CIT 2, S.L.U. | — | — | — | (5) | — |
| Prosegur Global Alarmas ROW, S.L.U. | — | — | 101 | (15,099) | (25) |
| Prosegur Global CIT ROW, S.L.U. | — | 1 | — | (292) | — |
| Prosegur Global SIS ROW, S.L.U. | 21 | 17 | 3,456 | (4,168) | — |
| ESC Servicios Generales, S.L.U. | 4,252 | 15 | 135 | (171) | — |
| Contesta Teleservicios | — | — | 213 | (138) | — |
| Integrum 2008 | — | — | 81 | (43) | — |
| Bloggers Brokers | — | — | 42 | (9) | — |
| Contesta Servicios Auxiliares | — | — | 137 | 90 | — |
| Prosegur Colombia 1, S.L.U. | — | — | — | (10) | — |
| Prosegur Colombia 2, S.L.U. | — | — | — | (11) | — |
| Prosegur Global Cyber Security, S.L. | 1,425 | 21 | — | (107) | — |
| Segtech Ventures | 8,282 | 65 | 35 | (6) | — |
| Prosegur Servicios de Pago EP, S.L. | — | — | — | (112) | — |
| Risk Management Solutions, S.L.U. | — | — | 96 | — | — |
| Compliofficer, S.L.U. | — | — | 52 | — | — |
| Work4Data Lab, S.L. | — | — | — | (33) | — |
| Prosegur Alpha3 Cashlabs, S.L. | — | — | — | (4) | — |
| Prosegur ODH, S.L. | — | — | — | (2) | — |
| UTES | — | — | 8 | — | — |
| Total Spain | 58,302 | 33,137 | 97,279 | (201,557) | (1,268) |

| | Thousands of Euros | | | | |
|--------------------------------------|----------------------|----------------------|---|-----------------------|------------------------|
| | 2019 | | | | |
| | Financial assets | | | Financial liabilities | |
| | Current | | | Current | |
| | Credits (Note 11) | Debtors (Note 11) | Other financial assets (Note 11) | Debts (Note 15) | Suppliers (Note 15) |
| Subsidiaries abroad | | | | | |
| Prosegur Group in Abu Dhabi | 711 | 60 | — | — | — |
| Prosegur Group in Argentina | 3,275 | 4,995 | 51 | (98) | (2,059) |
| Prosegur Group in Australia | — | 63 | | — | — |
| Prosegur Group in Brazil | — | 395 | 225 | (463) | (125) |
| Prosegur Group in Chile | — | 704 | 22 | (117) | (353) |
| Prosegur Group in Colombia | — | 229 | 322 | (3) | (21) |
| Prosegur Group in the USA | 502 | 1,563 | 5 | — | — |
| Prosegur Group in France | — | 58 | — | (382) | (23) |
| Prosegur Group in India | — | 280 | — | (32) | — |
| Prosegur Group in Luxembourg | — | — | — | (10,213) | — |
| Prosegur Group in Mexico | — | 1 | 17 | (149) | (75) |
| Prosegur Group in Paraguay | — | — | — | (302) | (6) |
| Prosegur Group in Peru | — | 161 | 43 | (219) | (1,077) |
| Prosegur Group in Portugal | — | 588 | 2 | (1,016) | (13) |
| Prosegur Group in Italy | — | — | — | (362) | — |
| Prosegur Group in Uruguay | — | 51 | — | — | (573) |
| Prosegur Group in the United Kingdom | — | — | 500 | — | — |
| Total Foreign | 4.488 | 9.148 | 1.187 | (13.356) | (4.325) |
| Total | 62,790 | 42,285 | 98,466 | (214,913) | (5,593) |

Financial assets - the current loans correspond, on the one hand, to short-term loans delivered to Group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing annual interest of 0.5% in Spain and 1.25% in France. We also found short-term loans granted to subsidiaries in Abu Dhabi and in Argentina in EUR, accruing annual interest 2.25 % in Abu Dhabi and 10.75 % in Argentina (2019: 0.75% in Spain, 1.5% in France, 1.5% in Abu Dhabi, 9% and 7.5% in Argentina). Interest accrued amounted to EUR 426 thousand in 2020 (EUR 2,131 thousand in 2019).

Financial assets - Non-current credits for 2019 correspond to a loan granted to Prosegur Global SIS ROW, S.L.U. that was classified as long-term given that it is expected to be capitalised.

Financial liabilities - the debts correspond, on the one hand, to short-term loans received from Group companies within the framework of the centralised treasury management. They are denominated mainly in euros, accruing annual interest of 0.5% in Spain, 0.5% in Portugal. We also found short-term loans granted to the Company mainly by subsidiaries in Luxembourg, denominated in euros and accruing annual interest of 0.5% (0.75% in Spain, 2% in France and 0.75% in Portugal in 2019). Interest accrued amounted to EUR 614 thousand in 2020 (EUR 927 thousand in 2019).

Receivables and suppliers mostly reflect the outstanding balances relating to invoices for centralised services issued to and received from, respectively, the various Group companies.

The current accounts with Group companies (other financial assets), include payments and collections of balances payable to/receivable from each consolidated tax group company, as follows:

Thousands of Euros

| | 2020 | | | 2019 | | |
|--|-------------------------|----------------------|-----------------------|-------------------------|----------------------|-----------------------|
| | Other payments/receipts | Corporate Income Tax | Receivable/ (payable) | Other payments/receipts | Corporate Income Tax | Receivable/ (payable) |
| Prosecur Global CIT S.L.U. | — | (964) | (964) | — | (2.642) | (2.642) |
| Prosecur Global CIT ROW S.L.U. | — | 72 | 72 | — | (292) | (292) |
| JUNCADELLA Prosecur INT. S.A. | — | (5.571) | (5.571) | — | (37.708) | (37.708) |
| Prosecur Gestión de Activos S.L.U. | (1.200) | (545) | (1.745) | (1) | 4.824 | 4.823 |
| Prosecur Servicios de Efectivo España S.L.U. | 327 | 1.858 | 2.185 | 168 | 3.708 | 3.876 |
| Prosecur International SIS S.L.U. | 2 | (14) | (12) | — | (90) | (90) |
| Prosecur Soluciones S.A. | 1 | 1.855 | 1.856 | — | 743 | 743 |
| ARMOR ACQUISITION S.A. | — | (158) | (158) | — | (1.568) | (1.568) |
| Prosecur International Alarmas S.L.U. | — | (27) | (27) | — | (119) | (119) |
| Prosecur Global Alarmas ROW S.L. | 5 | 5.520 | 5.525 | — | 49 | 49 |
| Formación, Selección y Consultoría | (1) | 109 | 108 | — | (6) | (6) |
| Prosecur Global SIS S.L.U. | 7 | 4 | 11 | 4.068 | 346 | 4.414 |
| Prosecur SIS España S.L.U. | (594) | 3.005 | 2.411 | (87) | 2.104 | 2.017 |
| ESC Servicios Generales S.L.U. | (1) | (808) | (809) | — | (37) | (37) |
| Prosecur Gestión Activos Int. S.L.U. | — | (19) | (19) | (2) | (13) | (15) |
| Prosecur USAP International S.L.U. | — | (1) | (1) | — | (6) | (6) |
| Transportadora de Caudales | (16) | — | (16) | (11) | — | (11) |
| Prosecur Alarmas España S.L.U. | — | — | — | 222 | 386 | 608 |
| Prosecur Berlín S.L.U. | — | (283) | (283) | — | — | — |
| Prosecur International CIT 1 S.L.U. | — | 85 | 85 | — | (34) | (34) |
| Prosecur International CIT 2 S.L.U. | — | (1) | (1) | — | (5) | (5) |
| Prosecur Global SIS ROW S.L.U. | 4 | 25 | 29 | — | (4.167) | (4.167) |
| Prosecur Global Alarmas S.L.U. | — | (15) | (15) | — | (395) | (395) |
| Compañía Ridur S.A. | (6) | — | (6) | (9) | 6 | (3) |
| Prosecur Ciberseguridad S.L. | (4) | (336) | (340) | — | (1.537) | (1.537) |
| Prosecur Assets Management S.L.U. | (265) | (50) | (315) | — | (125) | (125) |
| Prosecur Cash S.A. | — | (12.512) | (12.512) | — | (15.838) | (15.838) |
| MIV Gestión S.A. | — | 58 | 58 | — | 92 | 92 |
| Indisea Evolium Group S.L. | — | (27) | (27) | — | (120) | (120) |
| Prosecur SIS USA Inc. | (2) | — | (2) | — | — | — |
| Xiden SACI | (3) | — | (3) | (3) | — | (3) |
| Prosecur Tecnología Argentina | (2) | — | (2) | (2) | — | (2) |
| General Industries Argentina | (8) | — | (8) | (8) | — | (8) |
| Prosecur Holdina S.A. | (12) | — | (12) | (7) | — | (7) |
| Prosecur Inversiones S.A. | (1) | — | (1) | — | — | — |
| Prosecur Argentina S.A. | 2 | — | 2 | 2 | — | 2 |
| Prosecur Seguridad S.A. | (3) | — | (3) | (17) | — | (17) |
| Prosecur Tecnología | (141) | — | (141) | (237) | — | (237) |
| Compañía de Seguridad Peru | (187) | — | (187) | (187) | — | (187) |
| Prosecuridad | 20 | — | 20 | 20 | — | 20 |
| Prosecur Caieros S.A. | (32) | — | (32) | (32) | — | (32) |
| Prosecur Tecnología Peru | 2 | — | 2 | 2 | — | 2 |
| Orus S.A. | 14 | — | 14 | 14 | — | 14 |
| Prosecur Activa Peru | 7 | — | 7 | 7 | — | 7 |
| Seatech Ventures | 1 | (55) | (54) | — | 28 | 28 |
| Prosecur Security Holdina | — | — | — | — | — | — |
| SindPai India Private | (32) | — | (32) | (32) | — | (32) |
| Occupational Skills building | (1) | — | (1) | — | — | — |
| Servicios de Seguridad | (116) | — | (116) | (116) | — | (116) |
| Empresa de Transportes Cia de Seguridad Chile | 15 | — | 15 | 15 | — | 15 |
| Prosecur Chile | 7 | — | 7 | 7 | — | 7 |
| Prosecur Seguridad Privada Loistica | — | — | — | 9 | — | 9 |
| Prosecur Seguridad Privada | 6 | — | 6 | 6 | — | 6 |
| Prosecur Consultoría | (141) | — | (141) | (141) | — | (141) |
| Prosecur Custodias | 2 | — | 2 | 2 | — | 2 |
| Grupo Mercurio de Transporte | (8) | — | (8) | (8) | — | (8) |
| Intenrum 2008 | — | (28) | (28) | — | 38 | 38 |
| Prosecur Ciberseguridad International | — | — | — | (302) | — | (302) |
| Bloogers Brokers | — | (4) | (4) | — | 33 | 33 |
| Contesta TeleServicios | — | (49) | (49) | — | 76 | 76 |
| Tellex | — | — | — | — | — | — |
| Prosecur Global Cyber Security S.L.U. | 3.733 | — | 3.733 | — | (107) | (107) |
| Contesta Servicios Auxiliares | — | 205 | 205 | — | 227 | 227 |
| Prosecur AVOS | — | (208) | (208) | — | (948) | (948) |
| Prosecur Colombia 2 | — | (10) | (10) | — | (11) | (11) |
| Prosecur Colombia 1 S.L.U. | — | (10) | (10) | — | (10) | (10) |
| Prosecur Colombia 3 S.L. | — | — | — | — | (2) | (2) |
| Prosecur Servicios de Pago | — | (117) | (117) | — | (112) | (112) |
| Risk Management Solutions S.L.U. | — | 138 | 138 | — | 96 | 96 |
| Comolifofficer S.L.U. | — | 40 | 40 | — | 52 | 52 |
| Work4Data Lab S.L. | — | 116 | 116 | — | (33) | (33) |
| Enclama S.L. | — | — | — | — | (4) | (4) |
| Prosecur ODH S.L. | — | (26) | (26) | — | (1) | — |
| Prosecur Alpha3 Cashlab | — | (2) | (2) | — | — | — |
| Prosecur Finance S.A. | — | (1) | (1) | — | — | — |
| CASH Centroamerica Uno S.L. | — | (2) | (2) | — | — | — |
| CASH Centroamerica Tres S.L. | — | (1) | (1) | — | — | — |
| Netijam Technologies S.L. | — | (29) | (29) | — | — | — |
| Prosecur Global BSI Int | — | (1) | (1) | — | — | — |
| Prosecur BSI España S.L. | — | (1) | (1) | — | — | — |
| Compañía Transportadora de Valores Prosecur de | 129 | — | 129 | 129 | — | — |

| | | | | | | |
|--|----------------|----------------|----------------|--------------|-----------------|-----------------|
| Inversiones BIV SAS | 143 | — | 143 | 144 | — | — |
| Prosecur Vigilancia v Seguridad Privada Ltda | 44 | — | 44 | — | — | — |
| Prosecur Tecnología SAS | 2 | — | 2 | — | — | — |
| Servimax Servicios Generales | (2) | — | (2) | 40 | — | — |
| GPS de Colombia SAS | 1 | — | 1 | — | — | — |
| Prosecur Seguridad Elec | 1 | — | 1 | — | — | — |
| Italy (EP) | (362) | — | (362) | (362) | — | — |
| France (EP) | (3,000) | — | (3,000) | — | — | — |
| United Kingdom (EP) | 500 | — | 500 | 500 | — | — |
| Others | — | — | — | 51 | — | (1) |
| Total | (1,165) | (8,785) | (9,950) | 3,842 | (53,122) | (49,782) |

Transactions between the Company and Group companies are as follows:

| | Thousands of Euros | | | | |
|--|---|----------------------|-----------------------|----------------------|----------------------|
| | 2020 | | | | |
| | Income | | | Expense | |
| | Services provided and other income | Interest (Note 3) | Dividends (Note 3) | Services rendered | Interest (Note 4) |
| Prosegur Soluciones Integrales de Seguridad España, S.L.U. | 10 | — | — | (348) | (106) |
| Prosegur Gestión de Activos, S.L.U. | (165) | — | 2,317 | (300) | (47) |
| Prosegur Global Alarmas, S.L.U. | — | 3 | — | — | — |
| Compañía Ridur, S.A. | — | — | — | — | (6) |
| Formación, Selección y Consultoría, S.A. | — | — | — | — | (6) |
| Prosegur Gestión de Activos International, S.L.U. | — | 6 | — | — | — |
| Prosegur International SIS, S.L.U. | — | 13 | — | — | — |
| Prosegur Soluciones, S.A.U. | — | — | — | — | (19) |
| Prosegur Ciberseguridad, S.L. | 5 | 15 | — | 53 | — |
| Prosegur Assets Management, S.L.U. | — | — | 12,800 | (1) | (265) |
| Prosegur Global SIS, S.L.U. | (124) | 19 | — | (1) | — |
| Prosegur Servicios de Efectivo España, S.L.U. | — | — | — | 5 | — |
| Prosegur Alarmas España, S.L.U. | 225 | — | — | — | (6) |
| Prosegur Cash, S.A. | 15,129 | — | 32,514 | (1) | — |
| Prosegur Global Alarmas ROW, S.L.U. | (64) | — | 180,000 | — | (89) |
| Prosegur Global CIT ROW, S.L.U. | — | — | — | (1) | — |
| Prosegur Global SIS ROW, S.L.U. | — | (30) | — | — | (23) |
| ESC Servicios Generales, S.L.U. | — | 25 | — | (4) | — |
| Contesta Teleservicios | — | — | — | (16) | — |
| Prosegur Global Cyber | — | — | — | — | (9) |
| Segtech Ventures, S.A. | — | 6 | — | — | — |
| Prosegur ODH, S.L. | — | 7 | — | — | — |
| Prosegur Foundation | — | — | — | (1) | — |
| Telefónica, S.A. | — | — | 7,672 | — | — |
| Prosegur Group in Abu Dhabi | — | 16 | — | — | — |
| Prosegur Group in Germany | — | — | — | (2) | — |
| Prosegur Group in Argentina | 997 | 306 | — | — | — |
| Prosegur Group in Brazil | (177) | — | — | — | — |
| Prosegur Group in Peru | (32) | — | — | (11) | — |
| Prosegur Group in Chile | 23 | — | — | — | — |
| Prosegur Group in China | — | — | — | (2) | — |
| Prosegur Group in France | (5) | 36 | — | — | — |
| Prosegur Group in Colombia | (123) | 4 | — | — | — |
| Prosegur Group in Uruguay | 320 | — | — | (1) | — |
| Prosegur Group in Paraguay | (16) | — | — | — | — |
| Prosegur Group in Portugal | 1,093 | — | — | (1) | (5) |
| Prosegur Group in Singapore | — | — | — | (2) | — |
| Prosegur Group in Luxembourg | — | — | — | — | (33) |
| Prosegur Group in India | 15 | — | — | 12 | — |
| Total | 17,111 | 426 | 235,303 | (622) | (614) |

| | Thousands of Euros | | | | |
|--|--------------------|--------------------|-------------------|-------------------|--------------|
| | 2019 | | | | |
| | Income | | | Expense | |
| Services provided and other income | Interest (Note 3) | Dividends (Note 3) | Services rendered | Interest (Note 4) | |
| Prosegur Soluciones Integrales de Seguridad España, S.L.U. | 2,358 | — | — | (185) | (67) |
| Compañía Ridur | — | — | — | — | (9) |
| Prosegur Gestión de Activos, S.L.U. | (45) | 22 | 16,256 | (263) | — |
| Prosegur Global Alarmas, S.L.U. | — | 23 | — | — | — |
| Formación, Selección y Consultoría, S.A. | — | — | — | — | (12) |
| Prosegur Gestión de Activos Internacional, S.L.U. | — | — | — | — | (2) |
| Prosegur Internacional SIS, S.L.U. | — | 3 | — | — | — |
| Prosegur Soluciones, S.A.U. | — | — | — | — | (56) |
| Prosegur Ciberseguridad, S.L. | — | 22 | — | (302) | — |
| Indiseg Evolium Group, S.L. | — | 3 | — | — | — |
| Prosegur Assets Management, S.L.U. | — | — | 19,737 | — | (429) |
| Prosegur Global SIS, S.L.U. | (117) | 37 | — | — | — |
| Prosegur Alarmas España, S.L.U. | 832 | — | — | — | (198) |
| Prosegur Cash, S.A. | 23,391 | — | 44,447 | — | — |
| Prosegur Global Alarmas ROW, S.L.U. | — | — | — | — | (25) |
| ESC Servicios Generales, S.L.U. | — | 15 | — | (2) | — |
| Prosegur Global Cyber | — | 21 | — | — | — |
| Segtech Ventures, S.A. | — | 65 | — | — | — |
| Prosegur Group in Abu Dhabi | — | 11 | — | — | — |
| Prosegur Group in Argentina | (577) | 291 | — | — | — |
| Prosegur Group in Brazil | 121 | — | — | — | (18) |
| Prosegur Group in Peru | (1,087) | — | — | — | — |
| Prosegur Group in Chile | (49) | — | — | — | — |
| Prosegur Group in Colombia | 81 | — | — | — | — |
| Prosegur Group in Paraguay | (12) | — | — | — | — |
| Prosegur Group in Portugal | 529 | — | — | — | (8) |
| Prosegur Group in India | 36 | — | — | — | — |
| Prosegur Group in the USA | — | 1,562 | — | — | — |
| Total | 24,949 | 2,131 | 80,440 | (752) | (927) |

Within the services provided and other income, the most significant are EUR 17,111 thousand (EUR 25,939 thousand in 2019) invoiced for trademark assignment. In this sense, Prosegur Compañía de Seguridad, S.A., owner of the “Prosegur” brand, concedes its brand to the rest of the Group’s companies and invoices them based on the utility that it reports to the different lessee entities. The Company policy follows the OECD Guidelines on Transfer Pricing.

Interest income and borrowing costs reflect the amounts accrued on the aforementioned current loans extended to and by Group companies.

b) Other related parties

Procurement of goods and services

During the year, Euroforum Escorial, S.A. (controlled by Gubel S.L.) invoiced no service to Prosegur Security Company, S.A.

Through the company Gestconsult, S.A., Prosegur invested USD 50,000 thousand in a fixed income fund in 2017, for which an expense was recognised for a management fee of 0.60%. The president of Gestconsult, Juan Lladó Fernandez-Urrutia, is a person related to Mr Christian Gut Revoredo. Following a favourable report from the corresponding Committee, on 3 April 2017 the Board of Directors authorised this related transaction. During financial year 2019, EUR 20,000 thousand were deinvested in the aforementioned fixed income fund and in financial year 2020, EUR 29,621 thousand were deinvested.

20. Remuneration of Directors and Senior Management Personnel

a) Remuneration of members of the Board of Directors

The total remuneration accrued by members of the Board of Directors is as follows:

| | Thousands of Euros | |
|--|--------------------|--------------|
| | 2020 | 2019 |
| Fixed remuneration | 1,296 | 1,724 |
| Variable remuneration | 308 | 250 |
| Remuneration for membership of the Board and Committee | 160 | 160 |
| Per diems | 169 | 169 |
| Life insurance premiums | 79 | 73 |
| Total | 2,012 | 2,376 |

b) Remuneration of Senior Management personnel

Senior Management personnel are Company employees who hold, *de facto* or *de jure*, Senior Management positions reporting directly to the Board of Directors, executive committees or managing directors on the Board, including those with power of attorney not limited to the entity's statutory activity or specific areas or matters.

The total remuneration accrued by Senior Management personnel of the Company is as follows:

| | Thousands of Euros | |
|-------------------------|--------------------|--------------|
| | 2020 | 2019 |
| Fixed remuneration | 605 | 669 |
| Variable remuneration | 325 | 1,017 |
| Remuneration in kind | — | 13 |
| Life insurance premiums | 22 | 2 |
| Total | 952 | 1,701 |

These amounts reflect the provisions for the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plan (Note 25.9).

In this period, provisions to results were made of EUR 586 thousand (712 thousand in 2019) (Note 3). This amount includes the adjustment for fair value of the share price for the Plan 2017 and the Plan 2020 and the corresponding accrual.

In 2020 a sum of EUR 83 thousand was applied (EUR 174 thousand in 2019).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the end of the year or at the payment time.

Lastly, this provision was recognised as current provisions in an amount of EUR 455 thousand since the maturity of this commitment will take place during the first half of 2021 associated with the 2020 Plan (EUR 1,412 thousand in 2019, since the maturity of this commitment would take place during the first half of 2020 associated with the 2017 Plan).

c) Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Revised Text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the Board of Directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2020.

Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. Prosegur does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not material for the firm and neither do they represent a significant amount on the accounts of Prosegur. At 31 December 2020, fees totalled EUR 206 thousand (EUR 161 thousand at 31 December 2019).

Furthermore, these services are provided through partners from the firm other than Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is entirely independent and in no way linked to the amount invoiced by the firm to Prosegur. Accordingly, the Board of Directors considers that the business relationship between the law firm J&A Garrigues, S.L.P. and Prosegur, due to its recurrent, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Fernando Vives to discharge the duties of independent director of Prosegur.

21. Employee Information

The average headcount of the Company in these years, distributed by category, is as follows.

| | 2020 | 2019 |
|--------------------|-----------|-----------|
| Indirect personnel | 32 | 30 |
| Total | 32 | 30 |

At year end the distribution by gender of Company personnel is as follows:

| | 2020 | | 2019 | |
|--------------------|-----------|-----------|----------|-----------|
| | Women | Men | Women | Men |
| Indirect personnel | 10 | 25 | 9 | 23 |
| Total | 10 | 25 | 9 | 23 |

The year-end (and average) distribution by gender of the Board of Directors and Senior Management personnel is as follows:

| | 2020 | | 2019 | |
|-------------------|----------|-----------|----------|-----------|
| | Women | Men | Women | Men |
| Directors | 2 | 6 | 2 | 6 |
| Senior Management | — | 4 | — | 8 |
| Total | 2 | 10 | 2 | 14 |

There are no employees in the Company with a disability rating of 33% or more.

22. Audit Fees

In 2020 Ernst & Young, S.L., and KPMG Auditores, S.L. the previous year, the auditors of the Annual Accounts of the Company, invoiced the following fees and expenses for professional services:

| | Thousands of Euros | |
|------------------------------|--------------------|------------|
| | 2020 | 2019 |
| Audit services | 227 | 261 |
| Other audit-related services | 25 | 20 |
| Total | 252 | 281 |

Audit services detailed in the above table include the total fees for services rendered in 2020 and 2019, irrespective of the date of invoice. Other audit-related services rendered in 2020 correspond mainly to reports on procedures rendered by Ernst & Young, S.L. to the Company.

Other audit-related services in 2019 correspond mainly to limited audits of interim financial statements, reports on procedures agreed for compliance with covenants and others, provided by KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A.

Additionally, other entities affiliated with Ernst & Young, S.L. invoiced the Company during 2020 for fees for other professional services in an amount of EUR 229 thousand, corresponding mainly to due diligence advisory services.

In 2019, KPMG International invoiced the Company fees for other professional services amounting to EUR 19 thousand, which mainly relate to financial advisory services included in the evaluation of the acquisition of business (due diligence and related services).

23. Financial risk management

Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's business.

(i) Currency risk

The Company mainly operates on a national basis. Likewise, Prosegur Group, of which the Company is the parent, operates internationally. As a result, the Company is exposed to currency risk when operating with its subsidiaries in foreign currencies and through the assets and liabilities contracted in foreign currencies from third parties, specifically the Brazilian Real, the American Dollar and, to a lesser extent, the Argentine Peso. Currency risk is associated with recognised assets and liabilities denominated in foreign currency.

Management has a currency risk management policy to control the risk arising from the exchange of foreign currencies to its functional currency to minimise the Company's exposure. Currency risk arises when future transactions or recognised assets and liabilities are presented in a currency other than the parent's functional currency.

When so required by its policies and market expectations, the Company uses forward contracts approved and contracted by the Treasury Department in the corresponding market to control currency risk arising on trade transactions and recognised assets and liabilities. The Treasury Department is responsible for managing the net position of each foreign currency by entering into external or local forward currency contracts, depending on their competitiveness and appropriateness.

Since the Company, as parent of the Prosegur Group, intends to remain in the foreign markets in which it is present in the long term or permanently, it does not hedge the currency risk related to equity investments in those markets.

The value of the financial assets and liabilities attributable to the Company at 31 December, by type of currency, is as follows:

| | Thousands of Euros | | | |
|-------------------|--------------------|------------------|----------------|------------------|
| | 2020 | | 2019 | |
| | Assets | Liabilities | Assets | Liabilities |
| Euros | 424,706 | 1,030,373 | 595,825 | 1,008,214 |
| Argentine Peso | 901 | — | — | 102 |
| US Dollar | 5,735 | 7,640 | 2,261 | — |
| Peruvian Sol | 30 | — | — | — |
| Australian Dollar | 5,797 | — | 4 | — |
| Brazilian Real | 2,488 | 11,971 | — | — |
| Chilean Peso | 465 | — | — | — |
| Colombian Peso | 2,463 | 1,801 | — | 1,926 |
| Singapore Dollar | — | 1,565 | — | — |
| Total | 442,585 | 1,053,350 | 598,090 | 1,010,242 |

(ii) Interest rate, cash flow and fair value risks

As the Company does not have a significant amount of assets remunerated at variable interest rates, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk mainly arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. Fixed-interest borrowings expose the Company to fair value interest rate risks.

In 2020 and 2019 the Company's borrowings at variable interest rates were basically denominated in euros.

The Company analyses its interest rate risk exposure dynamically. A simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges is performed. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. These scenarios are only analysed for the liabilities that represent the most significant positions in which a floating interest rate is paid.

Details of loans and borrowings by debentures and other negotiable securities and bank loans and borrowings, either at a fixed rate or using derivatives, are as follows:

| | Thousands of Euros | | |
|-----------------------|--------------------|----------------|---------------|
| | 2020 | | |
| | Total debt | Hedged debt | Debt exposure |
| Non-current (Note 15) | 748,318 | 748,318 | — |
| Current (Note 15) | 87,255 | 25,488 | — |
| Total debt | 835,573 | 773,806 | — |

| | Thousands of Euros | | |
|-----------------------|--------------------|----------------|---------------|
| | 2019 | | |
| | Total debt | Hedged debt | Debt exposure |
| Non-current (Note 15) | 698,054 | 698,054 | — |
| Current (Note 15) | 23,776 | 23,776 | — |
| Total debt | 721,830 | 721,830 | — |

(iii) Credit risk

The Company has no significant credit risk concentrations given that, following the 2013 spin-off of the private security business line to Prosegur España S.L.U. the Company's main activity has been that of a holding of Group companies.

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Company's Treasury Department aims to be flexible with regard to financing through drawdowns on committed credit facilities.

Management monitors the Company's liquidity reserves, which comprise credit drawdowns (see Note 15) and available cash and cash equivalents (see Note 12), and are forecast based on expected cash flows.

The table below presents an analysis of the financial liabilities that will be settled for the net amount, grouped by maturities based on the period remaining from the balance sheet date until contractual maturity dates. The amounts presented in this table reflect the cash flows stipulated in the contract.

| | Thousands of Euros | | | | |
|------------|--------------------|--------------|--------------|-------------------|---------|
| | Less than 1 year | 1 to 2 years | 2 to 5 years | More than 5 years | Total |
| 31/12/2020 | — | 87,255 | 748,318 | — | 835,573 |
| 31/12/2019 | — | 23,776 | 698,054 | — | 721,830 |

Finally, systematic forecasts are prepared for cash generation and requirements, allowing the Company to determine and monitor its liquidity position on an ongoing basis.

(v) Price volatility risk

As the Company is a security-holding service business, there are no significant price volatility risks.

24. Events after the reporting date

In February 2021 the maturity of the syndicated loans contracted by the Company in an amount of EUR 200,000 thousand was extended until February 2026 (Note 15).

25. Accounting principles

25.1. Intangible assets

The assets in intangible assets are posted at purchase price. The capitalisation of production cost appears under “Works carried out by the Company for assets” in the income statement. Intangible fixed assets are shown in the balance sheet at cost value less the amount of accumulated depreciation and impairment.

Fixed asset prepayments are recognised initially at cost. In subsequent years and provided the period between the payment and receipt of the asset exceeds one year, prepayments earn interest at the supplier’s incremental rate.

a) Computer software

Computer software purchased and those developed by the Company, including costs of development of websites, are recognised insofar as they meet the criteria set for development costs. Such costs are amortised over the estimated useful lives of the applications, at 5 years.

Disbursements made for the development of a website for promotional purposes or the advertisement of products or services of the Company are recognised as expenses at the time these are incurred.

Computer software maintenance costs are charged as expenses when incurred.

b) Licences

Licences have defined useful lives and are recognised at cost less accumulated amortisation and impairment. Licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of between 10 years.

c) Trademarks

Trademarks are initially recognised at their cost of purchase and are presented at historical cost. They have defined useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks are amortised on a straight-line basis to allocate the cost over their estimated useful lives (between 1.6 to 30 years), and the amortisation of the Prosegur brand is in 10 years (Note 6).

25.2. Property, Plant and Equipment

Property, plant and equipment are recognised at cost of acquisition or production, less accumulated depreciation and any accumulated impairment.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is increased and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over their estimated useful life, while recurring maintenance costs are charged to the income statement during the year in which they are incurred.

The replacement of property, plant and equipment that may be capitalised carries a reduction in the carrying amount of the items replaced. When the cost of the items replaced has not been depreciated separately and the calculation of the carrying amount thereof were not feasible, the cost of replacement is used as an indication of the cost of the items at the time of acquisition or construction thereof.

Depreciation of property, plant and equipment is calculated systematically on a straight-line basis over the estimated useful lives of the assets based on the actual decline in value and use.

The Company uses the following depreciation rates:

| | Depreciation rate |
|----------------------|-------------------|
| Technical facilities | 10% to 25% |
| Computer equipment | 25% |
| Transport elements | 16% |
| Other fixed assets | 10% to 25% |

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount.

Profit and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount, and are recognised in the income statement.

25.3. Impairment losses on non-financial assets

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss. The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating units, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

25.4. Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The assets are classified as current unless they mature in more than 12 months after the balance sheet date, in which case they are classified as non-current. Loans and receivables are generally recognised under "Loans to companies" and "Trade and other receivables" in the balance sheet.

These financial assets are initially carried at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost, recognising accrued interest at the effective interest rate, which is the discount rate that matches the instrument's carrying amount with all estimated cash flows to maturity. Nevertheless, trade receivables falling due in less than one year are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not updating is immaterial.

Loans with interest contingent on the borrower achieving a milestone such as obtaining profits, or calculated by reference to the financial performance of the borrower, are measured at cost, plus the attributable interest. In these cases, transaction costs are recognised on a straight-line basis over the term of the loan.

At least at year end, the necessary impairment losses are recognised when there is objective evidence that all the amounts receivable will not be collected.

The impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses are recognised and reversed in the income statement.

b) Financial assets held for trading

An asset is classified as a financial asset held for trading if it is acquired principally for the purpose of selling it in the near term, forms part of a portfolio of identified financial instruments that are managed together for short-term profit-taking or is a derivative financial instrument, except for financial guarantee contracts or designated hedging instruments.

These financial assets are recognised at fair value both on initial recognition and on subsequent measurement and any changes in fair value are recognised in the income statement. Transaction costs directly attributable to the acquisition are recognised in the income statement.

c) Investments in equity instruments of Group companies, jointly controlled companies and associates

These investments are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for jointly controlled companies and associates the transaction costs incurred, and are subsequently measured at cost net of any accumulated impairment losses.

If there is objective evidence that the carrying amount is not recoverable, the amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood as the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment. Unless there is better evidence of the recoverable amount of the investment, when estimating the impairment of these types of assets, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date. Impairment losses are recognised and reversed in the income statement.

d) Available-for-sale and other non-current financial assets

This category comprises debt securities and equity instruments that are not included in the aforementioned categories. Available-for-sale financial assets are classified as non-current assets

unless management intends to derecognise the investment within twelve months after the balance sheet date.

Available-for-sale financial assets are measured at fair value and any changes are recognised directly in equity until the financial asset is derecognised or impaired, at which time the retained earnings or loss previously recorded in equity is recognised in the income statement, provided that the fair value can be determined. Otherwise, it is recognised at cost less any impairment losses.

An available-for-sale financial asset is impaired if there is objective evidence that the estimated future cash flows are reduced or delayed, in the case of acquired debt instruments, or the carrying amount of the asset is uncollectible, in the case of equity instruments. The impairment of these assets is the difference between the cost or amortised cost less any impairment previously recognised in the income statement, and the fair value on the date of measurement. Impairment of equity instruments that are measured at cost because their fair value cannot be determined is calculated in the same way as for investments in Group companies, jointly controlled entities and associates.

If there is objective evidence of impairment, the Company recognises in the income statement the accumulated losses previously recognised in equity as a result of a decrease in the fair value of the assets. Impairment losses on equity instruments recognised in the income statement are not reversed through the income statement.

e) Disposals of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new assets obtained less any new liabilities assumed and any cumulative profit or loss deferred in recognised income and expense, is recorded in equity.

f) Offsetting principles

A financial asset is offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset simultaneously.

25.5. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits at banks and financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company's usual cash management policy.

25.6. Net Equity

The share capital of the Company is represented by ordinary shares.

The acquisition by the Group of equity instruments of the Parent Company is presented at acquisition cost separately as a reduction in net equity in the consolidated statement financial position, regardless of the reason for the acquisition. No profit/(loss) was recognised in transactions with own equity instruments.

The subsequent amortisation of the parent's equity instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

The transaction costs relating to own equity instruments are recognised as a reduction in net equity once any tax effect has been taken into account.

25.7. Financial liabilities

a) Debts and payables

This category includes trade and non-trade payables. These borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

The payables are initially recognised at fair value, adjusted for directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

The effective interest rate is the discount rate that matches the instrument's carrying amount with the expected future flow of payments to the maturity date of the liability.

Nevertheless, trade payables falling due in less than one year without a contractual interest rate are carried at their face value on both initial recognition and subsequent measurement, provided the effect of not discounting flows is not significant.

If existing payables are renegotiated but the lender has not changed and the present value of future cash flows, including net fees paid, differs by less than 10% from the present value of future cash payments for the original liability, calculated using the same method, the liability is not considered to be substantially modified.

b) Derecognition of financial liabilities

A financial liability, or part of a financial liability, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

c) Offsetting principles

A financial liability is offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to settle the liability simultaneously.

25.8. Current and deferred taxes

The income tax expense (income) for the year comprises current tax and deferred tax.

The current and deferred tax expense (income) is recognised in the income statement. However, the tax effect of items recognised directly in equity is recorded in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are calculated using the liability method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amount. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised. Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised provided that it is likely that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred tax assets arising from deductible temporary differences are recognised provided future tax gains are likely to exist for offset thereof that will reverse within ten years. Assets arising from the initial recognition of assets and liabilities in a transaction which is not a business combination and which does not affect either the carrying profit or the taxable base on transaction date, are not subject to recognition. Assets which will reverse in a period exceeding ten years are recognised over the years, provided there is a likelihood of future tax gains.

Tax planning opportunities are only considered when assessing the recovery of deferred tax assets, if the Company intends to use them or is likely to do so.

The Company recognises the reversal of a deferred tax asset in an account receivable with the Tax Administration when it is enforceable in accordance with tax legislation in force. Likewise, the Company recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

25.9. Employee benefits

a) Compensations based on the quoted share price of Prosegur shares – 2017 and 2020 Plan

These provisions include the accrued incentive in the 2017 and 2020 long-term incentive plan for the Executive President, Executive Director and Senior Management of Prosegur Cash and the 2017 Plan and 2020 Plan.

The 2017 Plan and 2020 Plan are generally linked to value creation and envisage the payment of share-based and/or incentives to the Executive President, Executive Director and Senior Management.

For both plans, for the purpose of determining the value of each share to which the beneficiary is entitled, the average quotation price of Prosegur Cash shares in the Madrid Stock Exchange will be taken as reference during the last fifteen trading sessions of the month prior to the one in which the shares must be delivered.

Quantification of the total incentive will depend on the degree of achievement of the targets established in line with the strategic plan.

At the Shareholders General Meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for the Executive President, Executive Director and Senior Management of Prosegur Cash.

The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has a duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 December 2022.

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period or at the payment time.

b) Termination benefits

Termination benefits are paid to employees as a result of the Company's decision to terminate employment before the normal retirement age or when the employee accepts voluntary redundancy in exchange for these benefits. The Company recognises these benefits when it has demonstrably committed to terminating the employment of employees, in accordance with a detailed formal plan with no possibility of withdrawal, or to granting termination benefits in an offer of voluntary redundancy.

c) Profit-sharing plans and bonuses

The Company calculates the liability and expense for bonuses using a formula based on EBITDA (earnings before interest, tax, depreciation and amortisation) when these are contractually binding or where past practice has given rise to constructive obligations.

d) Management remuneration

As well as profit-sharing plans, Prosegur has incentive plans for Senior Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the reporting period, provision has been made for these plans based on management's best possible estimate of the extent to which targets will be met.

25.10. Provisions and Contingent Liabilities

Provisions for possible restructuring costs and/or litigation are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the current value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any adjustments made to update the provision are recognised as a financial expense when accrued.

Provisions expiring in one year or less, the financial effect of which is immaterial, are not discounted.

Reimbursements from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received.

Possible obligations arising from past events, the materialisation of which is contingent on one or more future events beyond the control of the Company, are considered contingent liabilities. These contingent liabilities are not recognised in the Annual Accounts but are disclosed in the notes (see Note 17).

25.11. Business combinations

In accordance with the third transitional provision of Royal Decree 1514/2007, the Company has only recognised business combinations that occurred on or after 1 January 2008, the date of transition to the Spanish General Chart of Accounts, using the acquisition method. Business combinations that occurred prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Business combinations carried out since 1 January 2010 are recognised by applying the acquisition method established in Recognition and Measurement Standard 19 of the Spanish General Chart of Accounts amended by article 4 of Royal Decree 1159/2010, which approves the standards for the preparation of consolidated annual accounts and amends the Spanish General Chart of Accounts.

The Company applies the acquisition method for business combinations, except for mergers, spin-offs and non-monetary contributions of a business between Group entities.

Mergers, spin-offs and non-monetary contributions between Group companies are recognised using the criteria applicable to related party transactions (see Note 25.15).

Business combinations arising as a result of the acquisition of shares or equity holdings in a company are recognised using the criteria applicable to investments in group companies, jointly controlled companies and associates (see Note 25.4).

The acquisition date is the date on which the Company obtains control of the acquiree.

25.12. Revenue recognition

Revenue is recognised at the fair value of the consideration receivable and reflects the amounts to be collected for goods handed over and services rendered in the ordinary course of the Company's activities, less returns, rebates, discounts and value added tax.

The Company recognises revenue when the amount can be reliably estimated, it is probable that the future economic benefits will flow to the Company and the specific conditions are met for each of the activities, as described below. The Company's estimates are based on historical results, taking into account client type, transaction type and specific contractual terms.

In accordance with the Resolution of the Institute of Accounting and Auditing (I.C.A.C.) 79/2009 Consultation 2, regarding the classification in individual annual accounts of income and expenses of a holding company, whose main activity is the holding of shares and the financing of transactions carried out by its investees, income from dividends and interest earned from funding granted to investees are classified as "Net turnover" in the income statement. An item has been added within the operating margin to reflect impairment losses in equity instruments associated with its activity.

Initial estimates of revenues are reviewed where circumstances so require. These reviews may result in an increase or reduction in the estimated revenues and costs, and are recognised in the income statement for the period in which the circumstances giving rise to the review become known to management.

a) Provision of services

These primarily consist of brand assignment services and general services provided by the Group parent company such as management and administrative support, marketing services, information technology, legal and tax advice provided by the Company to its subsidiaries.

b) Interest received

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company writes the carrying amount down to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and carries the discount as a reduction in interest received. Interest received on impaired loans is recognised using the effective interest method.

c) Dividend received

Dividends received are recognised in the income statement when the right to receive payment is established.

25.13. Leases

a) Operating leases - lessee

Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised in the income statement as an expense on a straight-line basis over the lease term.

25.14. Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign currency profit and losses arising on the settlement of these transactions and the translation into euros of monetary assets and liabilities denominated in foreign currencies at the closing exchange rate are recognised in the income statement.

25.15. Related party transactions

Transactions between Group companies, except those related to mergers, spin-offs and non-monetary contributions, are initially recognised at the fair value of the consideration given or received. If the agreed price differs from the fair value, the difference is recognised based on the economic substance of the transaction. Transactions are subsequently measured in accordance with applicable standards.

In the non-monetary contributions to a Group company, the contributor will value their investment at the carrying amount of the delivered equity items in the consolidated Annual Accounts on the date on which the transaction is made, according to the Standards for the Preparation of Consolidated Annual Accounts. The acquiring company will recognise them for the same amount.

In the merger and spin-off transactions between companies of the group in which the parent company of the group or the parent company of a subgroup and its subsidiary directly or indirectly intervene, the acquired equity items are valued for the amount that would correspond to them after the operation in the consolidated annual accounts of the group or subgroup according to the aforementioned Standards for the Preparation of Consolidated Annual Accounts. The difference that could be shown in the accounting entry by the application of the above criteria will be recorded in a reserves item.

Appendix I – Investments in Group companies

Below is the information relating to shares held in Group companies:

| Obs. | Name | Registered office | Asset. | 2020 Shareholding | | 2020 Voting rights | | Auditor | |
|------|---|--|------------------------|-------------------|--------|--------------------|--------|---------|---|
| | | | | Dir. % | Ind. % | Dir. % | Ind. % | | |
| * | Prosegur Gestión de Activos, S.L.U. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| * | Prosegur Global Alarmas, S.L.U. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| | Compañía Ridur, S.A. | C/ Pajaritos, 24 | Madrid | 7 | 100 % | — % | 100 % | — % | B |
| * | Prosegur Assets Management, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | B |
| * | Prosegur Global SIS, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| * | Prosegur Cash, S.A. | C/ Santa Sabina, 8 | Madrid | 5 | 51 % | 23 % | 51 % | 23 % | A |
| * | Prosegur Global Alarmas ROW, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | B |
| * | Prosegur Global SIS ROW, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| * | Prosegur Global Cyber Security, S.L.U. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | B |
| | Prosegur Global BSI Int | C/ Pajaritos, 24 | Madrid | | 100 % | — % | 100 % | — % | B |
| * | Prosegur Holding, S.A. | Tres Arroyos 2835 | Ciudad de Buenos Aires | 5 | 9 % | 91 % | 9 % | 91 % | A |
| * | Prosegur Inversiones, S.A. | Tres Arroyos 2835 | Ciudad de Buenos Aires | 5 | 9 % | 91 % | 9 % | 91 % | A |
| | Prosegur Tecnología Chile, Ltda. | Avda. Loboza 8395, Mod. 3 | Pudahuel-Santiago | 1 | — % | 100 % | — % | 100 % | B |
| | Prosegur Gestão de Activos, Ltda. | Thomas Edison 813 Barra Funda | São Paulo | 7 | — % | 100 % | — % | 100 % | B |
| | Prosegur Tecnología Peru, S.A. | La Chira, 103 Surco | Lima | 1 | 99 % | 1 % | 99 % | 1 % | B |
| | Prosegur Activa Perú, S.A. | Avda. República de Panamá, 3890-Surquillo | Lima | 3 | — % | 100 % | — % | 100 % | B |
| | Prosegur Servicios Administrativos, S.A. | La Chira, 103 Surco | Lima | 7 | 99 % | 1 % | 99 % | 1 % | B |
| | Prointrans, LLC | 411 Lafayette Street, 6th Floor, NY 10003 | New York | 5 | 100 % | — % | 100 % | — % | B |
| | Prosegur Technological Security Solutions LLC | Al Falah Street-211 | Abu Dhabi | 1 | 49 % | — % | 49 % | — % | B |
| | Cipher, S.A. | Rua Alexandre Dumas, 1658 | São Paulo | 1 | 71 % | — % | 71 % | — % | B |
| | Prosegur Consumer Finance Perú S.A.C. | Avda. República de Panamá, 3890-Surquillo | Lima | 6 | 90 % | — % | 90 % | — % | B |
| | Prosegur Ciberseguridad Uruguay S.A. | Guarani 1531 | Montevideo | 1 | 100 % | — % | 100 % | — % | B |
| | Cipher Security Limited | 45 Pall Mall, St James's, SW1Y 5JG, London | UK | 1 | 71 % | — % | 71 % | — % | B |

Obs. (*): These companies hold a share in other Group companies within their same geographical area.

Obs. (**): Companies under dissolution

Obs. (***): Company under creditor intervention

Activity: 1. Comprehensive security solutions 2. Logistics 3. Alarms 4. Two or more activities 5. Holding company 6. Financial services 7. Ancillary services 8. Dormant

Auditor: A. EY in 2020 / KPMG in 2019 B. Not subject to audit C. Others

| Obs. | Name | Registered office | Asset. | 2019 | | | | | |
|------|---|---|------------------------|--------------|--------|---------------|--------|---------|---|
| | | | | Shareholding | | Voting rights | | Auditor | |
| | | | | Dir. % | Ind. % | Dir. % | Ind. % | | |
| * | Prosegur Gestión de Activos, S.L.U. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| * | Prosegur Global Alarmas, S.L.U. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| | Compañía Ridur, S.A. | C/ Pajaritos, 24 | Madrid | 7 | 100 % | — % | 100 % | — % | B |
| * | Prosegur Assets Management, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | B |
| * | Prosegur Global SIS, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| * | Prosegur Cash, S.A. | C/ Santa Sabina, 8 | Madrid | 5 | 51 % | 23 % | 51 % | 23 % | A |
| * | Prosegur Global Alarmas ROW, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | B |
| * | Prosegur Global SIS ROW, S.L. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | A |
| * | Prosegur Global Cyber Security, S.L.U. | C/ Pajaritos, 24 | Madrid | 5 | 100 % | — % | 100 % | — % | B |
| | Prosegur Finance, S.L. | C/ Pajaritos, 24 | Madrid | 7 | 100 % | — % | 100 % | — % | B |
| | Prosegur ODH, S.L. | C/ Pajaritos, 24 | Madrid | 7 | 100 % | — % | 100 % | — % | B |
| | Prosegur Holding, S.A. | Tres Arroyos 2835 | Ciudad de Buenos Aires | 5 | 9 % | 91 % | 9 % | 91 % | A |
| | Prosegur Inversiones, S.A. | Tres Arroyos 2835 | Ciudad de Buenos Aires | 5 | 9 % | 91 % | 9 % | 91 % | A |
| | Prosegur Tecnologia Chile, Ltda. | Avda. Loboza 8395, Mod. 3 | Pudahuel-Santiago | 1 | — % | 100 % | — % | 100 % | B |
| | Prosegur Gestão de Activos, Ltda. | Thomas Edison 813 Barra Funda | São Paulo | 7 | — % | 100 % | — % | 100 % | B |
| | Prosegur Tecnologia Peru, S.A. | La Chira, 103 Surco | Lima | 1 | 99 % | 1 % | 99 % | 1 % | B |
| | Prosegur Activa Perú, S.A. | Avda. República de Panamá, 3890-Surquillo | Lima | 3 | — % | 100 % | — % | 100 % | B |
| | Prosegur Servicios Administrativos, S.A. | La Chira, 103 Surco | Lima | 7 | 99 % | 1 % | 99 % | 1 % | B |
| | Prointrans, LLC | 411 Lafayette Street, 6th Floor, NY 10003 | New York | 5 | 100 % | — % | 100 % | — % | B |
| | Prosegur Technological Security Solutions LLC | Al Falah Street-211 | Abu Dhabi | 1 | 49 % | 0 % | 49 % | 0 % | B |

Obs. (*): These companies hold a share in other Group companies within their same geographical area.

Obs. (**): Companies under dissolution

Obs. (***): Company under creditor intervention

Activity: 1. Comprehensive security solutions 2. Logistics 3. Alarms 4. Two or more activities 5. Holding company 6. Financial services 7. Ancillary services 8: Dormant

Auditor: A. EY in 2020 / KPMG in 2019 B. Not subject to audit C. Others

| | | 2020 | | | | | | | |
|---|---------------|--------------------|------------------|----------|-------------|-------------------------------|---------|----------------------------|-----------------------|
| Thousands of Euros | | NET EQUITY | | | | Profit/(Loss) for the Year | Total | Operating profit/(loss) | Dividends Received |
| Name | Country | Carrying amount | Share capital | Reserves | Other items | | | | |
| Companies in Spain: | | | | | | | | | |
| Prosegur Gestión de Activos, S.L.U. | Spain | 272,526 | 29,953 | 4,389 | 133,073 | 746 | 168,160 | (1,394) | 2,318 |
| Prosegur Global Alarmas, S.L.U. | Spain | 191,685 | 2,000 | 3,174 | 146,042 | 1,296 | 152,513 | 875 | — |
| Compañía Ridur, S.A. | Spain | 49,873 | 881 | 228 | 89 | — | 1,198 | (6) | — |
| Prosegur Assets Management, S.L. | Spain | 85,565 | 52,351 | 10,752 | (20,414) | 12,966 | 55,655 | (323) | 12,800 |
| Prosegur Global SIS, S.L. | Spain | 321,877 | 3 | — | 348,035 | (42,089) | 305,948 | 1,183 | — |
| Prosegur Cash, S.A. | Spain | 59,305 | 30,891 | 43,858 | (45,055) | 301,995 | 331,688 | (8,411) | 32,514 |
| Prosegur Global Alarmas ROW, S.L. | Spain | 63,565 | 3 | 13 | (113,038) | 182,509 | 69,487 | (231) | 180,000 |
| Prosegur Global SIS ROW, S.L. | Spain | 345,643 | 3 | — | 335,965 | (38,914) | 297,053 | (1,603) | — |
| Prosegur Global Cyber Security, S.L.U. | Spain | 9,990 | 3 | 5,750 | 14,167 | (10,429) | 9,491 | (184) | — |
| Prosegur Finance, S.A. | Spain | 13 | 3 | — | 9 | (1) | 11 | (2) | — |
| Prosegur ODH, S.L. | Spain | 1,003 | 3 | — | 996 | (76) | 922 | (95) | — |
| Prosegur Global BSI International, S.L. | Spain | 13 | 3 | — | 10 | (3) | 10 | (4) | — |
| Euroforum Escorial, S.A. | Spain | 2,595 | 3 | — | 10 | (2) | 11 | (3) | — |
| Subsidiaries abroad: | | | | | | | | | |
| Prosegur Holding, S.A. | Argentina | 1,707 | 1,750 | (1,872) | 8,582 | 272 | 8,732 | (5) | 49 |
| Prosegur Inversiones, S.A. | Argentina | 190 | 197 | (79) | 811 | 37 | 965 | (4) | 5 |
| Prosegur Tecnología Chile, Ltda. | Chile | — | 15,663 | (2) | (14,255) | (110) | 1,296 | (10) | — |
| Prosegur Gestão de Activos, Ltda. | Brazil | — | 15,794 | 2,499 | 5,967 | 775 | 25,035 | 1,007 | — |
| Prosegur Tecnología Peru, S.A. | Peru | 6,085 | 865 | 44 | 148 | (806) | 252 | (797) | — |
| Prosegur Activa Perú, S.A. | Peru | 101 | 15,540 | 2,558 | (9,335) | (2,061) | 6,703 | (1,797) | — |
| Prosegur Servicios Administrativos, S.A. | Peru | — | — | — | — | — | — | — | — |
| Prointrans, LLC | USA | — | — | — | — | — | — | — | — |
| Prosegur Technological Security Solutions LLC | Arab Emirates | 10 | 56 | — | (547) | (18) | (510) | 52 | — |
| Cipher, S.A. | Brazil | 15,401 | (877) | 186 | 92 | — | (599) | 288 | — |
| Prosegur Consumer Finance Perú, SAC | Peru | 85 | 90 | — | — | (6) | 84 | (6) | — |
| Loredat, S.A. | Uruguay | 23 | 17 | — | (1) | (2) | 14 | (4) | — |
| Cipher Security Limited | UK | 15,528 | 2,403 | — | (2,277) | (55) | 71 | 44 | — |
| TOTAL | | 1,442,783 | | | | | | | 227,686 |

| | | 2019 | | | | | | | | |
|---|---------------|------------------|---------------|----------|-------------|----------------------------|---------|-------------------------|--------------------|---------------|
| Thousands of Euros | | NET EQUITY | | | | | Total | Operating profit/(loss) | Dividends Received | |
| Name | Country | Carrying amount | Share capital | Reserves | Other items | Profit/(Loss) for the Year | | | | |
| Companies in Spain: | | | | | | | | | | |
| Prosegur Gestión de Activos, S.L.U. | Spain | 248,526 | 29,953 | 4,131 | 133,073 | 2,575 | 169,732 | 928 | 16,256 | |
| Prosegur Global Alarmas, S.L.U. | Spain | 179,285 | 2,000 | 81,974 | (55,012) | (170) | 28,793 | 2,857 | — | |
| Compañía Ridur, S.A. | Spain | 49,873 | 881 | 228 | 64 | 25 | 1,198 | 688 | — | |
| Prosegur Assets Management, S.L. | Spain | 77,315 | 52,351 | 10,946 | 6,226 | 18,543 | 88,066 | (631) | 19,737 | |
| Prosegur Global SIS, S.L. | Spain | 369,496 | 3 | 160,016 | 167,140 | 4,272 | 331,431 | 2,857 | — | |
| Prosegur Cash, S.A. | Spain | 15,300 | 30,000 | 41,772 | 789 | 89,485 | 162,046 | (2,842) | 44,447 | |
| Prosegur Global Alarmas ROW, S.L. | Spain | 63,565 | 3 | 11,045 | 52,482 | 8,339 | 71,869 | (316) | — | |
| Prosegur Global SIS ROW, S.L. | Spain | 285,643 | 3 | 2,477 | 272,669 | 14,652 | 289,801 | (1,799) | — | |
| Prosegur Global Cyber Security, S.L.U. | Spain | 31,170 | 3 | 28,850 | 2,314 | (40) | 31,127 | (546) | — | |
| Prosegur Finance, S.L. | Spain | 3 | 3 | — | — | (1) | 2 | (1) | — | |
| Prosegur ODH, S.L. | Spain | 3 | 3 | — | — | (4) | (1) | (4) | — | |
| Subsidiaries abroad: | | | | | | | | | | |
| Prosegur Holding, S.A. | Argentina | 1,755 | 645 | 45 | 7,703 | 473 | 8,866 | (19) | — | |
| Prosegur Inversiones, S.A. | Argentina | 195 | 73 | 5 | 846 | 43 | 966 | (19) | — | |
| Prosegur Tecnología Chile, Ltda. | Chile | — | 14,806 | (2) | (11,167) | (1,726) | 1,911 | (1,547) | — | |
| Prosegur Gestão de Activos, Ltda. | Brazil | — | 22,292 | 2,363 | 8,422 | 1,164 | 34,241 | 1,418 | — | |
| Prosegur Tecnología Peru, S.A. | Peru | 5,698 | 582 | 39 | 52 | 138 | 811 | 342 | — | |
| Prosegur Activa Perú, S.A. | Peru | 101 | 18,545 | 3,053 | (9,168) | (1,972) | 10,458 | (5,462) | — | |
| Prosegur Servicios Administrativos, S.A. | Peru | 109 | 113 | — | (116) | 3 | — | 10 | — | |
| Prointrans, LLC | USA | 274 | 312 | — | 101 | 237 | 650 | (37) | — | |
| Prosegur Technological Security Solutions LLC | Arab Emirates | — | 60 | — | (586) | (10) | (536) | (20) | — | |
| TOTAL | | 1,328,311 | | | | | | | | 80,440 |



Directors' Report for 2020

Prosegur Compañía de Seguridad, S.A.

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Directors' Report for 2020

This Directors' Report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of the Directors' Reports of listed companies, published by the CNMV.

1. The Company's situation

Prosegur is a multinational group, whose holding company is Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company), which provides global and comprehensive security solutions adapted to the needs of our clients.

Prosegur gives private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Spain, the United States, the Philippines, Guatemala, Honduras, India, Indonesia, Mexico, Nicaragua, Paraguay, Peru, Portugal, United Kingdom, Singapore, South Africa and Uruguay.

The main activity of the Company is the acquisition, holding, management and administration of securities and shares or any other form of representation of interest in the capital of entities that are resident and non-resident in Spain and of funding in investee companies; and the provision of services that are complementary or ancillary to the management of activities carried out by the investee companies.

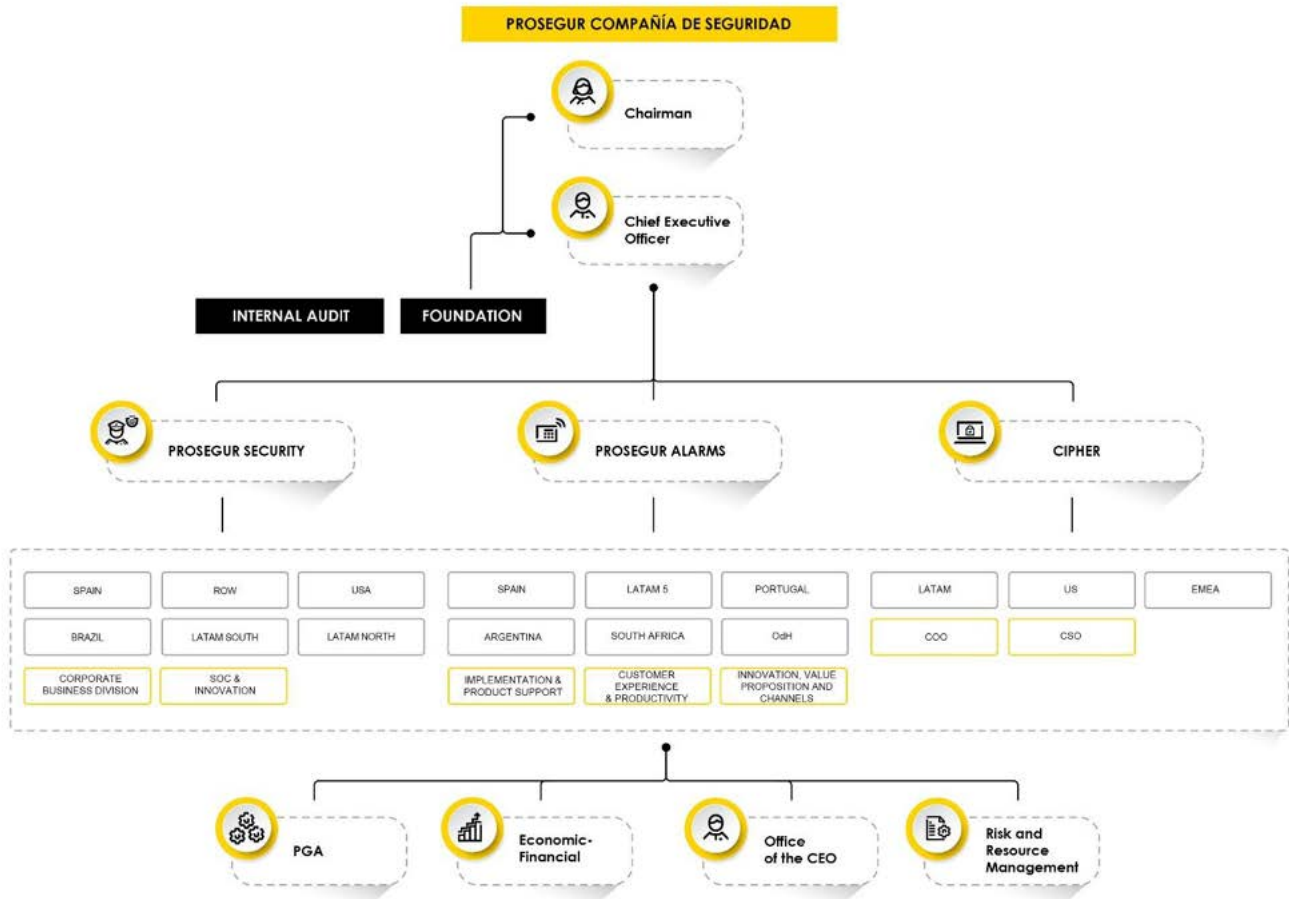
1.1. Organisational structure

The organisational structure of Prosegur is designed to improve business processes and add value to clients. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur as a business group. It also allows the growth of Prosegur and provides broad autonomy to the business of Security, Cash, Alarms and Cipher, since each one has different dynamics and, therefore, different needs. This way, Prosegur ensures the best service to its clients, wherever it operates.

Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines.

The corporate functions are supervised by the Global Support Directorates which cover the Financial-Economic department, Prosegur Assets Management, Executive Director's Office and Risk and Resources Management.

The organisation of Prosegur is shown in the table below:



The representation power of the Parent Company of the Group pertains to the Board of Directors acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the Shareholders General Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Committee for Sustainability, Corporate Governance, Appointments and Remuneration. The responsibilities of the Audit Committee, composed 66.6% by independent directors, include: proposing the appointment of the auditor; reviewing the Prosegur accounts; ensuring compliance with legal requirements and the application of generally accepted accounting principles. For its part, the Committee for Sustainability, Corporate Governance, Appointments and Remuneration establishes and reviews the criteria for the composition and remuneration of the Board of Directors, and of the members of the Prosegur management team, and it regularly reviews the remuneration programmes. It also has powers for information, consultancy and proposals on environmental, social and of corporate governance matters, and also for following up the Company's commitment to attaining the Sustainable Development Goals approved by the United Nations.

1.2. Operation

The unceasing development of the environment in which Prosegur operates has played a crucial role in the company's transformation over the last few years. In this connection, Prosegur established three main goals:

- ▶ To respond to the new needs of clients in line with market trends, especially accelerated as a result of the global emergence of COVID-19.
- ▶ To become a trusted strategic partner for clients.
- ▶ To provide increased value to clients through efficiency in processes and by implementing solutions that are increasingly technological.

Prosegur is currently in the final stage of its Three-Year Strategic Plan for 2018-2020. Our ambition to lead the industry has led them to embark on a transformation of the Company, hinging upon three basic pillars: Digitise, Innovate and Grow.

Specific goals have been set for each pillar and, at the end of the Plan, the degree of achievement of the targets was substantial.



Digitise

With regard to digitalisation, the established goals are:

- ▶ Support operational excellence and the technological improvement of processes.
- ▶ Roll out the necessary platforms and tools to simplify management and enhance client experience.
- ▶ Reduce the weight of indirect costs that do not create value for clients.
- ▶ Attract, develop and retain the most highly-qualified professionals.

In 2020, the last year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- ▶ Demonstration of agility in terms of reaction in responding to the health crisis caused by COVID-19, placing at the disposal of clients and employees the tools necessary to ensure the continuity of the business.
- ▶ Advances in the process for digital transformation with regard to agility, scalability and operational excellence.
- ▶ Launching of the new corporate web sites and the new corporate identity and purpose.



Innovate

With regard to innovation, the established goals are:

- ▶ Listen to clients to develop new value proposals that meet their needs.
- ▶ Introduce new products that improve client satisfaction, transform the business, increase margins and evidence our firm commitment to innovation.

The following advances have already been made in 2020:

- ▶ Increase in the weight of new products over total sales in all business.
- ▶ Launch of new solutions and business lines.
- ▶ Introduction of innovation methodology designed during 2019, based on horizons and under ad hoc governance model.
- ▶ Incorporation of talent in innovation.
- ▶ Launch of the COME IN Open Innovation Programme, with a total of seven initiatives put into operation by the start-up ecosystem for the different business and support departments.



Grow

With regard to growth, the established goals are:

- ▶ Maintain high rates of profitable organic growth.
- ▶ In Prosegur Security, to boost the integrated sale of surveillance and technology products.
- ▶ In Prosegur Cash, maintaining the pace of growth logged in recent years, spearheading market consolidation and stimulating the sale of new products.
- ▶ In Prosegur Alarmas, to boost the value of the business by increasing the number of connections.

2020 has seen advances made in the following business lines:

- ▶ Confirmation of the resilience of the business model, with a rapid recovery of the figures at the levels prior to the pandemic.
- ▶ Setting up a joint venture with Telefónica for development of the Movistar Prosegur Alarmas business in Spain.
- ▶ Consolidation of the entry of Prosegur Security in the U S market.
- ▶ Bolt-on acquisitions in traditional business and acceleration of new products, especially Prosegur Cash and Cipher.

2. Business performance and profit/(loss)

The Company has obtained positive results in 2020 of EUR 84.74 million derived from its income as a holding. The comparison with the results of the previous year are shown below:

| (Millions of Euros) | 2020 | 2019 | Variation |
|---|----------------|---------------|--------------|
| Sales | 253,889 | 108,595 | 134 % |
| EBITDA | 223,786 | 96,155 | 133 % |
| <i>Margin</i> | 88 % | 89 % | |
| PPE depreciation and computer software | (686) | (696) | |
| EBITA | 223,100 | 95,459 | 134 % |
| <i>Margin</i> | 88 % | 88 % | |
| Amortisation of other intangible assets | (3,932) | (3,921) | |
| EBIT | 219,168 | 91,538 | 139 % |
| <i>Margin</i> | 86 % | 84 % | |
| Financial results | (113,217) | (9,022) | |
| Profit/(loss) before tax | 105,951 | 82,516 | 28 % |
| <i>Margin</i> | 42 % | 76 % | |
| Taxes | (21,213) | (643) | |
| <i>Tax rate</i> | 20 % | 1 % | |
| Net result | 84,738 | 81,873 | 3 % |

The most significant events reflected in the income statement of 2020 are the following:

| | Thousands of Euros | | | | | | | | | |
|------------------------|--------------------|----------------|--------------|------------|-----------|--------------|--------------|----------------|----------------|----------------|
| | National | | Europe | | AOA (*) | | LatAm | | Total | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Dividend received: | | | | | | | | | | |
| - Group companies and | 235,303 | 80,440 | — | — | — | — | — | — | 235,303 | 80,440 |
| Loan interest income | 62 | 266 | 36 | — | 18 | 1,573 | 310 | 292 | 426 | 2,131 |
| Provision of services: | | | | | | | | | | |
| - General services | 16,067 | 28,180 | 1,087 | 560 | 15 | 36 | 991 | (2,752) | 18,160 | 26,024 |
| Total | 251,432 | 108,886 | 1,123 | 560 | 33 | 1,609 | 1,301 | (2,460) | 253,889 | 108,595 |

2.1. Investment activity

The changes in the composition of the Prosegur during 2020 were mainly due to the following acquisitions:

- ▶ During 2020, Prosegur acquired a number of security companies in LatAm providing securities logistics, cash in transit and ancillary banking services. The total purchase price was EUR 75,679 thousand, comprising a cash consideration of EUR 24,816 thousand, a deferred contingent consideration amounting to a total of EUR 27,691 thousand, due in 2020 and 2024 and a deferred payment of EUR 23,172 thousand, due in 2020, 2021, 2022, 2023, 2024 and 2025.

- ▶ Cash business combinations in Europe: Prosegur acquired a company in Europe that provides buying and selling services online through an internet platform that puts the seller in contact with the end client. The total purchase price was EUR 6,101 thousand, comprising a cash payment of EUR 2,247 thousand, and a deferred contingent consideration totalling EUR 3,854 thousand maturing in 2023 and 2025.
- ▶ Cash business combinations in ROW: In 2020, Prosegur acquired assets relative to cash in transit services. The total purchase price was EUR 10,454 thousand, entirely comprising a cash payment.
- ▶ Security business combinations in Europe: During the first half of 2020, Prosegur acquired a security company in Europe specialising in the installation and maintenance of security equipment. The total purchase price was EUR 2,307 thousand, comprising a cash payment of EUR 900 thousand, and a deferred contingent consideration totalling EUR 1,407 thousand maturing in 2020, 2021 and 2022.

The following companies were incorporated or wound up in 2020:

- ▶ In February 2020, Prosegur Consumer Finance Perú S.A.C. was incorporated in Peru.
- ▶ In February 2020, Prosegur Global BSI International, S.L. was incorporated in Spain.
- ▶ In February 2020, Prosegur Custodia de Activos Digitales, S.L. was incorporated in Spain.
- ▶ In February 2020, Prosegur BSI Internacional, S.L. was incorporated in Spain.
- ▶ In March 2020, Gelt Brasil Consultoria em Tecnologia da Informação Ltda. was incorporated in Brazil.
- ▶ In June 2020, Spike GmbH was incorporated in Germany.
- ▶ In June 2020 Prosegur EAS USA LLC was incorporated in the United States.
- ▶ In July 2020 Prosegur Security USA Inc. was incorporated in the United States.
- ▶ In July 2020, Prosegur Servicios Integrales en Seguridad Privada S.A. de CV was incorporated in Mexico.
- ▶ In October 2020, Prosegur Servicios Administrativos S.A. was wound up in Peru.
- ▶ In December 2020, Prosegur Cash Servicios S.A.C. was incorporated in Peru.
- ▶ In December 2020 Prosegur Security UK Limited was incorporated in United Kingdom.

Furthermore, the following mergers took place between subsidiaries in 2020:

- ▶ In January 2020, the takeover merger of Transfederal Transporte de Valores Ltda. by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- ▶ In March 2020, the takeover merger of Transvip Transporte de Valores e Vigilância Patrimonial Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança was formalised in Brazil.
- ▶ In December 2020, the takeover merger of Tevsur Cia Ltda. by Transportadora Ecuatoriana de Valores TEVCOL Cia Ltda. was formalised in Ecuador.
- ▶ In December 2020, the takeover merger of BaS Solution GmbH, by Prosegur Cash Services Germany GmbH was formalised in Germany.

Sale of 100% of the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo S.A. de CV, Prosegur Servicios de Seguridad Privada Electrónica S.A. de CV and Grupo Tratamiento y Gestión de Valores SAPI de CV.

On 14 February 2020, Prosegur sold all its stake in the Mexican companies Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de CV, Prosegur Servicios de Seguridad Privada Electrónica, S.A. de CV, and Grupo Tratamiento y Gestión de Valores SAPI de CV for a total sum of EUR 3,598 thousand.

The cash and cash equivalents that were sold with the companies amounted to EUR 6,710 thousand.

The net assets of the Mexican companies at the time of sale amounted to EUR 4,734 thousand. The sale entailed an expense for Prosegur of EUR 1,041 thousand included under the heading Other expenses. Additionally, an amount of EUR 1,197 thousand was reclassified to income, which corresponds to the translation differences of the Mexican companies sold.

Sale of 100% of the company Command Security Honduras S.A.

On 24 August 2020, Prosegur sold 100% of the Honduran company Command Security Honduras S.A. for EUR 386 thousand.

The cash and cash equivalents that were sold with the companies amounted to EUR 51 thousand.

The net assets of the Honduran company at the time of sale amounted to EUR 614 thousand. The sale entailed an expense for Prosegur of EUR 228 thousand included under the heading Other expenses. Additionally, an amount of EUR 29 thousand was reclassified to income, which corresponds to the translation differences of the Honduran company sold.

The sale of 100% of security operations in France

On 1 October 2020, Prosegur signed the agreement to sell 100% of the security operations in France to Fiducial for a total amount of EUR 1.

The cash and cash equivalents that were sold with the companies amounted to EUR 12,031 thousand.

The net assets of the French companies at the time of sale amounted to EUR 13,221 thousand. The sale entailed an expense for Prosegur of EUR 13,221 thousand included under the heading Other expenses.

Furthermore, in March 2020, the inactive Portuguese company Alicerces Duradouros Unipessoal Ltda. was purchased, and in October 2020 the inactive company Dinero Gelt, S.A. was acquired in Argentina.

2.2. Investments

All of the Company's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 600 thousand are submitted to the Executive Committee for approval.

Amortisation and depreciation charges totalled EUR 4,618 thousand in 2020 (2019: EUR 4,617 thousand). Property, plant and equipment accounts for EUR 683 thousand (2019: EUR 696 thousand) and intangible fixed assets EUR 3,935 thousand (2019: EUR 3,921 thousand).

EUR 33 thousand was invested in property, plant and equipment in 2020 (2019: EUR 111 thousand). Investments were made in intangible assets during 2020 for EUR 301 thousand (2019: EUR 3 thousand).

2.3. Personnel

The workforce of the company at the end of 2020 was of 35 employees. At the close of 2019, the workforce of the company was 31 employees.

2.4. Environmental issues

At the end of 2020, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

3. Liquidity and capital resources

3.1. Liquidity

Prosegur keeps a reasonable level of liquid reserves and a great financing capacity available to ensure flexibility and rapidity in meeting the requirements of working capital, of investing capital or inorganic growth.

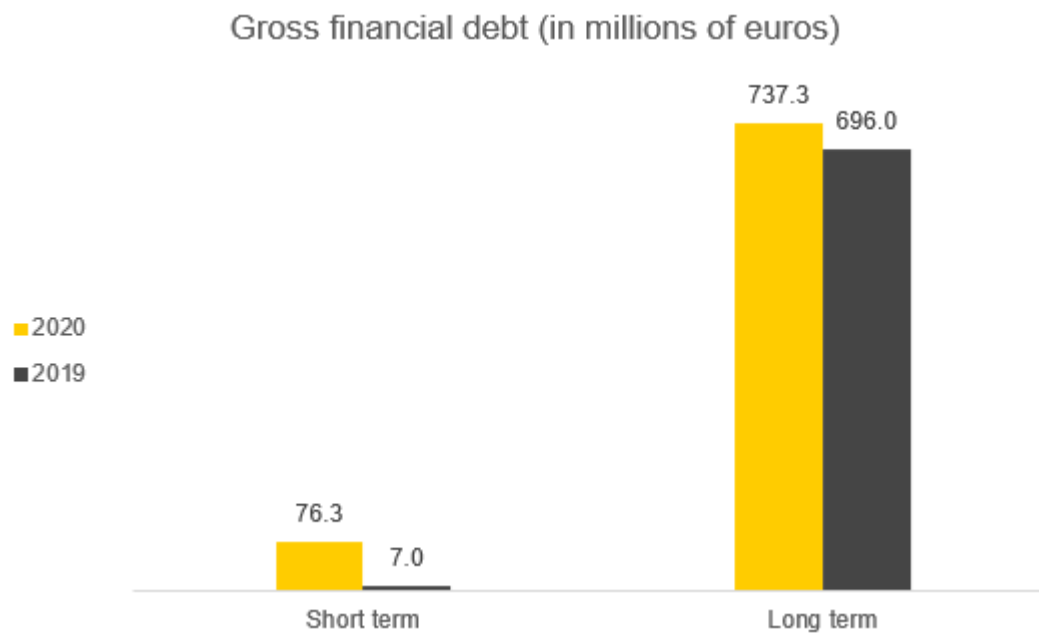
3.2. Capital resources

The structure of the financial debt is determined by the following contracts:

- a) On 8 February 2018, an issue of uncovered bonds with a nominal value of EUR 700 million, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.
- b) On 17 February 2017, Prosegur arranged a five-year syndicated credit financing facility of EUR 200 million maturing in 2025 to provide the company with long-term liquidity. At 31 December 2020, EUR 40 million of this loan had been drawn down.

Long-term gross financial debt totals EUR 737.3 million in 2020 (2019: EUR 695.7 million).

The current and non-current maturities of gross financial debt are distributed as follows:



In 2020 financial debt had an average cost of 0.91% (1.22% in 2019).

The following table shows the maturities of the contractual obligations at 31 December 2020:

| | Less than 1 year | 1 to 2 years | 2 to 5 years | More than 5 years | TOTAL |
|------------|------------------|--------------|--------------|-------------------|-------|
| 31/12/2020 | 76.3 | | 737.3 | | 813.6 |
| 31/12/2019 | 7.0 | | | 696.0 | 703.0 |

3.3. Analysis of contractual obligations and off balance sheet obligations

Note 18 of the Annual Accounts included the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

4. Main risks and uncertainties

The Company's activities are exposed to currency risk, interest rate risk and price risk, credit risk and liquidity risk. The Company's global risk management programme aims to reduce these risks using a variety of methods, including financial instruments.

The management of these risks has been identified, proposed and executed by the Treasury Department, responsible for identifying, proposing and executing actions in accordance with policies approved by the Board of Directors of the Company.

4.1. Client concentration

The Group of which the Company is the parent company has no significant concentrations of clients.

4.2. Financial risks

The Company mainly operates in the domestic market; however, the Group of which it is the Parent Company, operates on an international level and, therefore, the Company is exposed to currency risk in its foreign currency operations with foreign subsidiaries and assets and liabilities is foreign currency held with third parties.

As the Company, as the Parent Company of Prosegur Group, intends to remain in the foreign markets in which it is present in the long term, it does not hedge equity investments, assuming the risk relating to the translation to EUR of the assets and liabilities denominated in foreign currencies.

4.2.1. Market risk

Interest rate, cash flow and fair value risks

The Company is exposed to interest rate risk due to its monetary assets and liabilities.

At the close of financial year 2020, there are no significant positions in financial investment at a fixed or variable interest rate. The Company analyses its interest rate risk exposure dynamically.

A simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges is performed. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. These scenarios are only analysed for the liabilities that represent the most significant positions in which a floating interest rate is paid.

Currency risk

The diversity of risks to which the Company is exposed has resulted in an increasingly active policy in the derivatives market, aiming to limit this exposure, although the Company at 31 December 2020 has no hedges in place with derivatives.

4.2.2. Credit risk

The Company is not significantly exposed to credit risk.

4.2.3. Liquidity risk

A prudent liquidity risk management policy is based on having sufficient cash and marketable securities, as well as sufficient short-, medium- and long-term financing through credit facilities to reach the Company's business targets safely, efficiently and on time. The Treasury Department aims to maintain liquidity and sufficient availability to guarantee the Company's business operations.

The information required by the "Reporting Requirement", third additional provision of Act 15/2010 of 5 July 2010 (modified through the Final Provision Two of Act 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2016, on the information to be included in the annual accounts report in relation to the average period of payment to suppliers in commercial operations is detailed below.

5. Average payment period to suppliers

The average payment period to suppliers in 2020 was 82 days (2019: 73 days).

6. Important circumstances after the reporting period

In February 2021 the maturity of the syndicated loan contracted by the Company in an amount of EUR 200,000 thousand was extended until February 2026 (Note 15).

7. Information on the foreseeable performance of the entity

The general forecasts and estimates for 2021 are highly dependent on the evolution of the COVID-19 pandemic.

Although during the course of 2020 the company and its various business lines have demonstrated a strong capacity for recovery, and above-average resilience to the negative effects of COVID-19, it is difficult to anticipate the figures for growth as all the business are very directly linked to the general trends of the economy and consumption of each country.

The excellent cash flow generation achieved during 2020; the comfortable level of leverage much lower than the limits established by the lending banks and also below the comfort levels self-imposed by the Board; the group's excellent debt structuring – both in cost and in the length of maturity – and the solid liquidity profile at present, all allow us to face the uncertainty of 2021 with more peace of mind. And with the reassurance of having ensured the efficiency and recovery capacity of each business line.

It is expected – depending on the evolution of the pandemic – that in the next two years growth and profitability will return to levels similar to or higher than before the COVID crisis.

Prosegur Security will support that growth on the strong penetration achieved in recent months by the integrated security solutions, based on a combination of remote monitoring technology and mobile surveillance services. Largely fuelled by the strong demand from our clients for guaranteeing COVID-free work spaces for their own clients and employees.

The Alarms business line will continue to grow strongly as the restrictions and lockdowns are removed and the sales force and technical service can attend to the strong demand that the powerful marketing package of Prosegur and its strategic partner Telefónica have placed on the recently created national alarm company Movistar Prosegur Alarmas and whose growth in connections, even in the extremely difficult times of 2020, has quadrupled the number obtained by Prosegur in 2019. Therefore the prospects in a more favourable environment without lockdown will be much more attractive.

Lastly, Cash is expected to show a very rapid recovery profile as normal business activity is restored in the countries where at present there are restrictions.

As from the second half of 2021 this development is expected to go hand-in-hand with a gradual stabilising of the macroeconomic aspects of the main regions where the company operates. This may result in a decreased volatility of exchange rates, which could help define a medium-term period in which the profitability growth rate increases.

Prosegur will nevertheless continue reinforcing its internal control procedures that ensure the efficiency in the various business. Such as the maintenance of the financial discipline of the Group and the reinforcement of corporate supervision policies aimed at an increased control of profitability by business line. Furthermore it will continue working in each market to promote organic growth via new products of greater margin.

This exhaustive level of internal control and optimisation should continue with the improvements and increases in cash generation in recent years, and which have also been seen in 2020, as many of them have become permanent structural elements of the financial discipline of the Group.

In addition, the Prosegur group is immersed in an ambitious project for digital transformation and innovation that is already bringing remarkable results and which has become the essential pillar for the development of new products, as well as an important generator of internal efficiency and saving.

As observed, Prosegur will face interesting growth challenges in the years ahead. In any case, the company has excellent leverage for growth. Starting with the best platform in the world for cash in transit, to the set of the most integrated security solutions, to the optimum solvency and financial soundness with which to address these challenges. The years ahead will focus more on innovation with strong control over profitability and organic growth. Prosegur expects to continue to consolidate

its leadership position, gaining market share and reinforcing its image as a worldwide company with the most advanced security solutions.

8. R&D+i Activities

Thanks to the different initiatives that Prosegur has launched as part of an ambitious Digital Transformation Plan, the company has achieved that technology is now no longer an instrument and has become an intrinsic part of the activity.

Innovation has become a cornerstone of Prosegur's future business. After the identification and certification process carried out during the course of 2020, it has been established that in 2019 Prosegur invested more than EUR 21.2 million in projects approved as innovation by the governments of the countries in which it operates, representing growth of more than 100% compared to the equivalent investment in 2018. Likewise, throughout the 2018-2020 Plan, over EUR 12 million have been invested directly in innovative start-ups with technological solutions that are quickly incorporated into services and solutions for clients.

In 2020, as a sign of Prosegur's commitment to Innovation, Tech Studios have been created in order to equip Prosegur with the capabilities to develop Innovation projects in advanced digital technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Data Science and Electronic Security Systems (SES).

Similarly, to promote innovation, Prosegur has implemented new initiatives such as the launch of the COME IN Open Innovation Programme, which aims to encourage collaboration between the start-up ecosystem and Prosegur. This programme has launched a series of challenges to support each of the business lines, as well as the Prosegur Foundation, in their specific needs. Additionally, as a result of the situation caused by the pandemic, it has launched two challenges to design safe spaces free of COVID-19.

COME IN in 2020 was participated in by more than 200 start-ups of 33 different nationalities. The winners of each challenge are currently developing their technology and solutions backed up by specialist teams from each Prosegur business line.

Additionally, an ambitious internal training plan on Innovation, called "Innovation Deep Dive" has been launched, which aims to give all its employees technological capabilities, allowing them to acquire knowledge in advanced IoT technologies (Internet of things), Data Science, IA, Blockchain, Mixed Reality, 3D printing and Robotics), as well as in innovative management processes (Management 3.0, Design Thinking and Agile Methodology). More than 4,000 company employees have participated in the programme, totalling over 30,000 training hours in technology and innovation.

Among the projects which have been successfully completed recently or which are currently in progress, we shall highlight the following, per business area:

Prosegur Security

The corner stone of the main initiatives carried out in 2020 is the use of new technology to continue providing a service that stands out from the rest. On the one hand, the impetus to IoT (Internet of Things) technology for offering clients a value-added service and providing them with information that

enables them to speed up decision-making. On the other hand, the use of Artificial Intelligence (AI) has enabled Prosegur Security to be more aware of the risks and offer better capabilities, which translates as greater operating efficiency for the business.

During this year the company has continued developing its Ecosystem of Partners and incorporated open innovation, with the aim of establishing lasting alliances that lead to disruptive solutions that can be rapidly put into effect in its portfolio of services.

Furthermore, Prosegur Security continued developing its POPS tool, the Prosegur Seguridad Operating Platform, which is already used by 20,000 employees, a perfect example of how the company is bringing its innovations efforts in line with the global strategy focussed on developing integrated security solutions from and for the client.

Prosegur Cash:

In 2020, Prosegur Cash promoted the development of agile methodology aimed at achieving excellence through the ongoing improvement of processes and services. A wide group of Prosegur Cash associates work using this methodology, which has made it possible to obtain 35% more product output in 27% less time. In addition, the company has worked on improving and strengthening its range of Prosegur Smart Cash solutions, through technology, to offer its clients a specialised service, improving communication through a new mobile application that is more agile and accessible.

Prosegur Alarmas:

In 2020, Prosegur Alarmas focussed its innovative efforts on two basic pillars: the Ecosystem of the Prosegur Smart app based on technology and the strengthening of its *back office* through digitalisation and automation.

The continuous improvement of the Prosegur Smart platform falls under the division's priorities. Throughout the year the incorporation of the application has been improved with alarm devices to make it more personal. Amongst other initiatives, it launched the ContiGo service, a personal protection system via mobile phone outside of the home.

Prosegur Alarmas continues immersed in the improvement of the predictive models it already uses, such as using the alarm or the model for qualifying new registrations, to have more information on the behaviour of its clients and designing new initiatives of linkage and retention to reduce the abandonment rate in the total connection base (BTC in Spanish).

9. Acquisition and disposal of own shares

At 31 December 2020, the Company holds 38,765,674 shares in Treasury stock (2019: 30,080,960 shares) representing 0.926% of the share capital (2019: 5.02%), with an amount estimated at EUR 14.5 million (2019: EUR 107.9 million).

10. Alternative Performance Measures

In order to comply with ESMA Guidelines on APMs, Prosegur presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the Company's performance. Prosegur provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.

| APM | Definition and calculation | Purpose |
|--------------------|---|---|
| CAPEX | Capex (Capital Expenditure), is the expense that a company incurs in capital goods and that creates benefits for the company, whether through the acquisition of new fixed assets or by means of an increase in the value of fixed assets already in existence. CAPEX includes additions of property, plant and equipment as well as additions of computer software of the intangible assets. | CAPEX is an important indicator of the life cycle of a company at any given time. When the company grows rapidly, the CAPEX will be greater than fixed asset depreciations, which means that the value of the capital goods is increasing rapidly. On the other hand, when the CAPEX is similar to the depreciations or even less, it is a clear sign that the company is decapitalising and may be a symptom of its clear decline. |
| EBIT margin | The EBIT margin is calculated by dividing the operating profit/(loss) of the company by the total figure of revenue. | The EBIT margin provides the profitability obtained of the total revenue accrued. |
| Net Financial Debt | The Company calculates financial debt as the sum of the current and non-current financial liabilities (including other payables corresponding to deferred M&A payments and financial liabilities with Group companies) minus cash and cash equivalents, minus current investments in group companies and minus other current financial assets. | The net debt provides the gross debt less cash in absolute terms of a company. |
| EBITA | EBITDA is calculated on the basis of the profit/(loss) for the period without including the profit/(loss) after taxes from discontinued operations, taxes on earnings, financial income or costs, or depreciations of Goodwill or the amortisation of intangible assets, but including the depreciation of computer software. | The EBITDA provides an analysis of earnings before taxes, tax burden and amortisation of intangible assets. |
| EBITDA | EBITDA is calculated on the basis of the profit/(loss) for the period for a company, excluding earnings after taxes from discontinued operations, income taxes, financial income or costs, and amortisation expenses or depreciation on goodwill. | The purpose of the EBITDA is to obtain a fair view of what the company is earning or losing in the business itself. The EBITDA excludes variables not related to cash that may vary significantly from one company to another depending upon the accounting policies applied. Amortisation is a non-monetary variable and thereof of limited interest for investors. |

The reconciliation of Alternative Performance Measures is as follows:

| CAPEX (in thousands of Euros) | 31/12/2020 | 31/12/2019 |
|--|-------------------|-------------------|
| Other installations and furniture | — | — |
| Other property, plant and equipment | 33 | 11 |
| Additions of property, plant and equipment | 33 | 11 |
| Additions of computer software | — | — |
| Total CAPEX | 33 | 11 |
| EBIT margin (in millions of Euros) | 31/12/2020 | 31/12/2019 |
| EBIT | 219,168 | 91,538 |
| Revenue | 253,889 | 108,595 |
| EBIT margin | 86 % | 84 % |
| Net financial debt (In millions of Euros) | 31/12/2020 | 31/12/2019 |
| Financial liabilities (A) | 899,403 | 787,012 |
| Cash and cash equivalents (B) | (159,916) | (43,859) |
| Less: Other current financial assets (C) | (150,721) | (319,621) |
| Total Net Financial Debt (A+B+C) | 588,766 | 423,532 |
| Less: Other non-bank borrowings (D) | (85,827) | (84,557) |
| Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A payments (A+B+C+D)) | 502,939 | 338,975 |
| EBITA (In thousands of Euros) | 31/12/2020 | 31/12/2019 |
| Profit/(loss) for the year | 84,738 | 81,873 |
| Income tax | 21,213 | 643 |
| Net financial expenses | 113,217 | 9,022 |
| Depreciation and amortisation | 3,932 | 3,921 |
| EBITA | 223,100 | 95,459 |
| EBITDA (In thousands of euros) | 31/12/2020 | 31/12/2019 |
| Profit/(loss) for the year | 84,738 | 81,873 |
| Income tax | 21,213 | 643 |
| Net financial expenses | 113,217 | 9,022 |
| Depreciation and amortisation | 4,618 | 4,617 |
| EBITDA | 223,786 | 96,155 |

11. Other significant information

Stock market information

Prosegur focuses its efforts in the creation of value for its shareholders. Improving profit/(loss) and transparency, as well as rigour and credibility, are what guides the Company's actions.

The policy of relationship with shareholders and investors of Prosegur aims to establish a communication that is direct, personal and stable over time. The Company has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

To comply with this transparency commitment, Prosegur uses multiple communication channels. The webcast held each quarter on the occasion of the communication of results, the Investors Newsletter or the publication of other informative newsletters with content of specific interest for the investment community, are some examples of this.

During 2020, and despite the strong negative impact that the global pandemic has meant for travel and face-to-face meetings, Prosegur has maintained a level of contact with the shareholders and investors very similar to that of previous years.

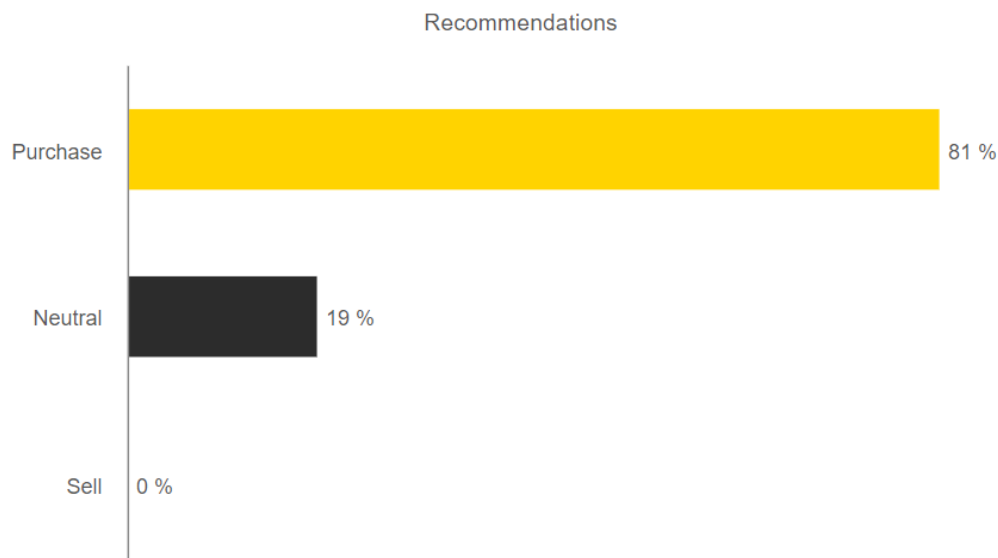
The activity was rapidly transferred to "virtual" formats through online meetings and videoconferencing. Prosegur contracted close to 170 investment funds and 22 research firms, went on 4 international roadshows and participated in 11 sectoral conferences. Furthermore, in the first months of the year, several visits were organised to operating centres.

On ESG issues (Environmental, Social and Corporate Governance), Prosegur continuously provides detailed information to any shareholders, private and institutional investors, the leading stock market analysts and proxy advisors who request it. By means of face-to-face meetings or telephone calls, the Company responded to issues regarding its Corporate Social Responsibility Policy, the commitment to the environment, the development of labour relations or the respect for and promotion of human rights. Furthermore, Prosegur has participated in the procedures established by the main ESG ratings for the elaboration of its reports.

Analysts coverage

In 2020 there have been some variations in the coverage of the analysts who regularly inform the market about the company. Due to the negative effects of applying the MIFID 2 directive, some analysis firms were obliged to close or suspend coverage, while at the same time other new firms began coverage in Prosegur.

At the close of the market in 2020, of a total of 16 analysts who regularly cover Prosegur's equity stock, most of them had a positive perception of the company. In this manner, three of them maintain a neutral recommendation (six in 2019), thirteen recommend purchasing (twelve in 2019) and none of them had a negative valuation or recommendation to sell.



Prosegur's shares started 2020 listed at EUR 3.68 per share, and at close, on 31 December at EUR 2.44 per share. During the year, the Company's share price went down by 33.8% mainly caused by the sharp adjustment that the market applied from mid-March due to the COVID-19 crisis that left Prosegur's shares at the minimum annual price of EUR 1.79 in June.

From there on, mitigating effects such as the debt rescheduling agreement in Argentina with private creditors in September, the announcement of the termination of operations of the Security business in France and the presentations of quarterly results, are a positive boost for the share price which recovered to finish the year at EUR 2.44.

Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

At 31 December 2020, 65.77% of the company capital was in the hands of significant shareholders, 0.926% were own shares and the remaining 33.27% was free float.

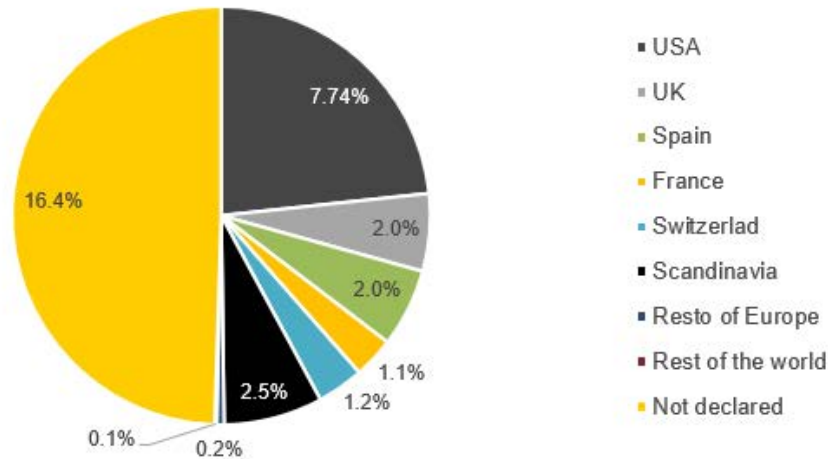
The strong presence of the shareholding in the Board of Directors enables the management bodies to define that the strategic lines and decisions are in line with the interests of all its shareholders. This solid and stable shareholder base of relevance, made up largely of significant shareholders and institutional investors, provides Prosegur with the ideal conditions to develop its project and achieve its objectives.

| | |
|--|--------|
| Estimated free float at 31 December 2020 | 33.27% |
| Own shares | 0.926% |
| Ms Mirta María Giesso | 6.36% |
| Board Members | 59.41% |

Geographical distribution of free float

Excluding the significant stakes corresponding to Gubel S.L. and AS Inversiones, representing 65.77% of the share capital, the remaining 34.23% of the Prosegur shareholding structure is geographically distributed as follows:

Shareholder distribution by geographies



At an international level and given its growth potential, Prosegur has always been well accepted among investors. For these reasons, its shareholding includes foreign investors which account for a very significant part of its free float.

In 2020 there have been some significant changes in the interests in the United States, which were reduced to 7.7% of the shareholding due to the conclusion of the investment cycle of some major shareholders in the country.

The COVID-19 crisis, and the programme for purchase of treasury stock begun by Prosegur, led to some investment funds seeking to protect their own liquidity by capitalising their more profitable investments and – in some cases – taking advantage of Prosegur’s offer to buy its own shares for transfer.

In other markets there is also a slight drop, for similar reasons, although it should be highlighted that the Scandinavian investors have increased their holding in Prosegur to 2.5% as against the 1.3% held in 2019.

12. Statement of Non-financial Information

The Statement of Non-financial Information of Prosegur Compañía de Seguridad, S.A. is described in Note 5 of the Consolidated Directors’ Report of Prosegur Compañía de Seguridad.

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT OF 2020

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual Annual Accounts of 2020, authorised for issue by the Board of Directors at the meeting held on 24 February 2021 and prepared in accordance with applicable accounting principles, present fairly the equity, financial position and profit/(loss) of Prosegur Compañía de Seguridad, S.A., and that the respective individual Directors' Reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A., together with the main risks and uncertainties facing the Company.

Madrid on 24 February 2021.

Ms Helena Irene Revoredo Delvecchio
President

Mr Isidro Fernández Barreiro
Vice-president

Mr Christian Gut Revoredo
Executive Director

Mr Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

Mr Ángel Durández Adeva
Director

Mr Fernando Vives Ruiz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The Annual Accounts of Prosegur Compañía de Seguridad, S.A. are the responsibility of the Directors of the Company, and have been prepared in accordance with General Accounting Plan endorsed by Spain.

The Directors are responsible for the completeness and objectivity of the Annual Accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by Management and that accounting records are reliable for the purposes of drawing up the Annual Accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the Annual Accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2020. Based on this evaluation, the Directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by Management, and that the financial records are reliable for the purposes of drawing up the Annual Accounts.

Independent auditors are appointed by the shareholders at their Shareholders General Meeting to audit the Annual Accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Mr Antonio Rubio Merino
Chief Financial Officer

