KPMG

Prosegur Compañía de Seguridad, S.A. and subsidiaries

Consolidated Annual Accounts

31 December 2019

Consolidated Directors' Report

2019

(With Independent Auditor's Report Thereon)

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

KPMG Auditores, S.L.
Pº de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original 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 CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2019 and of its consolidated financial performance and 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 of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts 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 regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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 judgement, were of most significance in the 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 opinion thereon, and we do not provide a separate opinion on these matters.

Labour and tax provisions and contingencies

See notes 23, 27 and 35.17 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
The Group is exposed to possible claims and disputes in the course of its activity, primarily of a tax and labour nature. Assessing and monitoring lawsuits, claims and disputes, including contingencies and, where applicable, the related provisions, is a complex process that entails evaluating future developments in these proceedings. Furthermore, in view of the characteristics of labour legislation in the different countries and the regulatory requirements applicable to this activity, these proceedings may be ongoing for a long period of time which in turn further complicates evaluation of these processes. From a tax perspective, the Group has ongoing claims relating to various taxes in Spain and Brazil, for which a provision of Euros 95 million has been recognised at 31 December 2019. The Company also has contingencies for contested tax assessments amounting to Euros 69 million for which no provision has been recognised Specifically, in relation to estimating the uncertainty associated with income tax contingencies, applying the interpretation of the IFRS Interpretations Committee (IFRIC 23) that is effective for the first time in 2019, the Group recognised a current tax liability of Euros 61 million and Euros 59 million at 1 January 2019 and 31 December 2019, respectively. As regards labour matters, which primarily affect Brazil due to the high number of employees, the Group has various contingencies, mainly associated with claims lodged by employees or former employees. At 31 December 2019 a provision of Euros 29 million has been recognised in this respect. Due to the judgement inherent in assessing these different matters, the uncertainty associated with the estimates relating to the ongoing labour and tax proceedings, and because changes therein could give rise to material differences with respect to the amounts recognised to date, this has been considered a key audit matter of the current period.	Our audit procedures included the following: • Assessing the design and implementation of the controls relating to the process of estimating the probability and impact when measuring the assets of labour and tax contingencies. • Obtaining representations from lawyers outside the Group regarding the status of these matters, their probability and, where applicable, resources outflows for the Group. • In the case of potentially material claims, assessing the underlying facts and circumstances deemed relevant by the Group's legal counsel in their conclusions and evaluating the Group's best estimate, with the involvement of our specialists, if needed. • Analysis of the reasonableness of the most relevant judgements applied by management in the first-time application of IFRIC 23, in particular regarding the identification of uncertain tax treatments, the determination of the unit of account and the valuation method considered by management as the method that best predicts the resolution of the uncertainty. • Evaluating whether the disclosures in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

Recoverable amount of non-current assets

See notes 11 to 14 and 35.10 to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
The Group has property, plant and equipment and intangible assets amounting to Euros 1,821 million, Euros 634 million of which is goodwill of the Group. In 2019 the Group did not recognise any impairment for non-current assets. For the purpose of testing non-current assets for impairment, they were assigned to the corresponding cash-generating units (CGUs). In the Prosegur Group, the CGUs are the individual business segments (Cash, Surveillance and Alarms) in each country. There is a risk that the carrying amount of CGUs whose financial position has declined may exceed their recoverable amount. At each reporting date, or earlier if there are indications of impairment, the Group estimates the recoverable amount of each CGU. The recoverable amount of cash-generating units has been determined considering their value in use for the Cash and Surveillance businesses and based on the fair value for the Alarms business. To estimate these amounts, the Group used valuation techniques that require the Directors to exercise judgement and make assumptions and estimates. Due to the uncertainty associated with these estimates and the significance of the carrying amount of non-current assets, this has been considered a key audit matter of the current period.	Our audit procedures included the following: ▪ Assessing the design and implementation of the key controls relating to the process of estimating the recoverable amount of non-current assets. • Analysing the indications, identified by the Group, of impairment of the cash-generating units. ▪ When estimating value in use (Cash and Surveillance businesses), – evaluating the reasonableness of the method used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists; – contrasting the consistency of the estimated growth in future cash flows of each cash-generating unit included in the calculation of value in use with the business plans approved by the Group's governing bodies; – contrasting the cash flow forecasts of cash-generating units estimated in prior years with the actual cash flows obtained. ▪ When estimating fair value (Alarms business), – assessing, with the involvement of our valuation specialists, the reasonableness of the estimated fair value of the Alarms business, which was calculated by applying market multiples to recurrent monthly revenues per connection, obtained on the basis of the latest transactions observed; – contrasting the consistency of the multiple used to calculate this value with the market reports on the latest transactions observed. ▪ Analysing the sensitivity of the estimated recoverable amount to changes in the relevant assumptions and judgements, such as the discount rate, the future growth rate or the EBITDA used when calculating the value in use of the Cash and Surveillance businesses and the recurrent monthly revenues per connection and the multiplier when estimating the fair value of the Alarms business. ▪ Evaluating whether the information disclosed in the consolidated annual accounts meets the requirements of the financial reporting framework applicable to the Group.

Hyperinflation in the Argentinian economy See notes 7, 22.2 and 34.28 to the consolidated annual accounts	
Key audit matter	*How the matter was addressed in our audit*
Since 2018, the Argentinian economy has qualified as a hyperinflationary economy. In accordance with IAS 29, non-monetary items in the statement of financial situation are expressed in the current monetary unit at 31 December 2019. As this is a hyperinflationary economy, in application of IAS 21, all balance sheet and income statement items must be translated to the Group's presentation currency (Euro) at the year-end exchange rate. As detailed in note 21.2, the Group has opted to transfer both accumulated translation differences at 1 January 2018 and those generated afterwards by Argentinian subsidiaries to reserves, so the total effect of the adjustment for hyperinflation is shown in this line item. Given the significance of the adjustment for hyperinflation made to the 2019 figures, the complexity associated with the calculation of this adjustment and that the IFRS IC's stance on the accounting treatment of translation differences is pending, we considered this to be a key matter in our audit.	Our audit procedures included the following: ▪ Understanding the methodology used by the Company in the adjustment of the financial position at 31 December 2019. ▪ Corroborating that the criteria in IAS 29 for adjusting the financial position to the current monetary unit have been applied. In this regard, our work focused on the following: – Identifying the monetary and non-monetary assets and liabilities. – Verifying that the inflation rates applied are those published by the National Institute of Statistics and Census of Argentina (INDEC). – Recalculating the net deferred income tax position at the beginning and end of the year. – Performing tests of detail in relation to the revaluation of non-monetary assets to verify that the adjusted amount does not exceed their recoverable amount. – Recalculating the accumulated adjustment in reserves at 31 December 2019 from application of IAS 29. – Verifying that the effect of applying IAS 29 based on the variation in monetary items is reasonable by recalculating the revaluation of non-monetary items, capital and reserves. ▪ Verifying that the financial statements of Argentinian subsidiaries, once adjusted for inflation, have been translated at the year-end exchange rate and that initial translation differences have been taken to reserves. ▪ Evaluating whether the disclosures in the consolidated annual accounts relative to hyperinflation comply with the requirements of the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2019 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility as regards the content of the consolidated directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to the consolidated statement of non-financial information and to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that this information has been provided in the directors' report, or where applicable, in a separate report on non-financial information, as provided for in legislation, to which reference is made in the directors' report, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the consolidated directors' report, which consists of assessing and reporting on the consistency of this information with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in paragraph a) above has been provided in the consolidated directors' report and the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2019, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting 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 Parent's Directors 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 have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

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 legislation regulating the audit of accounts 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 economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism 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 the Parent's Directors.
- Conclude on the appropriateness of the use by the Parent's Directors 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 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 a true and fair view.
- 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 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 Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding 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 to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which 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 of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 27 February 2020.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting held on 4 June 2019 for a period of one year, specifically for the year ended 31 December 2019. Previously, we were appointed by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2010.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(*Signed on original in Spanish*)

María Lacarra
On the Spanish Official Register of Auditors ("ROAC") with No. 20,411

27 February 2020

PROSEGUR

Consolidated Annual Accounts and Directors' Report for the year ended 31 December 2019

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

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

Prosegur Compañía De Seguridad, S.A. and Subsidiaries

Table of contents

I. CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED 31 December 2019 AND 2018

(In thousands of Euros)

	Note	2019	2018
Revenue	3	4,198,212	3,939,206
Costs to sell	4	(3,167,993)	(2,987,486)
Gross profit		**1,030,219**	**951,720**
Other income	6	27,828	13,247
Sale and administrative expenses	4	(712,196)	(648,628)
Other expenses	6	(14,206)	(13,840)
Stake in profits / (losses) for the year of Investments accounted for using the equity method	16	(1,164)	(1,119)
Operating profit/(loss) (EBIT)		**330,481**	**301,380**
Finance income	7	21,082	31,495
Finance expenses	7	(86,696)	(52,836)
Net financial costs		(65,614)	(21,341)
Profit before tax		**264,867**	**280,039**
Income tax	27	(104,641)	(100,022)
Post-tax profit from continuing operations		**160,226**	**180,017**
Profit/(loss) for the year from discontinued operations	15	-	(11)
Consolidated profit/(loss) for the period		**160,226**	**180,006**
Attributable to:			
Owners of the Parent		113,862	132,272
Non-controlling interests	22	46,364	47,734
Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)			
- Basic	8	0.1918	0.2210
- Diluted	8	0.1918	0.2210

The Notes on pages 11 to 127 form an integral part of the Consolidated Annual Accounts.

II. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 December 2019 AND 2018

(In thousands of Euros)

	Note	2019	2018
Profit for the year		**160,226**	**180,006**
Other comprehensive income:			
Items which are not reclassified to profit and loss			
Actuarial profits/(losses) on defined benefit plans	5.2	(6,323)	(1,024)
		(6,323)	**(1,024)**
Items which are reclassified to profit and loss			
Translation differences of financial statements of foreign operations	22	(16,257)	(63,705)
		(16,257)	**(63,705)**
Total comprehensive income, net of taxes		**137,646**	**115,277**
Attributable to:			
- Owners of the parent		94,792	72,693
- Non-controlling interests		42,854	42,584
		137,646	**115,277**

The Notes on pages 11 to 127 form an integral part of the Consolidated Annual Accounts

III. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 December 2019 AND 2018

(In thousands of Euros)

	Note	2019	2018
ASSETS			
Property, Plant and Equipment	11	716,427	700,131
Rights of use	12	120,519	-
Goodwill	13	634,027	570,073
Other intangible assets	14	349,923	272,247
Property investments	15	44,110	45,308
Investments accounted for using the equity method	16	9,452	29,433
Non-current financial assets	18	21,004	19,251
Deferred tax assets	27	94,769	84,103
Non-current assets		**1,990,231**	**1,720,546**
Non-current Assets held for sale	15	-	642
Inventory	19	64,846	76,087
Clients and other receivables	20	914,989	820,890
Current tax assets		155,721	153,982
Other financial assets	21	319,621	489,268
Cash and cash equivalents	21	530,677	558,355
Current assets		**1,985,854**	**2,099,224**
Total assets		**3,976,085**	**3,819,770**
EQUITY			
Share capital	22	35,921	37,027
Share premium	22	25,472	25,472
Treasury Stock	22	(107,927)	(52,777)
Translation differences	22	(187,965)	(174,397)
Retained earnings and other reserves	22	1,060,609	1,162,402
Equity attributable to equity holders of the Parent		**826,110**	**997,727**
Non-controlling interests	22	72,230	68,730
Total equity		**898,340**	**1,066,457**
LIABILITIES			
Financial liabilities	24	1,364,942	1,391,557
Lease liabilities	12	86,848	-
Deferred tax liabilities	27	45,950	58,510
Provisions	23	224,466	197,027
Other non-current liabilities	26	28,807	29,273
Non-current liabilities		**1,751,013**	**1,676,367**
Trade and other payables	25	833,058	794,840
Current tax liabilities		138,583	78,594
Financial liabilities	24	256,996	150,720
Lease liabilities	12	45,173	-
Provisions	23	2,277	4,524
Other Current Liabilities	26	50,645	48,268
Current liabilities		**1,326,732**	**1,076,946**
Total liabilities		**3,077,745**	**2,753,313**
Total equity and liabilities		**3,976,085**	**3,819,770**

The Notes on pages 11 to 127 form an integral part of the Consolidated Annual Accounts.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 December 2019 AND 2018

(In thousands of Euros)	Equity attributable to equity holders of the Parent						
	Share capital (Note 22)	Share premium (Note 22)	Treasury Stock (Note 22)	Translation differences (Note 22)	Retained earnings and other reserves (Note 22)	Non-controlling interests (Note 22)	Total equity
Balance at 31 December, 2017	**37,027**	**25,472**	**(53,079)**	**(537,720)**	**1,597,383**	**74,357**	**1,143,440**
Transition adjustments (Note 35.1)	-	-	-	-	6,019	(329)	5,690
IAS 29 First adoption (Note 35.28)	-	-	-	-	46,428	8,920	55,348
Translation differences reclassified to reserves (Note 35)	-	-	-	421,878	(421,878)	-	-
Balance at 1 January, 2018	**37,027**	**25,472**	**(53,079)**	**(115,842)**	**1,227,952**	**82,948**	**1,204,478**
Total comprehensive income for the year	-	-	-	(58,555)	131,248	42,584	115,277
Hyperinflation adjustment	-	-	-	-	(119,196)	(24,338)	(143,534)
Share-based incentives offered to employees	-	-	302	-	183	-	485
Ordinary interim dividend	-	-	-	-	(79,054)	-	(79,054)
Dividends Prosegur Cash, S.A.	-	-	-	-	-	(32,464)	(32,464)
Other changes	-	-	-	-	1,269	-	1,269
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	-	-	-	(13,568)	108,360	42,854	137,646
Purchase of own shares	-	-	(107,937)	-	-	-	(107,937)
Hyperinflation adjustment	-	-	-	-	(20,684)	(7,247)	(27,931)
Share-based incentives offered to employees	-	-	349	-	102	-	451
Ordinary interim dividend	-	-	-	-	(79,026)	-	(79,026)
Dividend 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**

The Notes on pages 11 to 127 form an integral part of the Consolidated Annual Accounts.

V. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 December 2019 AND 2018

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. Y SOCIEDADES DEPENDIENTES
Consolidated statement of cash flows
(In thousands of Euros)

	Note	2019	2018
Cash flows from operating activities			
Profit/(loss) for the year		**160,226**	**180,006**
Adjustments for:			
Amortisations	11, 12, 14, 15	205,911	154,615
Impairment losses on trade receivables and inventory	6, 20	6,905	9,327
Change in provisions	23	34,236	25,057
Finance income	7	(21,082)	(31,495)
Finance expenses		84,858	6,564
(Profit)/losses on disposal and sale of property, plant and equipment	6	8,883	1,860
Stakes in (profits)/losses of investments accounted for using the equity method	16	1,164	1,119
Income tax	27	104,641	100,023
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		4,508	(10,515)
Clients and other receivables		(102,335)	11,097
Trade and other payables		56,133	11,495
Payment of provisions	23	(31,684)	(34,690)
Other liabilities		7,176	2,982
Cash from operating activities			
Interest paid		(27,526)	(29,321)
Income tax paid		(125,285)	(121,805)
Net cash from operating activities		**366,729**	**276,319**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	11	600	20,485
Collections from the sale of dependent entities		26,721	-
Collections from the sale of joint ventures		19,755	-
Proceeds from sale of financial assets		171,650	290,000
Interest collection		12,315	8,084
Acquisition of subsidiaries, net of cash and cash equivalents	30	(106,077)	(55,239)
Acquisition of property, plant and equipment	11	(171,761)	(191,087)
Acquisition of intangible assets	14	(33,094)	(23,514)
Minority interests adquisition		(1,183)	-
Acquisition and capitalisation of joint businesses, net of cash and cash equivalents	16	(1,179)	(2,978)
Acquisition of financial assets		(2,880)	(298,147)
Net cash from investing activities		**(85,133)**	**(252,396)**
Cash flows from financing activities			
Payments arising on lease liabilities		(51,744)	-
Purchase of own shares	22	(107,578)	183
Proceeds from loans and borrowings	24	434,139	190,543
Proceeds from debentures and other marketable securities	24	-	694,800
Payments for debentures and other marketable securities	24	-	(500,000)
Payments for loans and borrowings	24	(408,947)	(286,900)
Payments for other financial liabilities	24	(27,489)	(20,515)
Dividends paid		(107,286)	(118,265)
Net cash from financing activities		**(268,905)**	**(40,154)**
Net increase/(decrease) in cash and cash equivalents		12,691	(16,231)
Cash and cash equivalents at the beginning of year		558,623	630,939
Effect of exchange differences		(40,637)	(56,085)
Cash and cash equivalents at the end of the period		**530,677**	**558,623**
- Cash and cash equivalents at the end of the period from continuing operations (Note 21)		530,677	558,355
- Cash and cash equivalents at the end of the period from discontinued operations (Note 15)		-	268

The Notes on pages 11 to 127 form an integral part of the Consolidated Annual Accounts.

VI. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS AT 31 DECEMBER 2019

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, El Salvador, Spain, United States, The Philippines, France, Guatemala, Honduras, India, Indonesia, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa, Turkey and Uruguay.

Prosegur is 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 General Shareholders Meeting held on 4 June 2019, owns 51.618% 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 banknotes, 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 27 February 2020 and are pending approval by the shareholders at their 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.

Agreement with Telefónica, S.A.

Prosegur has reached an agreement with Telefónica, S.A. for the sale of a 50% stake in Prosegur's alarms business in Spain, with the aim of developing this business through the synergies of the two companies.

The operation to be submitted for approval by the relevant authorities involves a valuation of 50% of Prosegur’s alarms business in Spain, amounting to EUR300 million, subject to standard adjustments in this type of transactions on debt, working capital and client base at the time the operation is closed.

Under the terms of the aforementioned agreement, the price could be paid, in whole or in part, in own shares, at Telefónica's discretion.
Prosegur has not considered this operation as discontinued operation because is not a significant business line separate from the rest, nor a geographical area of operations. Its liabilities and assets have not been classified as held for sale given their non-material amount.

2. Basis of 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 EU-IFRS) 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 2019, 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 2019:

- In March 2019, Prosegur Alpha3 Cashlabs S.L. was incorporated in Spain.
- In April 2019, Prosegur Pay Consultoria em Tecnologia da Informação Ltda. was incorporated in Brazil.
- In June 2019 Prosegur Serviços Aeroportuarios Ltda. was wound up in Brazil.
- In July 2019 Prosegur Finance, S.L. was incorporated in Spain.
- In August 2019 Prosegur Technology International Incorporated was incorporated in the United States.
- In August 2019 Prointrans, LLC was wound up in the United States.
- In September 2019 Prosegur STV 1 PTY Limited was incorporated in Australia.
- In October 2019 Prosegur ODH, S.L. was incorporated in Spain.
- In October 2019 Gelt Cash Transfer, S.L. was incorporated in Spain.
- In October 2019 Prosegur BSI Canada Limited was incorporated in Canada.
- In October 2019, Shanghai Bigu Security Technology Co Ltd. was incorporated in China.

- In October 2019, Dopar Servicios, S.L. was wound up in Spain.
- In October 2019, Iberprofin, S.L. was wound up in Spain.
- In November 2019, Yellow RE SA was incorporated in Luxembourg.

The following mergers took place between subsidiaries in 2019:

- In May 2019, Integra Security Systems SA, merged with and into Prosegur Seguridad Electrónica SAS in Colombia.
- In August 2019, the takeover merger of Tellex, S.A. by Transportadora de Caudales Juncadella, S.A. was formalised in Argentina.
- In November 2019, the takeover merger of Enclama, S.L. by Prosegur AVOS España, S.L. was formalised in Spain.

On 4 February 2019, Prosegur sold 100% of the German companies M Sicherheitstechnik Venwaltungs Gmbh, AC Alarm Verwaltungs Gmbh, M Sicherheitstechnik Gmbh & Co KG and AC Alarm Gmbh & Co KG for the total amount of EUR 559 thousand. The cash and cash equivalents that were sold with the company amounted to EUR 51 thousand. The net assets of the German companies at the time of sale amounted to EUR 65 thousand. The sale involved revenue for Prosegur of EUR 494 thousand.

Prosegur sold all its stakeholding in the joint venture for the alarms business in India, SIS Prosegur Alarms Monitoring and Response Services Pte Ltd, on 23 April 2019 (Note 16).

Prosegur Cash exercised the put option on its 33.33% stake in SBV Services Proprietary Limited on 4 June 2019 (Note 16).

Prosegur signed the sale agreement of 100% of the capital of Prosegur Cash Holding France to Loomis AB on 22 July 2019.

Additionally, other changes to the consolidation scope in 2019 are acquisitions of subsidiaries, details of which are provided in Note 30.

2.3. Comparative information

Each one of the items of 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, in addition to the consolidated figures for 2019, include comparative figures for the previous year, with the exception of the accounting policies applied for the first time in 2019 (IFRS 16 and IFRIC 23), which have not entailed a re-statement of the Consolidated Annual Accounts for 2018 and are summarised in Note 35.1.

2.4. Estimates, assumptions and relevant judgements

The preparation of the Consolidated Annual Accounts in accordance with EU-IFRS 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 ending on 31 December 2019 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 35.24).
- 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 and 35.22).
- Non-current assets held for sale (Note 35.24)

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 valuation 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 EU-IFRS 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.

3. Revenue

Details of revenues are as follows:

	Thousands of Euros	
	2019	**2018**
Provision of services	4,023,399	3,774,043
Sale of goods	13,343	2,036
Operating lease revenues	161,470	163,127
Total revenues	**4,198,212**	**3,939,206**

Operating lease revenues 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 revenues 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		2019	2018
Supplies		203,372	177,914
Employee benefits expenses	(Note 5)	2,471,148	2,346,688
Operating leases	(Note 12)	27,545	33,225
Supplies and external services		258,530	244,837
Amortisations		89,922	75,427
Other expenses		117,476	109,395
Total sale expenses		**3,167,993**	**2,987,486**

Thousands of Euros		2019	2018
Supplies		8,174	6,823
Employee benefits expenses	(Note 5)	361,512	318,194
Operating leases	(Note 12)	11,813	44,091
Supplies and external services		137,561	122,195
Amortisations		115,988	79,188
Other expenses		77,148	78,137
Total sale and administrative expenses		**712,196**	**648,628**

Total supplies in the consolidated income statement for 2019 amount to EUR 211,546 thousand (EUR 184,737 thousand in 2018).

Under the heading of employee benefit expenses, included under total sales expenses, 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 tax expenses mainly in Argentina and Brazil for the amount of EUR 33,537 thousand (2018: EUR 49,191 thousand).

The heading of 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 of 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).

The main change with respect to 2018 of the heading on operating leases as well as depreciation corresponds to the first-time application of IFRS 16 (Note 2.3).

5. Employee benefits

5.1. Employee benefits expense

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2019	**2018**
Salaries and wages	2,144,731	1,979,894
Social Security	534,304	515,952
Other employee benefits expenses	88,269	107,841
Indemnities	65,356	61,195
Total employee benefits expense	**2,832,660**	**2,664,882**

The accrual of the long-term incentive associated with the 2017 and 2020 Plans for the Executive Director and the Senior Management of Prosegur was included under the heading of salaries and wages for the amount of EUR 5,674 thousand (2018: EUR 4,707 thousand) (Note 23).

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

5.2. Employee benefits

Prosegur contributes to various defined benefit schemes in Germany, Brazil, El Salvador, France, Honduras, Mexico and Nicaragua. The defined benefit plan comprising post-employment healthcare offered to employees in Brazil is compliant with local legislation (Act 9656). In Mexico the defined benefit scheme consists of seniority premiums, in France and Germany the defined benefit schemes consist of retirement premiums, whilst in Nicaragua, El Salvador and Honduras the defined benefit schemes consist of contract termination benefits.

During the 2019 period, the amount recognised as a higher expense in the income statement under the heading of personnel costs amounts to EUR 1,206 thousand (a higher expense of EUR 1,139 thousand in 2018).

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

	Thousands of Euros	
	2019	**2018**
Balance at 1 January	**14,918**	**11,833**
Net cost of the period	1,206	1,139
Contributions to the plan	(323)	(93)
Actuarial Loss/(Profit)	7,572	1,579
Business combination (Note 30)	-	68
Disposal of the scope of consolidation	(1,844)	-
Translation differences	(785)	392
Balance at 31 December	**20,744**	**14,918**

During 2019 the negative impact on equity arising from actuarial losses amounted to EUR 6,236 thousand, (negative impact of EUR 1,024 thousand in 2018) (Note 23).

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

	Thousands of Euros	
	2019	**2018**
Brazil	11,926	8,775
France	4,729	3,365
Germany	624	624
Mexico	3,377	2,068
Central America	88	86
Total liabilities through employee benefits	**20,744**	**14,918**

At 31 December 2019 the defined benefit schemes in Brazil had 18,978 employees (19,214 employees in 2018). The France plan involved 3,953 employees in 2019 (5,283 employees in 2018). The Germany plan involved 3 employees at 31 December 2019 (3 employees in 2018). In Mexico the scheme had 3,402 employees in 2019 (3,266 employees in 2018). The Central America plan involved 922 employees in 2019 (922 employees in 2018).

The breakdown of actuarial assumptions used for calculating the current value of the main obligations of the defined benefit schemes in Germany, Brazil, France, Mexico and Central America is as follows:

	Brazil		France		Germany		Mexico		Nicaragua		Honduras		El Salvador	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Inflation rate	4.0%	4.5%	1.7%	1.0%	1.8%	1.8%	4.3%	3.5%	5.0%	5.0%	2.0%	7.0%	2.0%	2.0%
Annual discount rate	3.6%	51.0%	0.7%	1.5%	1.0%	1.0%	8.8%	11.5%	9.9%	8.5%	4.3%	6.6%	4.3%	4.3%
Retirement age	n/a	65.0%	65	65	65	65	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

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		Centroamérica	
2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
AT 2000 smoothed by 10% segregated by gender	AT 2000 smoothed by 10% segregated by gender	INSEE 2017	INSEE 2017	Heubeck Richttafeln 2005 G	Heubeck Richttafeln 2005 G	Mexican Experiment of the Social Security for Assets 1997	Mexican Experiment of the Social Security for Assets 1997	100% of the securities of Watson Wyatt Worldwide	100% of the securities of Watson Wyatt Worldwide

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	
	2019	**2018**
Impairment losses on trade receivables (Note 20)	(2,770)	(7,559)
Losses through disposal of property, plant and equipment	(8,883)	(5,953)
Other expenses	(2,553)	(328)
Total other expenses	**(14,206)**	**(13,840)**

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 6,368 thousand (EUR 3,789 thousand at 31 December 2018).

Other income

The heading of other income in 2019 primarily records 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 Venwaltungs 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 in 2018 primarily recorded the income from the sale of a property in Madrid for the amount of EUR 4,093 thousand (Note 11) and the income from damages and losses for a total of EUR 3,073 thousand relating to the funds on deposit for a client withheld in Brazil from 2008 until 2014.

The heading of other revenue also includes the revenue generated by various properties located in Buenos Aires (Note 15). Income generated for these properties in 2019 amounted to EUR 5,166 thousand (EUR 5,346 thousand in 2018).

At the close of 2019, 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	
	2019	**2018**
Up to 1 year	5,081	5,335
Between 1 and 5 years	20,326	708
	25,407	**6,043**

7. Net financial expenses

Details of the net financial expenses are as follows:

	Thousands of Euros	
	2019	**2018**
Interest paid:		
- Loans and borrowings	(10,361)	(12,849)
- Bonds and other marketable securities	(15,250)	(14,667)
- Loans from other entities	(326)	(448)
- Remeasurement of lease liabilities	(7,485)	(1,039)
- Securitisation programme	-	(1)
	(33,422)	**(29,004)**
Interest received:		
- Loans and other investments	10,502	12,141
	10,502	**12,141**
Other profit/(loss)		
Net profits/(losses) on foreign currency transactions	(10,002)	9,522
Exchange rate finacial effect	(5,108)	-
Earnings in the fair value of financial instruments	853	-
Net financial expenses from net monetary position	(7,116)	(2,692)
Other financial income	9,727	9,832
Other finance costs	(31,048)	(21,140)
	(42,694)	**(4,478)**
Net financial costs	**(65,614)**	**(21,341)**
Total finance income	**21,082**	**31,495**
Total finance costs	**(86,696)**	**(52,836)**
	(65,614)	**(21,341)**

The main change is associated with the volatility of currency transactions included under the heading of net profits/(losses) on foreign currency transactions as well as with monetary adjustments of deferred payments from the latest business combinations that have taken place (Note 30).

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 7,116 thousand (EUR 2,692 thousand in 2018). That item reflects the exposure to the change in the purchasing power of the Argentine currency.

Furthermore, as a result of the first-time application of IFRS 16, finance expenses went up by EUR 7,485 thousand (see Note 2.3 and 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 2019 and 2018 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	
	2019	**2018**
Profit for the year attributable to owners of the Parent	113,862,000	132,272,053
Weighted average number of ordinary shares outstanding	593,772,779	598,554,575
Basic earnings per share	**0.1918**	**0.2210**

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	
	2019	**2018**
Profit for the year attributable to owners of the Parent	113,862,000	132,272,053
(Diluted) weighted average number of ordinary shares outstanding	593,772,779	598,554,575
Diluted earnings per share	**0.1918**	**0.2210**

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

9. Dividends per share

On 18 December 2019, the Board of Directors approved the distribution of a regular dividend of EUR 0.1320 per share on account of the 2019 profits, or a total maximum dividend of EUR 79,026 thousand (considering that the share capital is currently represented by 598,679,362 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2020. Each payment is calculated as EUR 0.0330 per outstanding share at the payment date. At 31 December 2019 dividends payable of EUR 79,026 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 2019 is reflected in the item of “Other Changes” in the consolidated statement of changes in equity for the amount of EUR 2,060 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 19,756 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 Euros
	2019
Initial cash (before the interim dividend)	(43,882)
Balance in current accounts with the group	422,863
Current proceeds	57,067
Temporary financial investments	689,998
Payments for Current Operations	(3,807)
Payments for Financial Operations	(8,725)
Extraordinary Payments	(962)
Forecast Cash	**1,112,552**
Less payment of dividends according to proposal	**(79,026)**
Final cash after dividends	1,033,526

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 represented in 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 segments of the Group.

- Security: mainly includes the activities of guarding and protection of premises, goods and individual and activities related to technological security and cybersecurity solutions. Cybersecurity activity was included only in this segment in 2018.
- Cash: mainly includes 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.
- 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 Divisions which cover the Financial-Economic department, Prosegur Gestión de Activos (Prosegur Asset 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, France, Portugal and Turkey.
- ROW, which includes the following countries: Australia, China, United States, The Philippines, India, Indonesia, Singapore and South Africa.
- LatAm, including the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

The Board of Directors uses earnings before interest 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 similar 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. Rights of use have emerged in 2019 as a result of the application of IFRS 16 (Note 12).

The total liabilities assigned to segments exclude bank borrowings as Prosegur jointly handles the financing, and they include lease liabilities. In 2019 lease liabilities increased as a result of the application of IFRS 16 (Note 12).

Details of revenues by geographical area are as follows:

	Europe		ROW		LatAm		Total	
Thousands of Euros	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Total sales	**1,770,031**	**1,739,908**	**341,594**	**157,681**	**2,086,587**	**2,041,617**	**4,198,212**	**3,939,206**
% of total	42%	44%	8%	4%	50%	52%	100%	100%

The breakdown of sales and EBIT is as follows:

	Cash		Security		Alarms		PGA and Not allocated		Total	
Thousands of Euros	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Total sales	1,798,654	1,731,605	2,107,667	1,945,717	278,085	261,884	13,806	-	4,198,212	3,939,206
EBIT	304,757	268,008	66,095	54,489	21,197	4,599	(61,568)	(25,716)	330,481	301,380

In fiscal year 2019, the cybersecurity sub-business is led by the Prosegur Asset Management support area, hereinafter PGA. In 2018, the total sales figure of the cybersecurity sub-business amounted to 4,641 thousand euros, which was collected under the security business.

Unallocated costs are composed 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, mainly for the costs associated with the digital transformation of the Company, which have increased with respect to 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	
	2019	**2018**
EBIT allocated to segments	392,049	327,096
EBIT not allocated	(61,568)	(25,716)
EBIT of the period	330,481	301,380
Net financial costs	(65,614)	(21,341)
Profit before tax	264,867	280,039
Income tax	(104,641)	(100,022)
Post-tax profit from continuing operations	160,226	180,017
Profit/(loss) for the year from discontinued operations	-	(11)
Non-controlling interests	46,364	47,734
Profit for the year attributable to owners of the Parent	**113,862**	**132,272**

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

	Cash		Security		Alarms		Not allocated to segments		Total	
Thousands of Euros	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Assets allocated to segments	**1,523,606**	**1,380,932**	**949,443**	**821,064**	**247,586**	**242,180**	**340,038**	**262,770**	**3,060,673**	**2,706,946**
Other unallocated assets	**-**	**-**	**-**	**-**	**-**	**-**	**915,412**	**1,112,824**	**915,412**	**1,112,824**
Other non-current financial assets	-	-	-	-	-	-	21,004	19,251	21,004	19,251
Investment Properties - Non-current assets held for sale	-	-	-	-	-	-	44,110	45,950	44,110	45,950
Other current financial assets	-	-	-	-	-	-	319,621	489,268	319,621	489,268
Cash and cash equivalents	-	-	-	-	-	-	530,677	558,355	530,677	558,355
	1,523,606	**1,380,932**	**949,443**	**821,064**	**247,586**	**242,180**	**1,255,450**	**1,375,594**	**3,976,085**	**3,819,770**

The heading of "assets allocated to segments" includes the investments accounted for using the equity method (Note 16) for a total of EUR 9,452 thousand (EUR 29,433 thousand in 2018) which are mainly allocated to the Cash segment.

Additions made in 2019 of non-current assets allocated to the segments amount to EUR 201,821 thousand (2018: EUR 215,807 thousand), which correspond mainly to the investments made for fitting-out work on bases, facilities and armoured vehicles intended for use in operating activities.

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

	Cash		Security		Alarms		Not allocated to segments		Total	
Thousands of Euros	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Liabilities allocated to segments	**779,161**	**634,384**	**444,822**	**390,057**	**136,089**	**130,964**	**218,068**	**139,184**	**1,578,140**	**1,294,589**
Other unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1,499,605**	**1,458,724**	**1,499,605**	**1,458,724**
Bank borrowing	-	-	-	-	-	-	1,499,605	1,458,724	1,499,605	1,458,724
	779,161	**634,384**	**444,822**	**390,057**	**136,089**	**130,964**	**1,717,673**	**1,597,908**	**3,077,745**	**2,753,313**

11. Property, Plant and Equipment

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

Thousands of Euros	Land and buildings	Obtaining costs	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Cost							
Balance at 31 December, 2017	**238,138**	**-**	**147,840**	**382,525**	**364,319**	**42,784**	**1,175,606**
Transition adjustment (Note 35)	-	51,989	-	-	-	-	51,989
Balance at 1 January, 2018	**238,138**	**51,989**	**147,840**	**382,525**	**364,319**	**42,784**	**1,227,595**
Translation differences	(5,057)	(431)	(8,399)	(11,031)	(13,353)	(2,518)	(40,789)
Business combinations (Note 30)	2,688	-	490	2,842	9,196	138	15,354
Adjustment for Hyperinflation	16,443	7,310	10,676	23,774	30,853	(3,692)	85,364
New Additions	15,937	25,680	24,374	66,778	27,073	31,351	191,194
Write offs	(21,808)	(3,089)	(4,400)	(28,093)	(9,104)	(503)	(66,997)
Transfers	1,140	-	21,220	(8,429)	6,539	(20,470)	-
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)
Translation differences	(662)	(432)	(2,566)	(1,235)	(970)	41	(5,824)
Business combinations (Note 30)	425	-	190	1,716	1,674	-	4,005
Adjustment for Hyperinflation	(466)	(568)	(241)	(2,772)	(2,070)	(2,175)	(8,292)
New Additions	5,004	22,852	36,489	54,556	17,421	35,439	171,761
Write offs	(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**

Thousands of Euros	Land and buildings	Obtaining costs	Technical installations and machinery	Other installations and furniture	Other property, plant and equipment	Under construction and advances	Total
Amortisation and impairment							
Balance at 1 January, 2018	**(51,240)**	**-**	**(78,955)**	**(222,841)**	**(235,620)**	**-**	**(588,656)**
Translation differences	468	89	3,854	5,025	8,685	-	18,121
Adjustment for Hyperinflation	(3,736)	(5,055)	(7,616)	(25,789)	(25,580)	-	(67,776)
Write offs	604	929	3,735	25,046	8,765	-	39,079
Transfers	76	-	(1,254)	802	376	-	-
Amortisation for the year	(3,925)	(19,597)	(14,648)	(41,340)	(32,847)	-	(112,357)
Balance at 31 December, 2018	**(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
Write offs	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
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)**
Carrying amount							
Balance at 1 January, 2018	186,898	51,989	68,885	159,684	128,699	42,784	638,939
Balance at 31 December, 2018	189,728	57,825	96,917	169,269	139,302	47,090	700,131
Balance at 1 January, 2019	189,728	57,825	96,917	169,269	139,302	47,090	700,131
Balance at 31 December, 2019	192,495	57,878	112,801	183,069	135,617	34,567	716,427

Additions to property, plant and equipment recognised in 2019 amount to EUR 171,761 thousand (EUR 191,194 thousand in 2018) 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 Argentina, Brazil, Colombia, Chile and Spain.

As stated in note 35.28, the hyperinflation adjustment includes the impacts by application of IAS 29 and by application of IAS 21.42, the devaluation of the Argentine peso having been higher than the effects of inflation.

In 2018 three properties were acquired in Guatemala and Honduras for a total of EUR 5,805 thousand.

In May 2018, a property in Paseo de las Acacias in Madrid was sold for a total of EUR 24,761 thousand. That property had a net carrying amount of EUR 20,668 thousand after a reappraisal under the initial transition to IFRS-EU of EUR 19,891 thousand. The revenue from the sale of that property was EUR 4,093 thousand (Note 6).

The heading on advances and work in progress at the close of 2019, includes constructions, mainly in Argentina, Peru and Colombia for a total of EUR 9,301 thousand (EUR 15,192 thousand in 2018); conditioning work, mainly in Germany and Australia for a total of EUR 6,123 thousand (EUR 4,780 thousand in 2018); bill-counting equipment, mainly in Argentina, Brazil, Spain, Chile and Peru for a total of EUR 11,856 thousand (EUR 7,997 thousand in 2018) and advances on armoured vehicles, mainly in Germany, Argentina, Spain and Paraguay. The date anticipated for concluding the above work on fixed assets is expected to be within the first six months of 2020.

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 and labour for installation work. At 31 December 2019, the additions recorded for this item amounted to EUR 22,852 thousand (EUR 25,680 thousand in 2018).

No assets are subject to restrictions on title or pledged as security for particular transactions at 31 December 2019 and 2018.

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 2019 and 2018 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 EU-IFRS 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	
	2019	**2018**
Cost	12,344	12,344
Accumulated amortisation	(6,017)	(5,641)
Carrying amount	**6,327**	**6,703**

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	
	2019	**2018**
Cost	158,204	142,229
Accumulated amortisation	(83,022)	(72,564)
Carrying amount	**75,182**	**69,665**

The amount for items of property, plant and equipment fully depreciated and still in use was EUR 379,299 thousand at 31 December 2019 (EUR 318,515 thousand in 2018).

12. Rights of use and lease liabilities

On 1 January 2019, the Group adopted IFRS 16, on Leases (Note 35.1). The following table reflects the impact of the first-time application in Retained earnings and other reserves which is reflected in the item of “Transition adjustments” on the consolidated statement of changes in equity (Note 22.3).

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

The breakdown of changes in right of use assets for the year ended at 31 December 2019 is as follows:

	Thousands of Euros
Cost	
Balance at 31 December, 2018	**-**
Transition adjustment (Note 35.1)	130,286
Reclassification of property, plant and equipment under financial leasing (Note 35.1)	56,674
Balance at 1 January, 2019	**186,960**
Additions	22,868
Adjustment for Hyperinflation	1,335
Business combinations (Note 30)	4,795
Disposal of the scope of consolidation	(3,608)
Write offs and transfers	(52,235)
Translation differences	(733)
Balance at 31 December, 2019	**159,382**

	Thousands of Euros
Amortisation and impairment	
Balance at 31 December, 2018	**-**
Reclassification of property, plant and equipment under financial leasing (Note 11 & 35.1)	(34,108)
Balance at 1 January, 2019	**(34,108)**
Disposal of the scope of consolidation	666
Adjustment for Hyperinflation	(185)
Amortisation for the year	(41,261)
Translation differences	77
Write offs and transfers	35,948
Balance at 31 December, 2019	**(38,863)**
Carrying amount	
Balance at 31 December, 2018	-
Balance at 1 January, 2019	**152,852**
Balance at 31 December, 2019	**120,519**

Of the total amount of rights of use at 31 December 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 duration of the contract in force for each asset.

The breakdown of changes in lease liabilities for the year ending at 31 December 2019 is as follows:

	Thousands of Euros
Balance at 31 December, 2018	**-**
Transition adjustment (Note 35.1)	143,478
Reclassification of property, plant and equipment under financial leasing (Note 11 & 35.1)	13,610
Balance at 1 January, 2019	**157,088**
Additions	22,868
Business combinations (Note 30)	4,986
Write offs and transfers	(55,578)
Financial expenses (Note 7)	7,485
Translation differences	(1,098)
Disposal of the scope of consolidation	(3,730)
Balance at 31 December, 2019	**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 year	1 to 2 years	2 to 5 years	more than 5 years
Total lease liabilities	23,158	22,015	43,675	30,647	12,526
	23,158	**22,015**	**43,675**	**30,647**	**12,526**

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 recognised at the date of first-time application of IFRS 16 were as follows:

	Average rate		
	between 1 and 3 years	between 3 and 5 years	between 5 and 10 years
Germany	1.03%	1.14%	1.41%
Brazil	7.98%	8.92%	9.88%
Peru	3.74%	4.10%	4.65%
Argentina	31.82%	32.22%	32.09%
Colombia	6.19%	6.08%	6.53%
Chile	4.68%	4.93%	5.33%
Spain	0.87%	0.97%	1.21%

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 asset corresponding to short term lease agreements (leases for one year or less) and leases for low value assets (5 thousand U.S. Dollars or less). Those exceptions have been recorded entirely under the heading of operating leases. The total lease expense not subject to IFRS 16 for term as well as amount came to EUR 39,358 thousand (Note 4).

13. Goodwill

Details of movement in goodwill are as follows:

	Thousands of Euros	
	2019	**2018**
Balance at 1 January	**570,073**	**520,389**
Business combinations (Note 30)	82,827	53,822
Additions	486	791
Write offs	(16,938)	(610)
New additions for hyperinflation	(489)	7,924
Translation differences	(1,932)	(12,243)
Balance at 31 December	**634,027**	**570,073**

Additions to goodwill in 2019 and 2018 derive from the following business combinations:

	2019
	Thousands of Euros
Business combinations Cash Latin America[1]	24,920
Business combinations Cash Europe[1]	7,512
Business combinations Cash ROW [1]	3,623
Business combinations Cibersecurity Europe [1]	1,688
Business combinations Cibersecurity Latim America[1]	14,028
Business combinations Security and Cibersecurity ROW [1]	28,714
Business combinations Alarms Latin America[1]	2,342
	82,827

	2018
	Thousands of Euros
Business combinations Cash Latin America[1]	23,133
Business combinations Cash Europe[1]	5,990
Business combinations Cash ROW [1]	11,907
Business combinations Security ROW[1]	12,338
Business combinations Alarms Latin America[1]	454
	53,822

[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.

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

	2019
	Thousands of Euros
Business combinations Security ROW	308
Business combinations Cash Latin America	178
	486

Additions recorded in 2018 corresponded to adjustments in the value of the subsequent goodwill as a result of re-estimating the deferred contingent consideration associated with the business combination of the Contesta Group:

	2018
	Thousands of Euros
Groupo Contesta	791
	791

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

Disposals recorded in 2018 corresponded to the adjustments made to the value of the following goodwill as a result of the reassessment of the deferred contingent consideration associated with the business combination for purchasing assets from Omni S.A.:

	2018
	Thousands of Euros
Assets purchased from Omni S.A.	(610)
	(610)

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

	Thousands of Euros		
	2018		
	Cash	Security	Alarms
Spain CGU	12,631	92,117	-
France CGU	16,938	22,849	-
Portugal CGU	5,730	2,550	6,189
Germany CGU	35,985	-	-
USA CGU	-	9,704	-
Australia CGU	34,300	-	-
Singapore CGU	-	8,983	-
China CGU	-	88	-
The Philippines CGU	12,340	-	-
South Africa CGU	-	-	3,366
Brazil CGU	97,453	12,788	-
Chile CGU	35,586	3,916	-
Peru CGU	32,165	7,859	9,565
Argentina CGU	34,634	9,330	-
Colombia CGU	19,513	16,189	432
Rest of Latin America CGU	18,428	447	7,998
Total	**355,703**	**186,820**	**27,550**

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 As of December 31,2019, and 2018 Prosegur has verified the impairment at the level of the CGUs grouped by activity and country concluding that there are no losses due to the impairment of value.

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 and Security businesses 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 the Directors. 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.

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

- Ordinary income: the sales figure for the projected period is estimated based on the business plans prepared by the Management. The perpetuity 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 revenue less sell expenses, divided by total 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.
- Working capital: based on optimising DSO or average collection period for trade accounts receivables. The projection is based on revenue 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/l(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 de diciembre de 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%

31 de diciembre de 2018	**Spain**	**France**	**Germany**	**Australia**	**Chile**	**Brazil**	**Colombia**	**Peru**	**Argentina**
Growth rate	1.90%	1.87%	2.56%	2.52%	3.00%	3.97%	3.04%	1.99%	4.86%
Discount rate	4.98%	4.54%	4.20%	7.19%	9.12%	13.14%	12.20%	8.92%	24.03%

The discount rates used are post-tax values and reflect specific risks related to the country of operation. In the case of Argentina, discount rates used as well as the cash flows in 2019 do not include the effects of the inflation rate. Using pre-tax rates would make no difference to the conclusions as to each CGU recoverable amount.

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 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	**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%

Cash	2018		
	Discount rate	Growth rate	EBITDA
Brazil	17.59%	-2.32%	-16.75%
Argentina	356.85%	-100.00%	-60.20%
Spain	43.78%	-100.00%	-51.71%
France	5.70%	0.56%	-10.07%
Colombia	12.75%	0.23%	-3.01%
Peru	31.42%	-90.44%	-46.29%
Chile	10.97%	0.70%	-10.00%
Germany	11.40%	-6.51%	-28.22%
Australia	7.95%	-0.17%	-17.82%

Security	2018		
	Discount rate	Growth rate	EBITDA
Argentina	29.55%	-0.71%	-17.14%
Spain	11.08%	-6.35%	-35.70%
France	6.85%	-0.90%	-21.20%
Colombia	12.50%	2.65%	-1.70%
Peru	15.47%	-19.50%	-29.20%
Chile	13.66%	-2.90%	-26.20%

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.

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.

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

14. Other intangible assets

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

Thousands of Euros	Computer software	Client portfolio	Trademark and licenses	Other intangible assets	Total
Cost					
Balance at 1 January, 2018	**123,740**	**374,483**	**29,771**	**30,265**	**558,259**
Translation differences	(1,639)	(24,740)	613	(822)	(26,588)
Business combinations (Note 30)	611	46,804	3,239	339	50,993
Adjustments Hyperinflation	4,177	7,307	599	-	12,083
New Additions	22,446	1,107	-	440	23,993
Write offs	(690)	-	-	(379)	(1,069)
Balance at 31 December, 2018	**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
Adjustments Hyperinflation	(1,512)	(86)	-	-	(1,598)
Disposal of the scope of consolidation	(1,837)	(14,127)	(140)	-	(16,104)
New Additions	29,617	2,458	-	1,019	33,094
Write offs	(3,417)	(357)	(2)	-	(3,776)
Saldo al 31 de diciembre de 2019	**171,954**	**475,744**	**39,897**	**35,796**	**723,391**
Amortisation and impairment					
Balance at 1 January, 2018	**(81,074)**	**(182,314)**	**(23,182)**	**(26,727)**	**(313,297)**
Translation differences	726	13,827	1,642	461	16,656
Adjustments Hyperinflation	(4,215)	(3,449)	(778)	-	(8,442)
Write offs	36	-	-	59	95
Amortisation for the year	(14,805)	(24,207)	(716)	(708)	(40,436)
Saldo al 31 de diciembre de 2018	**(99,332)**	**(196,143)**	**(23,034)**	**(26,915)**	**(345,424)**
Translation differences	282	1,914	309	195	2,700
Adjustments Hyperinflation	380	14	-	-	394
Write offs	809	-	387	7	1,203
Disposal of the scope of consolidation	1,578	10,182	140	-	11,900
Amortisation for the year	(16,565)	(25,005)	(1,695)	(976)	(44,241)
Saldo al 31 de diciembre de 2019	**(112,848)**	**(209,038)**	**(23,893)**	**(27,689)**	**(373,468)**
Carrying amount					
Balance at 1 January, 2018	42,666	192,169	6,589	3,538	244,962
Balance at 31 December, 2018	49,313	208,818	11,188	2,928	272,247
Balance at 1 January, 2019	49,313	208,818	11,188	2,928	272,247
Balance at 31 December, 2019	59,106	266,706	16,004	8,107	349,923

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

	Segment	Country	2019 Cost	2019 Amortisation and impairment	2019 Value in books	Remaining useful life
Portfolio of large clients Group Nordeste	Other	Brazil	68,974	(30,017)	38,957	10 years and 2 months
Portfolio of large clients Norsergel Vigilância e Transportes de Valores Ltda	Other	Brazil	24,342	(15,491)	8,851	6 years
Portfolio of large clients Preserve and Transpev	Cash	Brazil	18,464	(14,189)	4,275	3 years and 5 months
Portfolio 5 Main Clients Chubb Security Services PTY LTD	Cash	Australia	12,441	(3,929)	8,512	13 years
Portfolio Other Clients Chubb Security Services PTY LTD	Cash	Australia	18,381	(5,804)	12,577	13 years
Portfolio business combination Prosegur Cash 2017	Cash	Other	2,866	(478)	2,388	16 years and 8 months
Portfolio Group Contesta	Cash	Spain	9,812	(1,590)	8,222	11 years and 8 months
Portfolio Business combinations Cash Latin America 2018	Cash	Other	16,721	(1,586)	15,135	Other
Portfolio Business combinations Cash ROW 2018	Cash	Philipines	6,327	(449)	5,878	12 years and 6 months
Portfolio Business combinations Cash Europe 2019	Cash	Other	9,882	(55)	9,827	14 years ad 11 months
Portfolio Business combinations Security ROW 2018	Security	USA	6,860	(373)	6,487	21 years and 9 months
Portfolio Business combinations Security ROW 2019	Security	USA	17,259	(766)	16,493	Other
Portfolio Business combinations Cash Latin America 2019	Cash	Other	41,924	(3,231)	38,693	Other
Portfolio Business combinations Alarms Latin America 2019	Alarms	Colombia	5,355	(58)	5,297	7 years and 11 months
Portfolio Business combinations Cibersecurity Latin America 2019	Security	Brazil	6,414	(840)	5,574	6 years and 1 months
Clients portfolio Transbank	Other	Brazil	7,016	(3,942)	3,074	6 years and 2 months
Clients portfolio Sergipe Goup Nordeste	Other	Brazil	6,679	(5,231)	1,448	2 years and 2 months
Portfolio of large clients Fiel	Other	Brazil	6,442	(3,964)	2,478	5 years
Portfolio Other Clients Bahia Group Nordeste	Other	Brazil	5,220	(3,407)	1,813	4 years and 2 months
			291,379	**(95,400)**	**195,979**	

The carrying amount at 31 December 2018 of individually significant client portfolios and their remaining useful lives are as follows:

	Segment	Country	2018 Cost	2018 Amortisation and impairment	2018 Value in books	Remaining useful life
Portfolio of large clients Group Nordeste	Other	Brazil	70,108	(26,615)	43,493	11 years and 2 months
Portfolio of large clients Norsergel Vigilância e Transportes de Valores Ltda	Other	Brazil	24,743	(14,246)	10,497	7 years
Portfolio of large clients Preserve and Transpev	Cash	Brazil	18,768	(13,205)	5,563	4 years and 5 months
Portfolio 5 Main Clients Chubb Security Services PTY LTD	Cash	Australia	12,273	(3,230)	9,043	14 years
Portfolio Other Clients Chubb Security Services PTY LTD	Cash	Australia	18,131	(4,771)	13,360	14 years
Portfolio business combination Prosegur Cash 2017	Cash	Other	3,238	(270)	2,968	17 years and 8 months
Portfolio Group Contesta	Cash	Spain	9,812	(889)	8,923	12 years and 8 months
Portfolio Business combinations Cash Latin America 2018	Cash	Other	16,996	(589)	16,407	Other
Portfolio Business combinations Cash ROW 2018	Cash	Philipines	5,925	(207)	5,718	13 years and 6 months
Portfolio Business combinations Security ROW 2018	Security	USA	6,728	(73)	6,655	22 years and 9 months
Clients portfolio Transbank	Other	Brazil	7,162	(3,496)	3,666	7 years and 2 months
Clients portfolio Sergipe Goup Nordeste	Other	Brazil	6,789	(4,639)	2,150	3 years and 2 months
Portfolio of large clients Fiel	Other	Brazil	6,548	(3,526)	3,022	6 years
Portfolio Other Clients Bahia Group Nordeste	Other	Brazil	5,305	(3,021)	2,284	5 years and 2 months
			212,526	**(78,777)**	**133,749**	

The cost at 31 December 2019 and 2018 for each individually significant client portfolio differs due to exchange differences.

During 2019, additions to intangible assets are recognised due to the allocation of fair value to the purchase prices of the following business combinations (Note 30):

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

During 2018, 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	**Customer portfolios**	**Trademarks and licences**	**Other intangible assets**
Business combinations Cash Latin America	28	28,347	930	178
Business combinations Cash Europe	429	3,311	-	161
Business combinations Cash ROW	105	5,717	1,460	-
Business combinations Security ROW	25	9,429	849	-
Business combinations Alarms Latin America	24	-	-	-
	611	**46,804**	**3,239**	**339**

No other 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 3.33% and 50% 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 combination of Security businesses in 2019 is the only intangible asset with indefinite useful life, and amounts to EUR 2,147 thousand. This intangible asset has an indefinite useful life since there is no foreseeable limit to the period during which the asset is expected to generate net cash flows.

The factors analysed in determining the indefinite life include:

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

On the other hand, this trademark is tested for impairment at the close of each year.

The intangible assets are tested for impairment as described in Note 35.8. No impairment losses have been recognised or reversed in 2019 and 2018.

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 2019 and 2018 is as follows:

	Thousands of Euros	
	2019	**2018**
Balance at 1 January	**642**	**50,963**
Additions	-	642
Write offs	(642)	-
Transfers from investment properties	-	(50,963)
Balance at 31 December	**-**	**642**

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.

In 2018 the property investments that were classified under the heading “Non-current assets held for sale” were classified under the heading of “Property Investments” as it is not considered highly likely that they will be sold in the short term.

15.2. Property investments

Details of movement in property investments for 2019 are as follows:

	Thousands of Euros
Cost	
Balance at 1 January 2018	**-**
Adjustment for Hyperinflation	(3,908)
Additions	58
Transfer of non-current assets held for sale	52,623
Balance at 31 December 2018	**48,773**
Adjustment for Hyperinflation	(665)
Additions	-
Transfers	426
Balance at 31 December 2019	**48,534**
Amortisation and impairment	
Balance at 1 January 2018	**-**
Adjustment for Hyperinflation	16
Amortisation for the year	(1,660)
Transfer of non-current assets held for sale	(1,821)
Balance at 31 December 2018	**(3,465)**
Adjustment for Hyperinflation	27
Amortisation for the year	(899)
Transfer of non-current assets held for sale	(87)
Balance at 31 December 2019	**(4,424)**
Carrying amount	
Balance at 1 January, 2018	-
Balance at 31 December, 2018	45,308
Balance at 1 January, 2019	45,308
Balance at 31 December, 2019	44,110

In 2018 the property investments that were classified under the heading “Non-current assets held for sale” were classified under the heading of “Property Investments” as it is not considered highly likely that they will be sold in the short term, having amortised the amount accumulated since when they were classified as held for sale in 2016.

At 31 December 2019, after an appraisal was made by an independent expert, the fair value of the properties, was EUR 86,602 thousand, with the breakdown of those investments as follows:

	Thousands of Euros
Buildings	**Fair value**
Bouchard 551	46,233
Torre Intercontinental, Moreno 845/847/87 Alsina 880 and Tacuari 242/292	40,369
	86,602

The income and expenses generated in 2019 from property investments amounted to EUR 5,166 thousand (EUR 5,346 thousand in 2018) and EUR 1,123 thousand (EUR 2,046 thousand in 2018), respectively.

Future minimum receipts under property investment leases at the close of 2019 and 2018 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 operating in India engaged in the Cash business line. 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.

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

Thousands of Euros	2019	2018
Stake in joint business	9,452	29,433
	9,452	**29,433**

Thousands of Euros	2019	2018
Balance at 1 January	**29,433**	**29,837**
Acquisitions	1,179	1,838
New additions (capitalisations)	-	1,140
Share in profits/(losses)	(1,164)	(1,119)
Sales	(19,794)	-
Transfers	68	249
Translation differences	(270)	(2,512)
Balance at 31 December	**9,452**	**29,433**

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 holding 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 revenue 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.

Acquisitions for the year 2018 correspond to Prosegur subscribing shares representing 9.45% of the share capital of the Australian company Scout Security Limited, which operates in the alarms sector.

During the month of February 2018, the joint venture in India for alarms operations, SIS Prosegur Alarms Monitoring and Response Services Pte Ltd, was capitalised with the sum of EUR 1,140 thousand.

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 rupees (equivalent to EUR 900 thousand at the transaction date). The sale involved revenue 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	2019	2018
Rosegur Fire, SRL	3	3
Rosegur Holding Corporation SL	27	47
Dinero Gelt S. L.	1,148	-
Scout Security Limited	1,825	1,838
SIS Cash Services Private Limited	2,049	4,237
SIS Prosegur Alarmas Monitoring and Response Services Private Limited	-	852
SIS Prosegur Holdings Private Limited	4,313	3,330
SBV Services Proprietary Limited	-	18,809
Others	87	317
Balance at 31 December	**9,452**	**29,433**

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 Joint Venture Companies (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 joint ventures' assets, liabilities, sales and profit and loss for the year. These amounts have been included in the statement of financial position and the income statements for the financial years ending 31 December 2019 and 2018.

	Thousands of Euros	
	2019	**2018**
Assets:		
Non-current assets	145	155
Current assets	14,035	14,986
	14,180	**15,141**
Liabilities:		
Current liabilities	16,061	19,560
	16,061	**19,560**
Profit and loss:		
Income	65,626	89,702
Expenses	(63,494)	(87,642)
Post-tax profit	**2,132**	**2,060**

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	
	2019	**2018**
Equity instrument	14,526	9,954
Deposits and guarantees	3,285	6,182
Other non-current financial assets	3,193	3,115
	21,004	**19,251**

Equity instrument

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

	Thousands of Euros	
	2019	**2018**
Octopus System Israel Ltd	2,670	2,608
Capital Concil Inteligencia CSA	2,910	2,827
Reflekt GmbH	1,450	1,250
Walmeric Soluciones S.L.	2,000	-
Situm Technologies	700	-
Other investments and other	1,223	677
Balance at 31 December	**10,953**	**7,362**

The main investments correspond to the start-ups Octopus System Israel Ltd, Capital Concil Inteligencia CSA, Reflekt GmbH Germany and Walmeric Soluciones, S.L.

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 businesses.

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.

In 2019 these investments had an impact on other comprehensive income of EUR 87 thousand.

All other equity instruments were appraised at fair value with changes in the consolidated income statement, with an impact in 2019 amounting 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	
	2019	**2018**
Balance at 1 January	**3,115**	**3,308**
Additions	-	233
Translation differences	78	(426)
Balance at 31 December	**3,193**	**3,115**

At 31 December 2019, the other non-current assets item includes fixed term deposits, most of which are due in 2022 and a loan 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 2,450 thousand (2018: EUR 2,448 thousand).

19.Inventories

Details of inventories are as follows:

	Thousands of Euros	
	2019	**2018**
Work in progress	7,883	11,614
Goods for resale, fuel and other	56,757	62,038
Operating materials	1,851	2,358
Uniforms	6,732	5,186
Impairment of inventories	(8,377)	(5,109)
	64,846	**76,087**

No inventories have been pledged as collateral to secure loans.

The changes in impairment losses are as follows:

	Thousands of Euros	
	2019	**2018**
Balance at 1 January	**(5,109)**	**(5,459)**
Additions	(4,135)	(1,768)
Applications and other	1,036	1,828
Adjustments Hyperinflation	(327)	243
Translation differences	158	47
Balance at 31 December	**(8,377)**	**(5,109)**

20. Clients and other receivables

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2019	**2018**
Customer receivables for sales and services	785,437	730,768
Less: impairment losses on trade receivables	(57,004)	(77,082)
Clients - net	728,433	653,686
Public administrations	70,426	72,855
Advances to employees	8,275	6,711
Legal deposits	25,580	20,875
Prepayments	30,032	21,993
Other receivables	52,243	44,770
Current	**914,989**	**820,890**

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	
	2019	**2018**
0 to 3 months	269,252	243,205
3 to 6 months	22,396	20,238
Over 6 months	53,989	26,840
	345,637	**290,283**

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	
	2019	**2018**
Balance at 31 December	**(77,082)**	**(66,618)**
Transition adjustment (Note 35.1)	-	(13,234)
Balance at 1 January	**(77,082)**	**(79,852)**
Provision for impairment (Note 6)	(2,770)	(7,559)
Applications and reversions	18,148	3,302
Hyperinflation adjustment	2,036	4,175
Translation differences	2,664	2,852
Balance at 31 December	**(57,004)**	**(77,082)**

As a general rule, 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 receivables, it mainly recognises advances from suppliers and creditors for the amount of EUR 14,254 thousand (2018: EUR 14,218 thousand) and other debtor balances for the amount of EUR 25,303 thousand (2018: EUR 16,557 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	
	2019	**2018**
Balance at 1 January	489,268	490,298
Additions	-	290,000
Write offs	(170,000)	(290,000)
Other changes	353	(1,030)
Balance at 31 December	**319,621**	**489,268**

The composition and the issue of financial assets in 2019 are as follows:

			Thousands of Euros
Description	**Date of issue**	**Principal**	**Balance at 31/12/2019**
Fixed-term deposit	07/04/2017	15,000	14,810
Fixed-term deposit	19/04/2017	15,000	14,811
Fixed-term deposit	22/06/2017	150,000	150,000
Fixed-term deposit	20/03/2018	140,000	140,000
		320,000	**319,621**

Details of Cash and Cash equivalents are as follows:

	Thousands of Euros	
	2019	**2018**
Cash in hand and at banks	454,473	468,968
Current bank deposits	76,204	89,387
	530,677	**558,355**

The effective interest rate on current bank deposits is 1.44% (1.52% in 2018) and the average term of deposits held is 150 days (210 days in 2018).

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 of Euros			
	Number of shares (thousands)	**Share capital**	**Share premium**	**Treasury Stock**	**Total**
Balance at 1 January 2018	**617,125**	**37,027**	**25,472**	**(53,079)**	**9,420**
Other awards	-	-	-	302	302
Balance at 31 December 2018	**617,125**	**37,027**	**25,472**	**(52,777)**	**9,722**
Buy shares	-	-	-	(107,937)	(107,937)
Own stock amortization (capital reductio	(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)**

Share capital

At 31 December 2019, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 35,921 thousand (EUR 37,037 thousand in 2018) and is represented by 598,679,362 shares (617,124,640 shares in 2018) with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed in their entirety on the Madrid and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (electronic trading 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 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:

	Number of shares	
Shareholders	**2019**	**2018**
Ms Helena Revoredo Delvecchio [(1)]	309,240,330	309,240,330
FMR LLC [(2)]	37,089,806	30,970,374
Ms Mirta Giesso Cazenave [(3)]	34,778,187	34,778,187
Invesco Limited [(4)]	21,318,944	-
Oppenheimer Acquisition Corporation [(4)]	-	34,957,437
Others	196,252,095	207,178,312
	598,679,362	**617,124,640**

[(1)] Through Gubel, S.L. and Prorevosa, S.L.U.
[(2)] Investment through various managed funds.
[(3)] Both directly and through AS Inversiones, S.L.
[(4)] Investment through various managed funds.

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

At 31 December 2019 and 2018, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,131,060 shares (310,125,760 shares in 2018), representing 51.80% of the Company's share capital (50.25% in 2018).

Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2019 or 2018.

Own shares

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

	Number of shares	Thousands of Euros
Balance at 1 January, 2018	**18,627,835**	**53,079**
Other awards	(85,829)	(302)
Balance at 31 December, 2018	**18,542,006**	**52,777**
Buy shares	30,083,417	107,937
Own stock amortization (capital reduction)	(18,445,278)	(52,438)
Other awards	(99,185)	(349)
Balance at 31 December, 2019	**30,080,960**	**107,927**

At the 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 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 regulated market 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.

No purchase or sale transactions took place in 2018 with treasury stock.

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

22.2. Cumulative translation differences

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

	Thousands of Euros	
	2019	**2018**
Balance at 1 January	**(174,397)**	**(537,720)**
Translation differences of financial statements of foreign operations	(13,568)	(58,555)
Transfer translation difference to reserves	-	421,878
Balance at 31 December	**(187,965)**	**(174,397)**

The change in the balance of the cumulative translation differences at 31 December 2019 as compared to 31 December 2018 results mainly from the devaluation of the Brazilian real.

As a result of applying IAS 29 for Argentina (Note 35.28), the Company has adopted the accounting policy of entirely recognising changes in equity, associated with currency effects, under the heading of other reserves in its entirety. IAS 29 does not consider that these changes lead to profit and loss in the income statement, but rather treats them as adjustments to equity balances. The translation differences at 31 December 2017 associated with Argentina are shown from 1 January 2018 entirely in the item of "Retained earnings and other reserves" for a negative figure of EUR 421,878 thousand (Note 22.3).

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 reserves**	**Other retained earnings**	**Total**
Balance at 31 Decembre, 2017	**7,406**	**-**	**165**	**1,589,812**	**1,597,383**
Transition adjustments (Note 35.1)	-	-	-	6,019	6,019
IAS 29 First adoption (Note 35.28)	-	-	-	46,428	46,428
Traslation differences reclassified to reserves (Note 35)	-	-	-	(421,878)	(421,878)
Balance at 1 January, 2018	**7,406**	**-**	**165**	**1,220,381**	**1,227,952**
Total comprehensive income for the year	-	-	-	131,248	131,248
Share-based incentives exercised by employees	-	-	-	183	183
Distribution of ordinary interim dividend	-	-	-	(79,054)	(79,054)
Hyperinflation adjustments	-	-	-	(119,196)	(119,196)
Other changes	-	10,000	-	(8,731)	1,269
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
Share-based incentives exercised by employees	-	-	-	102	102
Capital reduction	-	-	-	(51,332)	(51,332)
Distribution of ordinary interim dividend	-	-	-	(79,026)	(79,026)
Hyperinflation adjustments	-	-	-	(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**

Other restricted reserves at 31 December 2019 and 2018 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 04 June 2019, the General Shareholders Meeting approved distribution of profit for the amount of EUR 45,000 thousand to a capitalisation reserve.

On 27 April 2018, the General Shareholders Meeting approved distribution of profit for the amount of EUR 10,000 thousand to a capitalisation reserve.

The impacts from the application of IAS 29 and IAS 21.42 on equity were recorded in 2018 under “Retained earnings and other reserves” for a negative net amount of EUR 72,768 thousand. The first application of IAS 29 had a positive impact of EUR 46,428 thousand, with a negative impact due to currency depreciation of EUR 22,381 thousand. The rest of the negative impact associated with IAS 21.42 amounted to EUR 96,815 thousand. An increase of EUR 43,782 thousand was recorded in 2019 associated with inflation and a decrease of EUR 64,466 thousand associated with translation differences.

The proposed distribution of the parent’s profit for 2019, 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 General Shareholders’ Meeting for approval, is shown in the following table:

	Thousands of Euros
	2019
Basis of allocation	
Profit for the year	81,874
	81,874
Allocation	
Voluntary reserves	2,848
Dividends	79,026
	81,874

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 51% of the shares, and indirectly controls another 21.5% through its wholly-owned subsidiary, Prosegur Assets Management, S.L.U. The remaining 27.5% 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 Markets Interconnection System (Continuous Market) (SIBE).

On 8 May 2017, Prosegur Cash, S.A. signed a liquidity agreement in accordance with the regulations in force at the time. Prior to signing this agreement, the Company did not have treasury stock. The operating process prior to the liquidity contract to set up treasury stock ended on 8 June 2017, having attained treasury stock of 1,000,000 shares. The liquidity contract came into operation on 9 June 2017 and ended on 10 July, when the liquidity agreement was terminated. On 7 July 2017, the company signed a new liquidity agreement, entering into force on 11 July 2017, in accordance with the new legislation, commencing operations again to boost the contractual liquidity.

At the close of 2019, the treasury stock held by Prosegur Cash, S.A. is composed of 1,119,862 shares (1,057,307 shares in 2018), of which 696,866 are linked to the aforementioned liquidity contract (602,496 in 2018).

Below is the consolidated financial information for the Prosegur Cash Group before intragroup eliminations, of which 27.5% corresponds to non-controlling interests:

	(In thousands of Euros)	
	2019	**2018**
Non-current assets	1,089,241	937,314
Current assets	845,074	768,952
Total assets	**1,934,315**	**1,706,266**
Total equity	**243,633**	**237,991**
Non-current liabilities	902,843	865,918
Current liabilities	787,839	602,357
Total liabilities	**1,690,682**	**1,468,275**
Revenue	1,798,654	1,731,605
Operating profit/(loss) (EBIT)	**304,757**	**268,008**
Profit before tax	259,606	264,109
Post-tax profit from continuing operations	**169,016**	**174,228**
Post-tax profit from discontinued operations	-	(11)
Consolidated profit/(loss) for the period	**169,016**	**174,217**
Cash flows from operating activities	313,039	225,687
Cash flows from investing activities	(96,316)	(125,550)
Cash flows from financing activities	(152,884)	(97,039)
Net increase/(decrease) in cash and cash equivalents	**63,839**	**3,098**

23. Provisions

Details of provisions and changes are as follows:

Thousands of Euros	Labour-related risks	Legal risks	Restructuring	Employee benefits expense (Note 5.2)	Other risks	Total
Balance at 1 January, 2019	**66,211**	**16,101**	**577**	**14,918**	**103,744**	**201,551**
Provisions charged to income statement	19,333	6,081		1,206	35,958	62,578
Reversals credited to income statement	(4,142)	(2,239)	-	-	(21,961)	(28,342)
Applications	(24,686)	(3,626)	(577)	(323)	(2,472)	(31,684)
Financial effect of the discount	3,008	640	-	-	5,163	8,811
Transfers	-	-	-	-	3,376	3,376
Disposal of the scope of consolidation	(514)	-	-	(1,844)	(216)	(2,574)
Business Combinations	-	-	-	-	11,679	11,679
Reversion charged to Equity	-	-	-	7,572	-	7,572
Translation differences	(858)	(253)	-	(785)	(705)	(2,601)
Adjustments Hyperinflation	(3,384)	(239)	-	-	-	(3,623)
Balance at 31 December, 2019	**54,968**	**16,465**	**-**	**20,744**	**134,566**	**226,743**
Non-current 2019	54,968	16,465	-	20,744	132,289	224,466
Current 2019	-	-	-	-	2,277	2,277

a) Occupational risks

The provisions for occupational risks, which amount to EUR 54,968 thousand (2018: EUR 66,211 thousand), are calculated individually based on the estimated probability for 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 2019 of EUR 28,618 thousand (2018: EUR 40,601 thousand). The reduction compared to the previous year was a result of the latest changes in Brazilian labour legislation.

At 31 December 2019, the number of labour legal cases open in Brazil amounts to 3,913 (31 December 2018: 4,075). During 2019, almost 2,610 proceedings were closed.

Additionally, under this item, there is a provision for EUR 2,987 thousand (2018: EUR 6,614 thousand) related to the business combination carried out in 2005 with Transpev. During the 2019 financial year, 70 cases are still pending (31 December 2018: 76).

Provisions charged to income and reversals credited to income statement are included under other expenses in cost 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, that amount to EUR 16,465 thousand (in 2018: EUR 16,101 thousand), correspond mainly to civil claims, which are analysed on a case-by-case basis. This mainly includes lawsuits in Brazil, Spain and France. 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 proceedings under way. There are no significant legal risks.

c) Restructuring

This provision corresponded to Brinks Deutschland GmbH in 2013, for estimates for the payment of severances for dismissal and other costs. This provision was paid in its entirety during the first half of 2019 in an amount of EUR 577 thousand (payments of EUR 945 thousand were made in 2018).

d) Employee benefits

As indicated in Note 5.2, Prosegur maintains defined benefit schemes in Germany, Brazil, El Salvador, France, 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 2019 financial year-end.

The defined benefit schemes of Germany and France consist of Pension and retirement schemes, while the benefit scheme defined for Mexico consists of a seniority scheme. The defined benefit schemes for Central America consist of contract termination benefits.

Prosegur has a defined benefit plan 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.

e) Other risks

The provision for other risks, amounting to EUR 134,566 thousand (2018: EUR 103,744 thousand), includes a whole multitude of 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 proceedings under way.

We list the most significant ones below:

Tax risks

These mainly refer to tax risks in Brazil and Argentina for the amount of EUR 95,122 thousand (2018: EUR 79,282 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 they relate to various amounts that are not individually material, linked mainly to municipal and provincial 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, it makes internal analyses based on similar cases occurring in the past in Prosegur or in 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 to income and reversals credited to income statement are included under other expenses in Note 4.

Accruals with personnel

These provisions include the incentive, due and payable in cash, corresponding to the 2020 and 2017 Plans (Note 35.20) for the Executive Director and Senior Management of Prosegur and for Prosegur Cash.

During the year, provisions to results have been made in an amount of EUR 5,674 thousand (Note 5.1) (EUR 4,707 thousand in 2018). That amount includes the adjustment for fair value of the share price for the 2017 Plan at the time of payments and the corresponding accrual for the 2020 and 2017 Plans.

During 2019, 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.

During 2019 a sum of EUR 1,594 thousand (2018: EUR 8,967 thousand) has been applied, corresponding to the second payment 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 1,793 thousand, since the maturity of this commitment will take place in 2020 associated with the final payment of the 2017 Plan (2018: EUR 2,946 thousand, with maturity in 2019).

Comcare Australia

In 2019, payments have been made for commitments associated to the occupational accident insurance plan in Australia amounting to EUR 452 thousand (EUR 960 thousand in 2018). The allocation for the year amounted to EUR 158 thousand, reaching a provisional total of EUR 2,907 thousand (EUR 3,474 thousand in 2018), of which EUR 484 thousand fall due in the short term (2018: EUR 1,001 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	2019		2018	
		Non-current	Current	Non-current	Current
Bonds and other marketable securities	1.00%-1.38%	1,289,510	15,124	1,287,370	15,124
Loans and borrowings	1.50%	19,699	112,082	64,314	77,482
Finance lease payables	5.39%	-	-	6,380	7,230
Credit accounts	28.05%	-	63,190	-	14,434
Other payables	14.94%	55,733	66,600	33,493	36,450
		1,364,942	**256,996**	**1,391,557**	**150,720**

Thousands of Euros	Currency	Year of maturity	2019		2018	
			Non-current	Current	Non-current	Current
Bonds and other marketable securities	Euro	2023-2026	1,289,510	15,124	1,287,370	15,124
Loans and borrowings	Euro	2020-2022	18,451	55,532	-	63,975
Loans and borrowings	USD	2020	-	266	-	-
Loans and borrowings	Brazilian Real	2020-2021	54	499	93	358
Loans and borrowings	Australian dollar	2020-2021	29	44,014	43,423	-
Loans and borrowings	South African Rand	2019	-	-	17,563	-
Loans and borrowings	Peruvian Nuevo Sol	2020	-	6,456	2,349	9,134
Loans and borrowings	Other currencies	2020-2022	1,165	5,315	886	4,015
Finance lease payables	Euro	2019-2020	-	-	1,736	2,222
Finance lease payables	Brazilian Real	2019-2020	-	-	492	3,066
Finance lease payables	Other currencies	2019-2026	-	-	4,152	1,942
Credit accounts	Euro	2020	-	29	-	4,827
Credit accounts	Argentine Peso	2020	-	28,255	-	-
Credit accounts	USD	2020	-	23,581	-	-
Credit accounts	Other currencies	2020	-	11,325	-	9,607
Other payables	Euro	2020-2023	14,499	5,076	8,800	7,096
Other payables	Brazilian Real	2020-2033	27,911	24,021	12,420	11,381
Other payables	Argentine Peso	2020-2023	31	14,534	63	127
Other payables	Other currencies	2019-2033	13,292	22,969	12,210	17,846
			1,364,942	**256,996**	**1,391,557**	**150,720**

At 31 December 2019 drawdowns from credit facilities in current accounts totalled EUR 63,190 thousand (EUR 14,434 thousand in 2018). Details of undrawn credit facilities are as follows:

	Thousands of Euros	
	2019	**2018**
Maturing in less than 1 year	261,624	203,648
Maturing in more than 1 year	480,000	500,000
	741,624	**703,648**

Credit facilities are subject to various interest rate reviews in 2020.

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 of the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.

On 2 April 2018 the uncovered bonds issued on 2 April 2013 for EUR 500,000 thousand were amortised on their due date.

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 credit facility of EUR 200,000 thousand (Spain)

On February 10, 2017, Prosegur contracted a new syndicated financing operation in the form of credit amounting to 200,000 thousand euros for a term of five years in order to provide the company with liquidity in the long term. On February 7, 2019, the novation of this syndicated financial transaction was carried out in the credit modality, extending the maturity for another 5 years until February 2024. As of December 31, 2019, there is no available balance of this credit.

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

Syndicated credit facility of EUR 300,000 thousand (Spain)

On February 10, 2017, Prosegur's subsidiary, Prosegur Cash, SA, contracted a new syndicated financing operation in the form of credit amounting to 300,000 thousand euros for a term of five years in order to provide liquidity to The company in the long term. On February 7, 2019, the novation of this syndicated financial transaction has been carried out in the credit modality, extending the maturity for another 5 years until February 2024. As of December 31, 2019, the available balance of this credit amounts to to 20,000 thousand euros.

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

Syndicated loan (Australia)

On 28 April 2017, Prosegur, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated financing operation in the amount of AUD 70,000 thousand for a 3-year term. At 31 December 2019, the drawn down capital corresponding to the loan amounts to AUD 70,000 thousand (equivalent to EUR 43,764 thousand at 31 December 2019). At 31 December 2018, the drawn down capital amounted to AUD 70,000 thousand (equivalent to EUR 43,170 thousand at 31 December 2018).

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 consequence of exercising the sales option on the 33.33% holding in SBV (Note 16), the entire loan has been cancelled in advance, therefore there is no outstanding amount at 31 December 2019 (at 31 December 2018: 272,000 thousand Rand) equivalent value at 31 December 2018: EUR 16,534 thousand.

Finance lease payables

Details of minimum payments under finance leases at 31 December 2018 are as follows:

	Thousands of Euros
	2018
Less than 1 year	7,732
1 to 5 years	6,985
Interest	(1,107)
	13,610

The main assets acquired under finance leases are armoured vehicles and cash management machines (Note 11).
At 1 January 2019 with the entry into force of IFRS 16, this debt was reclassified under the lease liabilities heading (Note 12).

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 of the loan in use, who has contracts directly with Prosegur. Prosegur has access to this money with the only purpose to load cash onto the ATMs, 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 2019 is AUD 50.5 million (equivalent to EUR 31.6 million) (at 31 December 2018 it was AUD 43.9 million, equivalent to EUR 27.7 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	
	2019	**2018**
Non-current		
Contingent and deferred payments for acquisitions	49,852	26,833
Others	5,881	6,660
	55,733	**33,493**
Current		
Contingent and deferred payments for acquisitions	66,471	34,992
Others	129	1,458
	66,600	**36,450**

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

Thousands of Euros		2019		2018	
	Currency	Non-current	Current	Non-current	Current
Fiel Vigilancia e Transp. Valores	Reals	-	952	-	908
Transvig - Transporte de Valores e Vigilancia LTDA	Reals	-	-	-	347
Grupo Nordeste y Transbank	Reals	-	5,556	-	4,591
Martom Segurança Eletrônica Ltda.	Reals	-	23	-	25
Securlog GmbH	Euros	-	258	-	258
Dognaedis Lda	Euros	1,381	-	1,381	-
Grupo Contesta	Euros	-	1,762	3,447	3,544
Indiseg Evolium Group S.L.	Euros	-	300	-	472
Purchase of client portfolio from CSS Tactical Propietary Limited	South african Rand	-	507	-	486
Inversiones BIV, S.A. y filial	Colombian Peso	-	222	-	221
Grupo Integra - Colombia	Colombian Peso	-	1,920	-	1,905
Other business combination Prosegur Cash 2017	Other	-	2,172	-	1,900
Business combination Cash ROW 2018	Phillipine Peso	8,849	3,142	7,198	2,230
Business combination Security ROW 2018	Other	4,000	1,290	4,163	962
Business combination Cash Latin America 2018	Other	4,563	11,061	8,305	14,210
Business combination Cash Europe 2018	Other	1,905	1,137	2,339	2,570
Business combination Cash ROW 2019	Other	-	2,692	-	-
Business combination Cash Latin America 2019	Other	7,619	27,764	-	-
Business combination Cash Europe 2019	Other	5,834	1,691	-	-
Business combination Alarms Latin America 2019	Other	-	4,010	-	-
Business combination Cibersecurity Latin America 2019	Other	6,850	-	-	-
Business combination Cibersecurity Europe 2019	Other	827	-	-	-
Business combination Security ROW 2019	Other	8,024	-	-	-
Purchase of client protfolio from Security Systems Paraguay S.A.	Paraguayan Guarani	-	12	-	363
		49,852	**66,471**	**26,833**	**34,992**

The reconciliation of balances classified as financial liabilities with the flow of financing activities in the Statement of Cash Flows is as follows:

Thousands of Euros	Bonds and other marketable securities	Bank borrowing	Credit accounts	Other payables	Total
Balance at 1 January 2019	**1,302,494**	**141,796**	**14,434**	**69,943**	**1,528,667**
Cash flows from financing activities	-	(9,649)	34,851	(27,489)	(2,287)
Acquisitions/interest accrual and others	2,140	170	321	12,367	14,998
Business combinations (Note 30)	-	922	13,741	67,783	82,446
Translation differences	-	(1,458)	(157)	(271)	(1,886)
Balance at 31 December 2019	**1,304,634**	**131,781**	**63,190**	**122,333**	**1,621,938**

25.Suppliers and other payables

Details of suppliers and other payables are as follows:

	Thousands of Euros	
	2019	**2018**
Trade payables	212,055	194,473
Accrued personnel costs	245,034	238,517
Social Security and other taxes	193,428	188,691
Other payables	182,541	173,159
	833,058	**794,840**

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 44,468 thousand relating to the incentive programme (EUR 38,639 thousand in 2018). The cost recognised under employee benefits expense in the income statement in relation to this policy amounts to EUR 77,915 thousand (EUR 66,940 thousand in 2018).

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

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:

	2019	**2018**
	Days	Days
Average payment period to suppliers	63	57
Ratio of transactions paid	63	56
Ratio of transactions pending payment	62	64
	Thousands of Euros	Thousands of Euros
Total payments made	297,264	276,278
Total payments pending	25,398	25,186

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 2019, according to Act 11/2013, of 26 December, 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:

	2019		2018	
Thousands of Euros	Non-current	Current	Non-current	Current
Prepaid Income	28,807	47,081	29,273	44,391
Other liabilities	-	3,564	-	3,877
	28,807	**50,645**	**29,273**	**48,268**

The heading Current Prepaid Income mainly includes the advance billing for alarm contracts for EUR 31,785 thousand (2018: EUR 28,334 thousand), as well as the anticipated income associated with building contracts.

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.

Additionally, Prosegur files tax returns under Tax Consolidation in the following countries: France, Luxembourg, Portugal, Australia and the United States.

- Certain companies in France, directly or indirectly owned, form a Consolidated Tax Group and file tax returns pursuant to legislation under the special “Intégration Fiscale” scheme under French law.
- 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 Distribuçao e Serviços Ltda., Prosegur Agencia Promoçao e Comercializaçao de Productos e Servicios Unipessoal Lda., Prosegur Logistica e Tratamento de Valores Portugal S.A., Prosegur Alarmes Dissuasao Potugal Unipesoal Ltda., Prosegur SES Serviços Empresariais de Segurança Unipessoal Lda., Prosegur de Servicios Partilhados Unipessoal Lda. and Prosegur Gestao de Activos Imobiliarios, S.A.
- In Australia, Prosegur SPV1 PTY Limited, incorporated during the year, has joined the consolidated tax group. As a result of this incorporation, the group is composed of that company

and the five Australian companies that already formed part of the group the previous year: Prosegur Australia Holdings Pty Limited, Prosegur Australia Investments Pty Limited, Prosegur Australia, Prosegur Technology Pty Limited and Prosegur Asset Management.
- In the United States, Prosegur has a consolidate tax group composed of the following US companies: Prosegur Security 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	
	2019	**2018**
Current tax	127,586	97,640
Deferred tax	(22,945)	2,382
	104,641	**100,022**

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

	Thousands of Euros	
	2019	**2018**
Tax losses and Tax deductions	(9,556)	(6,456)
Temporary Provisions and Differences	(16,773)	4,118
Intangible asset amortisation	(9,675)	(7,898)
Property, plant and equipment amortisation	13,059	12,618
	(22,945)	**2,382**

The deferred items 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	
	2019	**2018**
Profit before income tax	**264,867**	**280,039**
Tax rate	25%	25%
Result of applying tax rate to profit	66,217	70,010
Permanent differences	18,380	12,166
Effect of application of different tax rates	5,969	8,941
Tax losses and adjustments to deferred tax	17,674	10,263
Tax deductions applied and not recognised in prior years	(3,599)	(1,358)
Income tax expense	**104,641**	**100,022**

The effective tax rate in 2019 is 39.5%, compared to 35.7% in 2018, which means an increase of 3.8 percentage points owing essentially to the adjustment for hyperinflation.

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

Tax rate	2019	2018
Germany	30.5%	30.5%
Argentina	30.0%	30.0%
Australia	30.0%	30.0%
Brazil	34.0%	34.0%
Canada	26.5%	-
Chile	27.0%	27.0%
China	25.0%	25.0%
Colombia	33.0%	33.0%
Costa Rica	30.0%	-
El Salvador	30.0%	30.0%
UAE	55.0%	55.0%
Spain	25.0%	25.0%
USA	29.0%	29.0%
Phillipines	30.0%	30.0%
France	33.3%	33.3%
Guatemala	25.0%	25.0%
The Netherlands	25.0%	25.0%
Honduras	30.0%	30.0%
Hong Kong	16.5%	16.5%
India	28.0%	28.0%
Indonesia	25.0%	-
Luxembourg	24.9%	26.0%
Mexico	30.0%	30.0%
Nicaragua	30.0%	30.0%
Paraguay	10.0%	10.0%
Peru	29.5%	29.5%
Portugal	22.5%	22.5%
United Kingdom	18.0%	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 2019 some local legislations changed their tax rates for the coming years. Accordingly, the tax rate for the following years is indicated below:

	Type of taxation		
Tax rates that commence from:	Colombia	France	UK
1 January 2020	32%	28%	17%

Consequently, deferred tax assets and deferred tax liabilities have been adjusted in accordance with these new tax rates.

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

Deferred tax assets

Thousands of Euros	**Balance at 1 January, 2018**	Recognised in profit and loss	Business combinations (Note 30)	Recognised in equity	Translation differences	**Balance at 31 December, 2018**	Recognised in profit and loss	Business combinations (Note 30)	Recognised in equity	Disposal of the scope of consolidation	Translation differences	**Balance at 31 December, 2019**
Property, plant and equipment amortisation	**17,225**	5,281	37	-	(678)	**21,865**	(3,163)	56	-	-	(610)	**18,148**
Intangible asset amortisation	**5,206**	2,175	760	-	(261)	**7,880**	(2,168)	146	-	-	(16)	**5,842**
Losses and Tax Deductions	**44,104**	6,456	94	-	(1,280)	**49,374**	9,556	1,677	-	(1,573)	(2,233)	**56,801**
Provisions	**77,907**	(1,456)	1,799	555	(12,327)	**66,478**	14,725	2,532	4,275	(1,078)	(3,688)	**83,244**
Investments and Others	**4,523**	(8,613)	-	13,251	(157)	**9,004**	4,658	-	4,221	(5)	(1,995)	**15,883**
	148,965	**3,843**	**2,690**	**13,806**	**(14,703)**	**154,601**	**23,608**	**4,411**	**8,496**	**(2,656)**	**(8,542)**	**179,918**

Deferred tax liabilities

Thousands of Euros	**Balance at 1 January, 2018**	Recognised in profit and loss	Business combinations (Note 30)	Recognised in equity	Translation differences	**Balance at 31 December, 2018**	Recognised in profit and loss	Business combinations (Note 30)	Recognised in equity	Disposal of the scope of consolidation	Translation differences	**Balance at 31 December, 2019**
Property, plant and equipment amortisation	**(19,158)**	(17,899)	(696)	(5,086)	(17)	**(42,856)**	(9,896)	-	-	-	2,592	**(50,160)**
Intangible Asset Amortisation	**(50,278)**	5,723	(8,652)	(809)	931	**(53,085)**	11,843	(13,800)	-	1,314	410	**(53,318)**
Investments and Impairment	**(9,352)**	3,453	-	-	691	**(5,208)**	1,679	-	-	90	-	**(3,439)**
Provisions and Others	**(14,617)**	2,498	(2,450)	(16,306)	3,015	**(27,860)**	(4,289)	(37)	-	-	8,004	**(24,182)**
	(93,405)	**(6,225)**	**(11,798)**	**(22,201)**	**4,620**	**(129,009)**	**(663)**	**(13,837)**	**-**	**1,404**	**11,006**	**(131,099)**

In 2019, as a result of the first application of IFRS 16 (Note 35.1), deferred tax assets amounting to EUR 4,221 thousand were recognised in equity.

Tax loss assets at 31 December 2019 were EUR 48,793 thousand (2018: EUR 41,348 thousand). Tax deductions at 31 December 2019 amounted to EUR 8,008 thousand (EUR 8,026 thousand in 2018).

Details of total current and deferred income tax in relation to items credited or debited directly in other comprehensive income during the year are as follows:

Thousands of Euros	2019	2018
Losses and Profits equity	1,336	556
	1,336	**556**

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	
	2019	**2018**
Deferred tax assets	158,049	134,633
Deferred tax liability	(126,138)	(123,013)
	31,911	**11,620**

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

	Thousands of Euros			
	2019		**2018**	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Brazil	62,159	(25,715)	58,248	(26,429)
Argentina	22,489	(29,255)	9,068	(29,618)
Spain	18,051	(34,809)	20,414	(32,083)
Germany	15,345	(602)	15,955	(2,331)
Remainder	61,874	(40,718)	50,916	(38,548)
Total	**179,918**	**(131,099)**	**154,601**	**(129,009)**

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, France, 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 2019 are as follows:

Year	Total	Not capitalised	Capitalised
	Thousands of Euros		
2020	5,553	5,553	-
Subsequent years or no time limit	365,866	203,901	161,965
Total	**371,419**	**209,454**	**161,965**

The breakdown of tax carryforwards and prescriptive periods at 31 December 2019 is as follows:

	Thousands of Euros		
	Total Amount	**2020**	**Later**
Germany	53,248	-	53,248
Argentina	25,757	143	25,614
Australia	30,193	-	30,193
Brazil	52,729	-	52,729
Canada	6	-	6
Chile	59,464	-	59,464
China	2,322	41	2,281
Costa Rica	4	-	4
Colombia	12,266	-	12,266
USA	22,386	-	22,386
Spain	469	-	469
The Philippines	308	-	308
France	57,054	-	57,054
The Netherlands	175	-	175
Hong Kong	2,276	-	2,276
India	7,100	-	7,100
Indonesia	1,257	-	1,257
Luxembourg	700	-	700
Mexico	28,186	4,831	23,355
Peru	6,815	-	6,815
Portugal	2,445	-	2,445
South Africa	545	-	545
United Kingdom	446	-	446
Uruguay	5,268	538	4,730
Total	**371,419**	**5,553**	**365,866**

Detail of the tax loss carryforwards offset and pending offsetting at 31 December 2019 is as follows:

	Thousands of Euros		
	Capitalised	**Not Activated**	**Total**
Germany	46,977	6,271	53,248
Argentina	21,154	4,603	25,757
Australia	10,030	20,163	30,193
Brazil	19,146	33,583	52,729
Canada	-	6	6
Chile	24,565	34,899	59,464
China	2,203	119	2,322
Costa Rica	-	4	4
Colombia	3,076	9,190	12,266
USA	22,350	36	22,386
Spain	-	469	469
The Philippines	-	308	308
France	9,907	47,147	57,054
The Netherlands	-	175	175
Hong Kong	-	2,276	2,276
India	-	7,100	7,100
Indonesia	-	1,257	1,257
Luxembourg	-	700	700
Mexico	38	28,148	28,186
Peru	28	6,787	6,815
Portugal	1,436	1,009	2,445
South Africa	545	-	545
United Kingdom	-	446	446
Uruguay	510	4,758	5,268
Total	**161,965**	**209,454**	**371,419**

The most significant non-activated tax bases are in France, Chile, Brazil, Mexico and Australia. Of the EUR 371,419 thousand of activated and non-activated tax bases by Prosegur with a period of limitation extending beyond 2020, there is no time limit for offsetting EUR 278,985 thousand and there is a time limit for the remaining EUR 92,434 thousand.

Deferred tax assets are recognised provided that it is probable 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 four-year financial budgets approved by Management.

On 10 May 2016, the Group was notified of the beginning of a partial inspection for Corporate Income Tax on whether the freedom to amortise was appropriate due to the maintenance or creation of jobs in 2011 and on whether the remunerations made to the Directors for the years 2011 to 2014 are deductible.

Additionally, on the same date, the Group was informed of the beginning of inspection proceedings for Corporate Income Tax and which partially affects the origin of the freedom to amortise for maintenance or creation of employment in 2011.

As a result of those inspections, the following records were signed:

- Record of acceptance relating to the freedom to amortise.
- Record of non-acceptance regarding the Directors' remunerations with a tax charge of EUR 390 thousand and interest of EUR 30 thousand.

In relation to the record of non-acceptance, on 9 March 2018, the Technical Office issued a Resolution for rectifying the settlement proposal contained in the record of non-acceptance, establishing the debt at the amount of EUR 1,344 thousand, of which EUR 1,195 thousand correspond to principal and EUR 149 thousand to late-payment interest. After the Company had filed its arguments for the defence, on 6 June 2018, the Technical Office issued a Resolution for settlement for the amount of EUR 1,355 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. That claim is awaiting a decision.

In addition, the Group has filed two lawsuits awaiting decision arising from two records of non-acceptance and for which no provision was made by the Spanish Administration. The first was brought in 2012, in relation to Corporate Income Tax for the years 2005, 2006 and 2007 and is for a tax liability of EUR 10,200 thousand, of which EUR 8,269 thousand are capital and EUR 1,931 thousand are late-payment interest. In relation to this first litigation, on 14 November 2019, the National Court issued a dismissal decision against which the Company has prepared a cassation appeal before the Supreme Court, which is pending admission. The second was brought in 2015 in relation to Corporate Income Tax for the years 2008 and 2009 and is for a tax liability of EUR 20,041 thousand, of which EUR 16,088 thousand are capital and EUR 3,953 thousand are late-payment interest. That lawsuit is awaiting a decision by the National Court.

Lastly, on 4 April 2019 The Brazilian Tax Authority notified Prosegur Brasil S.A. Transportadora de Valores e Segurança, of a tax settlement decision regarding Personal Income Tax, Social Security and withholdings at source in relation to the corporate cost incurred from 2014 to 2016. The amount under that notice was BRL 214,820 thousand (tax liability BRL 102,938 thousand, interest BRL 30,833 thousand and penalties BRL 81,049 thousand), equivalent value at 31 December 2019 EUR 47,737 thousand. 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. The Company has proceeded to appeal this in the second administrative instance, where a favourable resolution to this lawsuit is anticipated.

The company has considered that the resolution of these disputes is considered possible but not probable.

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 inspection. In any event, the Directors of Prosegur do not consider that any such liabilities that could arise would have a significant effect on the Consolidated Annual Accounts.

Prosegur 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 (Note 35.1).

With this, if the Prosegur Cash Group 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 Prosegur 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 Prosegur 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 of the transition of adopting IFRIC 23 at 1 January 2019 was EUR 60,844 thousand, having recorded that impact under the heading of Retained earnings and other reserves which appears under the item of "Other Changes" of the consolidated statement of changes in equity (Note 35.1), as well as under the heading of current tax liabilities.

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

In 2018 the following corporate restructuring operations were carried out under the neutral tax regime:

- In Brazil, the merger by absorption of SETHA Industria Eletronica Ltda by Segurpro Tecnologia em Sistemas de Segurança Eletronica e incendios Ltda effective as of 31 July 2018.
- In Brazil, the spin-off of Prosegur Brasil S.A. Transportadora de Valores e Segurança to Segurpro Vigilancia Patrimonial S.A., with effect on 31 July 2018.
- In Spain, the contribution of 100% of the shares of Prosegur Ciberseguridad SAS, Prosegur Ciberseguridad Uruguay SA, Dognaedis Limited Dognaedis Lda, Prosegur Ciberseguridad SL and Prosegur Ciberseguridad Paraguay SA from Prosegur Compañía de Seguridad, S.A.. to Prosegur Ciberseguridad SL.
- In Brazil, the merger by acquisition of Transexcel Segurança e Transporte de Valores Ltda by Prosegur Brasil S.A. Transportadora de Valores e Segurança, with effect on 31 December 2018.

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	
	2019	**2018**
Commercial guarantees	274,118	243,020
Financial guarantees	248,686	217,911
	522,804	**460,931**

Commercial guarantees include those given to clients.

Financial guarantees essentially include those relating to litigation in process totalling EUR 85,830 thousand (EUR 110,932 thousand in 2018). Civil and labour-related litigation in Brazil amount to EUR 45,143 thousand at 31 December 2019 (EUR 42,910 thousand at 31 December 2018) (see Note 23).

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 ordered a fine of EUR 39,420 thousand to be imposed on Prosegur and its subsidiary.

On 13 January 2017, Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling and requested 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. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

With regard to the request for the interim measure, on 31 March 2017, the National Court agreed to it and suspended execution of the CNMC resolution in particular concerning payment of the fine by Prosegur, on the condition that, within a maximum of two months, Prosegur should provide surety or any other guarantee in the amount of the fine. On 9 June 2017, Prosegur presented the National Court with a bank guarantee amounting to EUR 39,420 thousand.

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.

The ruling that will be given in due course by the National High Court on the decision of the National Commission on Financial Markets and Competition (CNMC) could lead to additional liabilities when the proceedings conclude. 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.

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 year end are as follows:

	Thousands of Euros	
	2019	**2018**
Property, Plant and Equipment	8,456	17,109
Other intangible assets	2,260	3,022
	10,716	**20,131**

At 31 December 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 are as follows:

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

Balance at 31 December, 2018	Thousands of Euros		
Type	**Less than 1 year**	**1 to 5 years**	**Over 5 years**
Buildings	12,142	34,653	18,233
Vehicles	17,341	20,667	10,334
Other assets	106	247	-
	29,589	**55,567**	**28,567**

30. Business combinations

Details of changes in goodwill are presented in Note 13.

30.1. Goodwill included in 2019

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

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Business combinations Cash Europe (1)	15,320	7,526	**22,846**	15,334	**7,512**
Business combinations Cash Latin America (1)	30,812	34,282	**65,094**	40,175	**24,919**
Business combinations Cash ROW (1)	1,241	3,079	**4,320**	698	**3,622**
Business combinations Latin America Alarms (1)	4,683	3,832	**8,515**	6,173	**2,342**
Business combinations Cibersecurity Europe (1)	1,875	938	**2,813**	1,125	**1,688**
Business combinations Cibersecurity Latin America (1)	14,450	7,225	**21,675**	7,647	**14,028**
Business combinations Security and Cibersecurity ROW (1)	47,539	10,901	**58,440**	29,724	**28,716**
	115,920	**67,783**	**183,703**	**100,876**	**82,827**

(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 businesses acquired in 2019 been acquired on 1 January 2019, consolidated income statement revenues would have been EUR 30,316 thousand higher and consolidated profit/(loss) for the year would have been reduced by EUR 5,990 thousand.

Prosegur has recognised under administration and sales expenses of the consolidated income statement transaction costs of EUR 4,366 thousand (in 2018: EUR 5,825 thousand).

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

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Europe (1)	15,320	(5,928)	9,392
Business combinations Cash Latin America (1)	30,812	(3,153)	27,659
Business combinations Cash ROW (1)	1,241	(5)	1,236
Business combinations Latin America Alarms (1)	4,683	-	4,683
Business combinations Cibersecurity Europe (1)	1,875	(87)	1,788
Business combinations Cibersecurity Latin America (1)	14,450	(99)	14,351
Business combinations Security and Cibersecurity ROW (1)	47,539	(571)	46,968
	115,920	(9,843)	106,077

(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 Europe

In 2019, Prosegur acquired a software engineering company 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 management services related to digital software of the retail sector. The total purchase price was EUR 22,846 thousand, comprising a cash consideration of EUR 15,320 thousand, a deferred contingent consideration amounting to a total of EUR 5,952 thousand, due in 2020, 2021, 2022, 2023, and a deferred payment of EUR 1,574 thousand, due in 2020.

The revenue and net profits contributed to the consolidated income statement for 2019 amounted to EUR 500 thousand and EUR 163 thousand respectively.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**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
Deferred tax assets	155	155
Current tax assets	56	56
Other liabilities and expenses	(386)	(386)
Property, Plant and Equipment	789	789
Trade and other payables	(1,540)	(1,540)
Other Current Liabilities	(5)	(5)
Deferred tax liabilities	(12)	(2,600)
Other intangible assets	3	10,359
Identifiable net assets acquired	**7,566**	**15,334**

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 client relationships (EUR 9,882 thousand) with a useful life of 15 years and a software specialised in the development of technological solutions for the insurance industry (EUR 474 thousand) with a useful life of 8 years.

Cash business combinations in LatAm

During 2019, Prosegur acquired a number of security companies and assets in LatAm providing cash in transit and cash management 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 revenue and net profits contributed to the consolidated income statement for 2019 amounted to EUR 29,309 thousand and EUR 2,898 thousand respectively.

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

(Thousands of Euros)	Carrying amount of the acquired company	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
Provisions	(6,812)	(6,812)
Trade and other payables	(9,838)	(9,838)
Other current Liabilities	(270)	(270)
Current tax assets	(724)	(724)
Short-term lease liabilities	(1,663)	(1,663)
Long-term lease liabilities	(381)	(381)
Deferred tax liabilities	(36)	(3,536)
Other intangible assets	48	47,213
Identifiable net assets acquirec	**(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 9-13 years and a non-competition agreement (EUR 5,294 thousand) with a useful life of 5 and 10 years.

Cash business combinations in ROW

In 2019, Prosegur acquired a security company that provides cash in transit and cash management 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.

It contributed revenue of EUR 3,837 thousand and net losses for the year of EUR 742 thousand to the consolidated income statement for 2019.

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

(Thousands of Euros)	Carrying amount of the acquired company	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
Trade 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)
Short-term lease liabilities	(150)	(150)
Long-term lease liabilities	(131)	(131)
Inventory	19	19
Identifiable net assets acquirec	**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 sizeable 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 acquired company	Fair value
Property, Plant and Equipment	712	712
Other intangible assets	22	5,377
Clients and other receivables	38	38
Inventory	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 sizeable 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.

Security 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.

It contributed revenue of EUR 503 thousand and net losses for the year of EUR 439 thousand to the consolidated income statement for 2019.

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

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	87	87
Property, Plant and Equipment	2	2
Clients and other receivables	383	383
Trade 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 sizeable 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.

Security 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.

It contributed revenue of EUR 7,105 thousand and net losses for the year of EUR 82 thousand to the consolidated income statement for 2019.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**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
Trade and other payables	(3,329)	(3,329)
Provisions	(66)	(66)
Other intangible assets	270	8,262
Deferred tax liability	-	(2,717)
Short-term financial liabilities	(23)	(23)
Long-term financial liabilities	(97)	(97)
Short-term lease liabilities	(172)	(172)
Long-term lease 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 sizeable 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 Business combinations in ROW

During 2019, Prosegur acquired a number of security companies in ROW providing services of surveillance, remote video-surveillance, cyber-security 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.

It contributed revenue of EUR 153,058 thousand and net losses for the year of EUR 1,621 thousand to the consolidated income statement for 2019.

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

(Thousands of Euros)	Carrying amount of the acquired company	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
Inventory	5,096	5,096
Current tax assets	311	311
Other liabilities and expenses	(581)	(581)
Trade 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)
Short-term lease liabilities	(1,343)	(1,343)
Long-term lease liabilities	(1,198)	(1,198)
Deferred tax assets	4,227	4,227
Provisions	(4,801)	(4,801)
Current tax liability	(93)	(93)
Deferred tax liability	-	(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.

30.2. Goodwill added in 2018 with valuation completed in 2019

Details of the net assets acquired and goodwill recognised on business combinations during 2018 for which measurement was completed in 2019 are as follows:

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Business combinations Cash Latin America	26,568	22,593	**49,161**	25,850	**23,311**
Business combinations Security ROW	18,526	5,652	**24,178**	11,532	**12,646**
	45,094	**28,245**	**73,339**	**37,382**	**35,957**

Goodwill is not tax-deductible.

At 31 December 2018, the total goodwill recognised for these additions was EUR 23,133 thousand for the LatAm Cash business combinations and EUR 12,338 thousand for the Security ROW business combinations. The difference generated by the verification of the fair values in 2019 corresponded to the re-estimation of the opening balance associated with LatAm Cash business combinations and to the re-estimation of the deferred contingent considerations associated with the ROW Security business combinations. Prosegur has not restated 2018 figures as the changes are not significant.

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

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Latin America	26,568	(2,887)	**23,681**
Business combinations Security ROW	18,526	(2,076)	**16,450**
	45,094	(4,963)	**40,131**

Cash business combinations in LatAm

In 2018, Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities in LatAm. The total purchase price was EUR 49,161 thousand, comprising a cash payment of EUR 26,568 thousand, and a deferred contingent consideration totalling EUR 22,593 thousand maturing in 2018, 2019, 2020 and 2021.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	2,887	2,887
Property, Plant and Equipment	9,710	9,710
Clients and other receivables	6,899	6,899
Inventory	129	129
Non-current financial assets	859	859
Deferred tax assets	981	981
Current tax assets	581	581
Trade and other payables	(7,379)	(7,379)
Short-term financial liabilities	(440)	(440)
Long-term financial liabilities	(2,241)	(2,241)
Provisions	(8,702)	(8,702)
Current tax liability	(565)	(565)
Deferred tax liability	(342)	(5,995)
Other intangible assets	27	29,126
Identifiable net assets acquired	**2,404**	**25,850**

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 27,991 thousand) with a useful life of between 7 and 16 years, licences (EUR 178 thousand) with a useful life of 2 years, and trademarks (EUR 930 thousand) with a useful life between 2 years and one month and a half.

Security Business combinations in ROW

In 2018, Prosegur acquired a number of security companies providing surveillance and remote video surveillance services in ROW. The total purchase price was of EUR 24,178 thousand, consisting of a cash payment of EUR 18,526 thousand, and a deferred contingent consideration for a total of EUR 5,652 thousand due for payment in 2018, 2019, 2020, 2021, 2022 and 2023.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	2,076	2,076
Property, Plant and Equipment	399	399
Clients and other receivables	2,374	2,374
Inventory	5	5
Deferred tax assets	509	509
Current tax assets	4	4
Other financial assets	27	27
Provisions	(114)	(114)
Trade and other payables	(1,525)	(1,525)
Other financial assets	102	102
Short-term financial liabilities	(139)	(139)
Other financial liabilities	(7)	(7)
Current tax liability	(334)	(334)
Deferred tax liability	-	(2,701)
Other intangible assets	25	10,856
Identifiable net assets acquired	**3,402**	**11,532**

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 9,982 thousand) with a useful life of between 10 and 23 years and trademarks (EUR 849 thousand) with a useful life of between 5 and 9 years.

30.3. Goodwill incorporated in year 2018 not reviewable in 2019

Details of the net assets acquired and goodwill recognised on business combinations during 2018 whose valuation has not been reviewed in 2019 are as follows:

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Business combinations Cash Europe	6,922	4,742	**11,664**	5,674	**5,990**
Business combinations Cash ROW	12,593	8,071	**20,664**	8,757	**11,907**
Business combinations Alams Latin America	124	650	**774**	320	**454**
	19,639	**13,463**	**33,102**	**14,751**	**18,351**

Goodwill is not tax-deductible.

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

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Europe	6,922	(2,358)	**4,564**
Business combinations Cash ROW	12,593	(2,232)	**10,361**
Business combinations Alams Latin America	124	(20)	**104**
	19,639	**(4,610)**	**15,029**

Cash business combinations in Europe

In 2018, in Europe, Prosegur acquired a series of security companies providing ATM management and maintenance services, cash in transit and document management and the development and marketing of software specialising in prevention of money-laundering and terrorist financing. The total purchase price was of EUR 11,664 thousand, comprising a cash consideration of EUR 6,922 thousand, a deferred contingent consideration amounting to a total of EUR 4,492 thousand, due in 2018, 2019, 2020, 2021, 2022 and 2023 and a deferred payment of EUR 250 thousand, due in 2019.

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

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,358	2,358
Property, Plant and Equipment	176	176
Clients and other receivables	2,175	2,175
Inventory	786	786
Deferred tax assets	37	37
Current tax assets	12	12
Non-current financial assets	52	52
Trade and other payables	(1,979)	(1,979)
Other liabilities and expenses	(414)	(414)
Short-term financial liabilities	(342)	(342)
Deferred tax liability	(148)	(1,087)
Other liabilities	(1)	(1)
Other intangible assets	429	3,901
Identifiable net assets acquired	**3,141**	**5,674**

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 client relationships (EUR 3,311 thousand) with a useful life of 6-12 years and other intangible assets (EUR 161 thousand) with a useful life of 6.5 years.

Cash business combinations in ROW

In 2018, Prosegur acquired a security company that provides cash in transit and cash management services in ROW. The total purchase price has been EUR 20,664 thousand, comprising a cash payment of EUR 12,593 thousand, and a deferred contingent consideration totalling EUR 8,071 thousand.

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

(Thousands of Euros)	Carrying amount of the acquired company	Fair value
Cash and cash equivalents	2,232	2,232
Property, Plant and Equipment	4,540	4,540
Clients and other receivables	6,851	6,851
Inventory	216	216
Deferred tax assets	144	654
Trade and other payables	(5,819)	(5,819)
Long-term financial liabilities	(202)	(202)
Short-term financial liabilities	(3,131)	(3,131)
Provisions	-	(1,700)
Deferred tax liability	(13)	(2,166)
Other intangible assets	105	7,282
Identifiable net assets acquired	**4,923**	**8,757**

Goodwill was allocated to the Cash segment 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 5,717 thousand) with a useful life of 14 years, and trademarks (EUR 1,460 thousand) with a useful life of 5 years.

Alarms Business combinations in LatAm

In 2018, Prosegur acquired a security company specialising in monitoring residential alarm systems in LatAm. The total purchase price was EUR 774 thousand, comprising a cash payment of EUR 124 thousand, and a deferred payment of EUR 650 thousand maturing in 2018.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	20	20
Property, Plant and Equipment	453	453
Clients and other receivables	1,009	1,009
Inventory	250	250
Deferred tax assets	643	643
Current tax assets	216	216
Non-current financial assets	53	53
Provisions	(754)	(754)
Other current liabilites	(88)	(88)
Trade and other payables	(1,262)	(1,262)
Other liabilities and expenses	(88)	(88)
Other current financial liabilities	(142)	(142)
Deferred tax liability	(14)	(14)
Other intangible assets	24	24
Identifiable net assets acquired	**320**	**320**

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.

31.Related parties

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 51.618% of the Company's share capital. The remaining 48.382% is held by various shareholders, including Invesco Limited with 3.561%, AS Inversiones S.L. with 5.492% and FMR LLC with 6.195% (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 2019, Proactinmo, S.L.U. invoiced the Group EUR 1,149 thousand for that lease contract (EUR 1,172 thousand in 2018).

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 2019, Proactinmo, S.L.U. invoiced the Group EUR 815 thousand for that lease contract (EUR 918 thousand in 2018).

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 5, 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 2019, Proactinmo, S.L.U. invoiced the Group EUR 701 thousand for that lease contract (EUR 15 thousand in 2018).

The leases are at market prices.

During the year, the Euroforum Group (controlled by Gubel, S.L.) billed Prosegur for hotel services amounting to EUR 325 thousand (2018: EUR 733 thousand).
During the year, Agrocinegética San Huberto (controlled by Gubel, S.L) invoiced Prosegur for EUR 398 thousand (EUR 182 thousand in 2018).

Provision of services

In 2019, Prosegur provided security services to Gubel, S.L. in the amount of EUR 18 thousand (EUR 17 thousand in 2018) and to Proactinmo, S.L.U. (controlled by Gubel, S.L) for EUR 59 thousand (EUR 48 thousand in 2018).

During the year, Prosegur billed the Euroforum Group (controlled by Gubel, S.L.) EUR 397 thousand (2018: EUR 260 thousand).

In 2019 and 2018 no assets were sold to related companies.

Remuneration of members of the Board of Directors and 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	
	2019	**2018**
Fixed remuneration	1,724	1,724
Variable remuneration	250	308
Remuneration for membership of the Board	160	160
Per diems	169	143
Life insurance premiums	73	67
	2,376	**2,402**

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	
	2019	**2018**
Fixed remuneration	1,720	1,749
Variable remuneration	774	741
Remuneration in kind	21	27
Life insurance premiums	11	12
	2,526	**2,529**

The expenses for civil liability insurance for directors and members of Senior Management amount to EUR 172 thousand (2018: EUR 154 thousand).

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for Prosegur Executive Director and Senior Management. 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 general meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for Prosegur Executive Director and Senior Management. 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 listed 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.

The 2017 and 2020 long-term incentive Plans for the Executive Director and Senior Management of Prosegur (Note 5.1), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2019 commitment amounting to EUR 5,674 thousand (EUR 4,707 thousand in 2018) (Note 23).

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

In 2019 EUR 1,594 thousand were used, corresponding to the second payment under the 2017 Plan (Note 23) (2018: EUR 8,967 thousand).

Loans and investments with related parties

At 31 December 2019 and 2018, 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 2,450 thousand (Note 18) (EUR 2,448 thousand in 2018).

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 chairman 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. In 2019 a disinvestment of EUR 20,000 thousand took place in the fixed income fund mentioned above. That investment is recorded under the heading of other financial assets at 31 December 2019 and 2018.

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 2019.

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 2019 the fees amounted to EUR 668 thousand, representing less than 0.5% of Prosegur's total administration and sales expenses (Note 4) (at 31 December 2018 the amount was EUR 746 thousand).

In addition, in 2019 Prosegur provided surveillance services to the offices of J&A Garrigues, S.L.P. The surveillance services billed to J&A Garrigues, S.L.P. at 31 December 2019 stood at EUR 697 thousand, accounting for less than 0.5% of Prosegur's sales (at 31 December 2018 it was EUR 636 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 exchange rate risks for currency operations. Currency risk arises when future trade transactions, equity investments, profit and 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 risks, 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 2019

Thousands of Euros	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	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**
Trade 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**

At 31 December 2018

Thousands of Euros	Euro	US Dollar	Brazilian Real	Colombian Peso	South African Rand	Australian dollar	Other currencies	**Total position**
Loans between related parties	-	-	-	-	-	-	-	-
Non-current financial assets	15,241	221	-	-	-	-	-	15,462
Total non-current assets	**15,241**	**221**	**-**	**-**	**-**	**-**	**-**	**15,462**
Clients and other receivables	77,293	33,696	-	-	-	-	597	111,586
Other current financial assets	14,745	392	-	-	1,702	21,989	-	38,828
Cash and cash equivalents	32,591	4,996	-	-	434	-	-	38,021
Total current assets	**124,629**	**39,084**	**-**	**-**	**2,136**	**21,989**	**597**	**188,435**
Financial liabilities	-	353	-	-	16,534	-	-	16,887
Non-current liabilities	**-**	**353**	**-**	**-**	**16,534**	**-**	**-**	**16,887**
Trade and other payables	41,900	65,421	-	-	-	-	-	107,321
Financial liabilities	6,574	778	25	1,767	-		-	9,144
Derivative Financial Instruments	2,161	1,294	-	-	-	-	-	3,455
Current liabilities	**50,635**	**67,493**	**25**	**1,767**	**-**	**-**	**-**	**119,920**
Net position	**89,235**	**(28,541)**	**(25)**	**(1,767)**	**(14,398)**	**21,989**	**597**	**67,090**

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

	2019		2018	
	Average rate	Closing rate	Average rate	Closing rate
US Dollar	1.12	1.12	1.18	1.15
Brazilian Real	4.41	4.52	4.31	4.44
Argentine Peso	53.70	67.17	32.94	43.07
Chilean Peso	786.44	836.51	756.95	796.84
Mexican Peso	21.55	21.22	22.71	22.56
Peruvian Nuevo Sol	3.74	3.73	3.88	3.87
Colombian Peso	3,672.02	3,681.54	3,488.62	3,722.26

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 and 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.

	Increase of exchange rate		Decrease of exchange rate	
Thousands of Euros	Equity	Result	Equity	Result
At 31 December 2019				
Brazilian Real (15% variation)	59,633	1,965	(80,680)	779
Argentine Peso (25% variation)	32,663	9,102	(54,438)	(15,170)
Chilean Peso (10% variation)	10,545	386	(12,889)	242
Peruvian Nuevo Sol (10% variatior	11,336	353	(13,855)	825
US Dollar (10% variation)	6,668	-	(8,149)	-
At 31 December 2018				
Brazilian Real (18% variation)	66,230	(4)	(48,952)	3
Argentine Peso (25% variation)	93,440	15,565	(56,064)	(9,339)
Chilean Peso (10% variation)	14,609	(2,648)	(11,953)	2,754
Peruvian Nuevo Sol (10% variatior	13,232	(6,721)	(10,826)	5,499
US Dollar (10% variation)	(23)	(18)	19	(1,687)

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. Impairment of trade receivables at 31 December 2019 amounts to EUR 57,004 thousand (EUR 77,082 thousand in 2018) (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 12,460 clients (excluding alarm clients) with a monthly average turnover of EUR 8,192 per month. 94% of payments are made by bank transfer and the remaining 6% 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:

	2019	2018
Counterparty		
Customer 1	6.02%	3.66%
Customer 2	4.03%	2.58%
Customer 3	3.94%	2.56%
Customer 4	3.92%	2.48%
Customer 5	3.25%	2.41%
Customer 6	2.09%	1.31%
Customer 7	2.08%	1.29%
Customer 8	2.06%	1.29%

In December 2019 it arranged a non-recourse factoring line for a total of EUR 15,130 thousand (EUR 4,068 thousand in 2018).

All financial assets contracted in 2019 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 2019 is based on the following:

- Cash and cash equivalents of EUR 530,677 thousand at 31 December 2019 (EUR 558,355 thousand in 2018).

- EUR 741,624 thousand available in undrawn credit facilities at 31 December 2019 (EUR 703,648 thousand in 2018).
- Cash flows from operating activities in 2019 amounted to EUR 366,729 thousand (EUR 276,319 thousand in 2018).

The amounts presented in this table reflect the cash flows stipulated in the contract.

		2019					
Thousands of Euros	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Bonds and other marketable securities	1,304,634	1,385,750	15,250	-	15,250	738,750	616,500
Loans and borrowings	131,781	135,937	111,725	1,780	801	21,631	-
Credit accounts	63,190	75,691	46,106	29,585	-	-	-
Other payables	122,333	148,697	48,190	27,936	30,351	36,007	6,213
Lease liabilities	132,021	185,661	26,901	27,701	50,461	53,102	27,496
Trade and other payables	639,630	639,630	639,630	-	-	-	-
	2,393,589	**2,571,366**	**887,802**	**87,002**	**96,863**	**849,490**	**650,209**

		2018					
Thousands of Euros	Carrying amount	Contractual cash flows	6 months or less	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non-derivative financial liabilities							
Bonds and other marketable securities	1,302,494	1,401,000	15,250	-	15,250	745,750	624,750
Loans and borrowings	141,796	147,968	72,077	8,384	49,368	18,139	-
Finance lease payables	13,610	15,515	1,786	6,141	2,000	4,580	1,008
Credit accounts	14,434	15,114	7,672	7,442	-	-	-
Other payables	69,943	84,860	30,923	11,070	16,039	21,911	4,917
Trade and other payables	606,149	606,149	606,149	-	-	-	-
	2,148,426	**2,270,606**	**733,857**	**33,037**	**82,657**	**790,380**	**630,675**

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	Over 5 years	Total
At 31 December 2019					
Total financial liabilities (fixed rate)	49,118	23,029	771,690	605,832	1,449,669
Total financial liabilities (floating interest rate)	137,007	26,416	18,534	-	181,957
	186,125	**49,445**	**790,224**	**605,832**	**1,631,626**
At 31 December 2018					
Total financial liabilities (fixed rate)	86,488	13,196	704,711	593,347	1,397,742
Total financial liabilities (floating interest rate)	7,370	7,214	60,008	-	74,592
	93,858	**20,410**	**764,719**	**593,347**	**1,472,334**

Prosegur analyses its interest rate risk exposure dynamically. In 2019 the majority of Prosegur's financial liabilities at variable interest rates were denominated in Euros, Mexican Pesos, Argentine Pesos, 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 result 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 variable 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		
At 31 December 2019	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	1,514,805	1,383,942	130,863
AOA	100,110	13,142	86,968
LatAm	139,044	52,589	86,455
	1,753,959	**1,449,673**	**304,286**

	Thousands of Euros		
At 31 December 2018	**Total debt**	**Hedged debt**	**Debt exposure**
Europe	1,421,798	1,370,258	51,540
AOA	59,443	3,262	56,181
LatAm	61,036	24,222	36,814
	1,542,277	**1,397,742**	**144,535**

In relation to the debt hedged at 31 December 2019, this relates mainly to the issue of uncovered bonds for the amount of EUR 602,178 thousand in 2019 (EUR 601,310 thousand in 2018) and to the issue of uncovered bonds for the amount of EUR 702,456 thousand in 2019 (EUR 701,184 thousand in 2018) (Note 24). Additionally, there are liabilities for credit accounts and fixed interest rate bank loans in Chile, The Philippines and Peru.

At 31 December 2019, 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 1,393 thousand lower (EUR 993 thousand in 2018), mainly because of higher borrowing costs on variable-interest loans.

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 shareholder remuneration 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 payables) 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	2019	2018
Financial liabilities (Note 24)	1,621,938	1,542,277
Less: other non-banking debts (Note 24)	(122,333)	(69,943)
Less: cash and cash equivalents (Note 21)	(530,677)	(558,355)
Less: other current financial assets (Note 21)	(319,621)	(489,268)
Net financial debt	649,307	424,711
More: lease liabilities (Note 12)	132,021	-
Net financial debt including lease liabilities	781,328	-
Net equity	898,340	1,066,457
Total capital	**2,460,996**	**1,491,168**
Gearing ratio	**31.75%**	**28.48%**
Net Financial Debt/Equity Ratio	0.87	0.40

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.

At 31 December 2019	**Carrying amount**					**Fair value**			
Thousands of Euros	Available-for-sale financial assets	Loans and receivables	Financial liabilities 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**				
Deposits	-	-	-	-	**-**				
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 through the issue of bonds	-	-	-	(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)**
Lease liabilities	-	-	-	(132,021)	**(132,021)**		(132,021)	-	**(132,021)**
Trade and other payables	-	-	-	(639,630)	**(639,630)**		(636,630)	-	**(636,630)**
	-	**-**	**-**	**(2,393,589)**	**(2,393,589)**				

At 31 December 2018	**Carrying amount**					**Fair value**			
Thousands of Euros	Available-for-sale financial assets	Loans and receivables	Financial liabilities held for trading	Debts and Payables	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets not measured at fair value									
Deposits and guarantees	-	6,182	-	-	**6,182**				
Deposits	-	6,384	-	-	**6,384**				
Clients and other receivables	-	719,331	-	-	**719,331**				
Other current financial assets	-	489,268	-	-	**489,268**				
Cash and cash equivalents	-	558,355	-	-	**558,355**				
	-	**1,779,520**	**-**	**-**	**1,779,520**				
Financial liabilities measured at fair value									
Contingent payments	-	-	46,770	-	**46,770**	-	-	28,177	**28,177**
	-	**-**	**46,770**	**-**	**46,770**				
Financial liabilities not measured at fair value									
Financial liabilities through the issue of bonds	-	-	-	(1,302,495)	**(1,302,495)**	(1,293,221)	-	-	**(1,293,221)**
Financial liabilities with credit institutions	-	-	-	(169,841)	**(169,841)**	-	(165,503)	-	**(165,503)**
Other financial liabilities	-	-	-	(116,713)	**(116,713)**	-	(116,713)	-	**(116,713)**
Trade and other payables	-	-	-	(606,149)	**(606,149)**				
	-	**-**	**-**	**(2,195,198)**	**(2,195,198)**				

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

The following are the valuation values used in 2019 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 EBIT 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.	-EBIT -Contract prices	-The estimated fair value would increase (decrease) according to the value of EBIT. -The estimated fair value would increase (fall) according to the value of contract prices.	-If estimated EBIT and contract prices were within 5% of the agreed scenario, the value of the contingent payments would have varied by EUR 1,943 thousand; if these were within 10%, the value of contingent payments would have varied by EUR 3,885 thousand. -In the event of a 5% reduction in EBIT the contingent payments would have varied by EUR -1.943 thousand, an a 10% reduction would have resulted in a variation in contingent payments of EUR -3,885 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 2019 there were no transfers of assets and liabilities among the various levels.

33. Other disclosures

The average headcount of Prosegur is as follows:

	2019	2018
Operational personnel	148,284	159,133
Remainder	9,388	9,822
	157,672	**168,955**

The average headcount of operations personnel employed by equity-accounted subsidiaries in 2019 is 8.864 employees (15,354 in 2018).

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

	2019	2018
Operations personnel	224	246
Indirect personnel	65	60
	289	**306**

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

	2019		2018	
	Male	**Female**	**Male**	**Female**
Operational personnel	125,228	25,317	133,968	23,650
Remainder	5,365	3,463	6,595	3,774
	130,593	**28,780**	**140,563**	**27,424**

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

	2019		2018	
	Male	**Female**	**Male**	**Female**
Board of Directors	6	2	6	2
Senior Management	8	-	8	-
	14	**2**	**14**	**2**

KPMG Auditores, S.L., the auditors of the Annual Accounts of Prosegur, have invoiced the following fees for professional services during the year:

	Thousands of Euros	
	2019	**2018**
KPMG Auditores, S.L., audit services	961	912
KPMG Auditores, S.L. for other audit-related services	40	70
	1,001	**982**

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 KPMG Auditores, S.L. to Prosegur Compañía de Seguridad, S.A. and subsidiaries for the year ending 31 December 2019.

Audit services detailed in the above table include the total fees for services rendered in 2019 and 2018, irrespective of the date of invoice.

Additionally, other KPMG International affiliates have invoiced Prosegur the following fees and expenses for professional services during the year:

	Thousands of Euros	
	2019	**2018**
Audit services	1,450	1,450
Other audit-related services	116	166
Tax advisory services	147	172
Other services	602	490
	2,315	**2,278**

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

	Thousands of Euros	
	2019	**2018**
Audit services	20	10
	20	**31**

34.Events after the reporting date

At the end of January a purchase took place of Transporte de Valores e Vigilância patrimonial Ltda, located in Brazil.

Also in January 2020 a series of companies were also purchased in Ecuador, Tevcol Cía, Ltda, Tevsur Cía, Ltda, Tevlogistic S.A and Transportadora Ecuatoriana de Productos Valorados Setaproval S.A.

On 28 January 2020 and aside from the own share buyback programme (Note 22.1), 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 3.592 Euros per share, with a discount of 0.05 Euros per share.

In February 2020, Prosegur sold 100% of the Mexican companies Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV, Prosegur Servicios de Seguridad Privada Electrónica SA de CV, Mercurio de Transportes SA de CV Group and Tratamiento y Gestión de Valores SAPI de CV Group. The consideration was paid in that month.

In February 2020 Corresponsales Colombia S.A.S. was purchased in Colombia.
Also, in February, the General Directorate of Competition of the European Commission has authorized Telefónica to buy 50% of the capital of Prosegur Alarmas España.

35. Summary of the main accounting policies

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

35.1. Accounting principles

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 2018, with the exception of the compulsory standards and modifications adopted by the European Union from 1 January 2019.

a) Standards effective from 1 January 2018

IFRS 9 - Financial Instruments

IFRS 9 includes requirements for recognition and valuation of financial instruments and replaces the IAS 39 Financial Instruments: Recognition and Measurement. The Prosegur Group opted not to re-state the previous periods.

The impacts of first application consisted of a change on the calculation methodology based on the credit loss expected during the lifetime of the financial asset. The impact was recognised directly against net equity.

The impairment for credit risk based on the expected loss implied a net negative impact of EUR 9,774 thousand. This impact was recognised in 2018 under “Retained earnings and other reserves” in the balance sheet, with the following breakdown:

Thousands of Euros	31/12/2017	IFRS 9 Adjustment	01/01/2018
Commercial debt and other accounts receivable	941,575	(13,234)	928,341
Deferred tax asset	86,336	3,460	89,796
Effect on equity		**(9,774)**	

The impact on the consolidated income statement for the period ending on 31 December 2018 was an expense for the amount of EUR 52 thousand; the total provision for expected loss reflected in the consolidated statement of financial position was for EUR 13,182 thousand at 31 December 2018. There was no material impact on the statement of cash flows for the year ended on 31 December 2018.

The estimated loss is calculated, for each individual company, based on the average percentage of unrecoverable loans in the last few years for each client, applicable on accrued but not yet incurred revenue.

Furthermore, the previous standard, IAS 39, provided for 4 categories of financial assets: (i) fair value through profit and loss, (ii) held to maturity, (iii) available for sale and (iv) loans and receivables. Under IFRS 9, the last three categories from IAS 39 are eliminated, and the criterion for classifying financial assets will depend on both the manner in which a company manages its financial instruments (its business model) and the existence and characteristics of the financial assets' contractual cash flows. On that basis, the asset will be measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss in the period.

Apart from the changes in nomenclature, the impact of adopting IFRS 9 in the accounting values of the financial assets at 1 January 2018 consisted solely in an increase in the impairment provision, due to the new requirements described above. Furthermore, the classification of financial liabilities under IFRS 9 remains similar to that of IAS 39. In general, liabilities will be measured at amortised cost, except those financial liabilities held for trading, like derivatives, for example, which will be measured at fair value through profit or loss. Consequently, there are no impact in this category of financial instruments.

IFRS 15 Revenue from contracts with clients.

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 said asset are imputed.

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

The following table reflects the impact of the application of IFRS 15 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	31/12/2017	IFRS 15 Adjustment	01/01/2018
Assets			
Property, plant and equipment	586,950	51,989	638,939
Other non current assets	-	(16,503)	(16,503)
Other current assets	(44,062)	(13,996)	(58,058)
Effect on net assets and liabilities		**21,490**	
Deferred tax assets	86,336	9,791	96,127
Deferred tax liabilities	(30,776)	(15,817)	(46,593)
Effect on equity		**15,464**	

The following tables reflect the impact of the application of IFRS 15 in the consolidated statement of financial position at 31 December 2018 and in the consolidated income statement for the twelve-month period ending on 31 December 2018. There is no material impact on the cash flow statement for the twelve-month period ending on 31 December 2018.

Thousands of Euros	2018	IFRS 15 Adjustment	2018 s/o IFRS 15
Assets			
Property, plant and equipment	700,131	(57,825)	642,306
Other non current assets	(29,273)	24,468	(4,805)
Other current assets	(48,267)	5,934	(42,333)
Effect on net assets and liabilities		**(27,423)**	
Deferred tax assets	87,372	(9,121)	78,251
Deferred tax liabilities	(58,391)	17,347	(41,044)
Effect on equity		**(19,197)**	

Thousands of Euros	2018	IFRS 15 Adjustment	2018 s/o IFRS 15
Revenues	3,939,206	911	3,940,117
Cost of sales	(2,987,518)	(23,097)	(3,010,615)
Gross margin	**951,688**	**(22,186)**	**929,502**
Other revenues	17,310	-	17,310
Administration and selling expenses	(652,659)	17,758	(634,901)
Other expenses	(13,840)	-	(13,840)
Income fron investments accounted using the equity method	(1,119)	-	(1,119)
Operating income (EBIT)	**301,380**	**(4,428)**	**296,952**
Net financial expenses	(2,341)	-	(2,341)
Profit before tax	**299,039**	**(4,428)**	**294,611**
Income tax	(106,809)	1,107	(105,702)
Profit after tax from continuing operations	**192,230**	**(3,321)**	**188,909**

b) Standards effective from 1 January 2019

IFRS 16 Leases

This standard establishes that companies which are the lessee in lease agreements 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 (Note 35.22). With respect to the leases classified as finance leases in accordance with IAS 17, the book value 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 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 average incremental discount rates for the main countries affected by this standard, used for calculating the current value of the rights of use and of the operating lease liabilities recognised at the date of first-time application of IFRS 16 are detailed in Note 12.

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 agreements (leases for one year or less) and leases for low value assets (5 thousand U.S. Dollars 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
	01/01/2019
Right of use	130,286
Deferred tax assets	4,221
Long-term lease liabilities	(101,749)
Short.term lease liabilities	(41,729)
Retained earnings and other reserves	**(8,971)**

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

	Thousands of Euros
Commitments for operatings leases at 31 December 2018 (Note 27)	**113,723**
Present value of the future payments in the application date	(20,507)
Low value and short term leases	(21,161)
Differences in term and discount rate	71,423
Reclassification IAS 17 (Note 12)	13,610
Lease liabilities as of January 1, 2019	**157,088**

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 "Other Changes" of the consolidated statement of changes in equity, and in Other risks under the heading of current tax liabilities (Note 27).

Other standards amended with no significant impacts on the Prosegur Group are as follows:

- Amendment to IFRS 9 Prepayment features with negative compensation. It allows some prepayable financial assets to be valuated at amortised cost in a lower amount than the principal amount outstanding and interest on said principal.
- Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures. It specifies that IFRS 9 must be applied to long-term interests in an associate or joint venture unless it is accounted for using the equity method.
- Amendment to IAS 19 – Amendment, curtailment or settlement of a plan. It specifies how to calculate the cost of the service for the current period and the net interest for the rest of an annual period when there is an amendment, curtailment or settlement of a defined benefit plan.
- Improvements to IFRSs — 2015-2017 Cycle. Amendments to a series of standards.

c) Standards and interpretations issued, approved by the EU, but not effective as of 1 January 2019 and which Prosegur expects to adopt as of 1 January 2020 or later (none have been adopted in advance)

- Amendments to IAS 1 and IAS 8: Definition of materiality or with relative importance. This amendment clarifies the definition of materiality or relative importance and how it should be applied by introduction in the definition of guides that until now have been addressed in other parts of the IFRS Standards; improving the explanations that accompany the definition and ensuring that the definition of materiality or with relative importance is consistent throughout all IFRS Standards.

- Amendments to References to Conceptual Framework in the IFRS Standards.
- Amendments to IFRS 9, IAS 39 and IFRS 7 Benchmark interest rate reform (IBOR). Amendments that make it possible to mitigate the possible effects of uncertainty caused by the reform of the IBOR rates, avoiding the interruption of the hedging relations affected.

At the date of these consolidated annual accounts, none of these regulations is expected to have a significant effect on the condensed interim consolidated financial statements of the Group.

d) Standards and interpretations issued by the International Accounting Standards Board (IFRS), pending approval by the European Union

- Amendments to IFRS 3 - Business combinations. IFRS 3 is amended to limit and clarify the definition of a business, and to enable a simplified evaluation of whether a set of activities and assets acquired is a group of assets instead of a business.

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 said entity. The Company holds 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 and 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 income from tax on profit.

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 or 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 or loss for the year and changes in equity of the subsidiaries attributable to Prosegur and non-controlling interests after consolidation adjustments and eliminations is determined in accordance with the percentage ownership at year end, 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 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 and 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 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 associate entities, accounted for under the equity method in the consolidated income statement (consolidated income statement status). In addition, the share of Prosegur in the other global P&L of the associates obtained since acquisition date is posted as an increase or decrease of the value of investments in the associates, recognising the counterpart in another global P&L. 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 minus 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 entity, unless it is not a cash generating unit (CGU) (Note 35.10).

Value 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. Value impairment losses are presented separately from the Prosegur share in the results 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 those results as part of its operating income as it considered that the results 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 implied 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 purchase transactions of Prosegur to 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 costs.

Changes in the fair value of monetary assets 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 asset and other changes in the carrying amount of the asset. 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 or 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 translation differences on cash held".

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 hyper-inflationary 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 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 equity of the company holding the investment. 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 divisions. 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. Right-of-use assets and Lease liabilities (policy applicable as from 1 January 2019)

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 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 re-assesses 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 agreements (leases for one year or less) and leases for low value assets (5 thousand U.S. Dollars 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 present 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 depreciation and accrued impairment losses, adjusted by any re-estimate 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 interest accrued, decreasing it by the payments made and re-assessing 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 re-assessments 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 re-assesses 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 re-assesses 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 re-estimates 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 these 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 minus cumulative 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 acquisition 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 (CGUs) 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 present value of the re-estimated cash flows from the contracts over their useful lives.

If client churn rates have risen, Prosegur re-estimates 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 four 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, Prosegur performs a sensitivity analysis on goodwill 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 appraisal, 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 (Note 35.13) in the statement of financial position.

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 assets classified as available for sale are recognised in equity. When assets 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 assets.

Prosegur Cash 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 available-for-sale financial assets, the cumulative loss, calculated as the difference between the acquisition cost and the present fair value less any impairment loss previously recognised, is reclassified from equity to the income statement. Impairment losses recognised for equity instruments are not reversed through the income statement.

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 present 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 uncollectible, 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 or 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.

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 present 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 Prosegur will draw down from one or all of the facilities. In this case, the fees and commissions are deferred until funds are drawn. If there is no evidence that Prosegur is likely to draw down from the credit facility, 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

The income 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 probable 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 conversion 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 on a net basis, or to realise the asset and settle the liability 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 recovery or settlement.

35.20. Employee benefits

Compensation based on the share price of Prosegur shares – 2020 Plan

At the general meeting held on 27 April 2018, the shareholders approved the 2020 Plan of long-term incentives for Prosegur Executive Director and Senior Management. The 2020 Plan is generally linked to value creation during the 2018-2020 period and foresees the payment of share-based incentives 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 01 January 2018 until 31 December 2020 and length of service from 01 January 2018 until 31 December 2012. The dates for target measurement of 2020 Plan are as follows:

Final assessment date: 31 December 2020.
Length-of-service bonus date: 2023

Compensation based on the share price of Prosegur shares – 2017 Plan

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for Prosegur Executive Director and Senior Management. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of share-based incentives and/or cash-based incentives 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 target measurement of 2017 Plan are as follows:

- Final assessment date: 31 December 2017.
- Length-of-service bonus date: 2020

The 2017 and 2020 long-term incentive Plans for the Executive Director and Senior Management of Prosegur (Note 5.1), within the Salaries and wages paragraph, have been included in the expense accrued during the year in relation to the 2019 commitment amounting to EUR 5,674 thousand (EUR 4,707 thousand in 2018) (Note 23).

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 (EUR 3.68 share) or at the payment time.

The fair value of the incentives referred to the Cash share quotation price was estimated on the basis of Prosegur Cash share quotation price at the close of the period (EUR 1.36 share) 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 voluntary 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 improbable, 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 implied obligation exists as a result of past events and a reliable estimate may be made of the value of the obligation.

Senior 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.

Employee benefits

Prosegur includes in defined benefit plans those financed through the payment of insurance premiums where there is the legal or implicit 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 plan.

The present value of employee benefits depends on a number of factors determined using various assumptions. 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 present value of any economic benefit available in the form of reimbursements from the plan 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 close of 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 plan 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 plan 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 present value of defined benefit obligations is calculated annually by independent actuaries using the projected unit credit 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 plan and do not derive from an implicit obligation or as actuarial losses and gains, if they are established in the formal terms of the plan or derive from an implicit obligation.

Prosegur does not offset assets and liabilities among different plans except in cases in which a legal right exists to offset surpluses and deficits generated by the various plans and seeks to cancel obligations by their net amounts or realise the surplus in order to simultaneously cancel plan obligations 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 said asset are imputed.

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 and cash management services. 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; its entitlement to collect for the work completed is up until the end of the financial period. 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 are 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. Leases (policy applied through 1 January 2019)

When a Prosegur entity was the lessee

Leases of property, plant and equipment in which Prosegur 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 rate of interest 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 in the income statement as an expense on a straight-line basis over the lease term.

When a Prosegur entity was 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 Prosegur. Lease income is recognised on a straight-line basis over the expected useful life of the asset.

35.23. 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).

35.24. 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.

35.25. 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. 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.

35.26. 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 2019 reporting date, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

35.27. 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 investment 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 net equity and in financing liabilities. In particular this section includes bank overdrafts.

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 2019 and 2018, and have not re-stated the previous financial information.

Hyperinflation accounting was applied to all assets and liabilities of the subsidiary company prior to conversion. 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 closing of 2018 to reflect changes in the purchasing power deriving from inflation. The initial equity presented in the stable currency is affected by the cumulative effect of re-statement for inflation of non-monetary items from the date on which they were recognised for the first time and the effect of conversion of those balances at the closing rate at the start of 2018. The Group chose to recognise the difference between equity at the year-end 2017 and equity at the beginning of 2018 in reserves, along with the cumulative translation differences up to that date, 1 January 2018. The Group adjusted the 2019 and 2018 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 2019 and 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 are 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.

Hyperinflation adjustment includes first adoption of IAS 29 and IAS 21.42.

Failing any specific guideline under IAS 8, for the cases in which the presentation currency differs from the currency subject to hyperinflation, Prosegur has adopted the accounting policy of reporting changes in equity associated with the currency effect, under the heading of other reserves as a whole. This presumption is subject to IFRIC positioning by an ESMA question.IAS 29 does not consider that these changes lead to profit and loss in the income statement, but rather treats them as adjustments to equity balances (Note 22).

VII. APPENDIX I. – Subsidiaries within the consolidation scope

Information at 31 December 2019

Company	Registered offices	Holding % over Nominal	Holding of de Company Owning the Holding	Basic of consolidation	Business	Auditor
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 Compañia de Seguridad SA	a	7	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	a	5	A
Compañía Ridur 2016, S.A.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	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 International S.L.	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 SLU	a	5	B
Prosegur USAP International 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 SLU	a	3	A
MIV Gestión, S.A.	Carretera Carga Aerea Of A002 (Barcelona)	100.00%	Prosegur Servicios de Efectivo España SLU	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 SL	a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	a	5	A
Prosegur Global SIS S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	a	5	A
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global Alarmas ROW SLU	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% 21.50%	Prosegur Compañia de Seguridad SA Prosegur Assets Management, S.L.	a	5	A
Prosegur Colombia 3, S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT ROW SLU	a	5	B
Prosegur AVOS España SL	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT ROW SLU	a	2	A
Armor Acquisition S.A.	Pajaritos, 24 (Madrid)	95.00% 5.00%	Prosegur Internationale Handels GmbH Prosegur Global CIT SLU	a	5	A
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (Madrid)	68.79% 31.21%	Armor Acquisition SA Prosegur Intenational Handels GmbH	a	5	A
Prosegur International CIT 1, S.L.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT SLU	a	5	B
Inversiones CIT 2, S.L.U. (ex Prosegur International CIT 2, S.L.U.)	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	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 Compañia de Seguridad SA	a	5	B
ESC Servicios Generales, S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global SIS ROW SLU	a	1	A
Contesta Teleservicios SA	Antonio Lopez, 247 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	C
Integrum 2008 SL	Antonio Lopez, 247 (Madrid)	100.00%	Contesta Teleservicios SA	a	2	B
Bloggers Broker SL	Antonio Lopez, 247 (Madrid)	100.00%	Contesta Teleservicios SA	a	2	B
Contesta Servicios Auxiliares SL	Antonio Lopez, 247 (Madrid)	100.00%	Contesta Teleservicios SA	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 Compañia de Seguridad SA	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 Globa CIT ROW SLU	a	2	A
Risk Management Solutions S.L.U.	Ochandiano, 8 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	A

Information at 31 December 2019 (continued)

Company	Registered offices	Holding % over Nominal of de Company	Holding Owning the Holding	Basic of consolidation	Business	Auditor
Complioficer S.L.U.	Ochandiano, 8 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	B
Work 4 Data Lab, S.L.	Arquímedes, 4 (Madrid)	100.00%	Risk Management Solutions S.L.U.	a	2	B
Prosegur Alpha3 Cashlabs SL	Pajaritos, 24 (Madrid)	87.30%	Prosegur Cash, S.A.	a	2	B
Wohcash APP SL	La Paz 44 - 4º, 46003 (Valencia	51.00%	Prosegur Alpha3 Cashlabs SL	a	2	B
Prosegur Finance, S.L.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	a	6	B
Prosegur ODH, S.L.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	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 SL	a	2	B
Netijam Technologies SL	Cedaceros, 11 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	B
Garantis Sumarmas SL	Cedaceros, 11 (Madrid)	100.00%	Netijam Technologies SL	a	2	B
Prosegur International Handels GmbH	Poststrabe, 33 (Hamburgo)	100.00%	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur Global CIT ROW SLU	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 SLU	a	2	B
BaS Solution GmbH	Daimlerstrasse 25 (Munich)	100.00%	Prosegur Global CIT ROW SLU	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% 5.00%	Prosegur Gestión de Activos SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Accueil et Service S.A.S.	14 Rue des Serruries (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 (Velizy Villacoublay)	100.00%	Prosegur Compañia de Seguridad SA	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59.98% 40.02%	Prosegur Compañia de Seguridad SA Esta Service SAS	a	8	B
Esta Service S.A.S.	84 Rue des Aceries (Saint Etienne)	100%	Prosegur Compañia de Seguridad SA	a	8	A
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4.80% 95.20%	Prosegur Compañia de Seguridad SA Esta Service SAS	a	8	B
Prosegur Securite Rapprochee	Place Berthe Morisot (Saint Priest)	100.00%	Prosegur Security Holding France SAS	a	1	A
Malcoff Holdings B.V.	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 SA	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 SLU	a	2	A
Yellow RE, S.A.	23, Av. Monterey (Luxembourg)	100.00%	Luxpai Holdo S.A.R.L.	a	5	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Gestión de Activos, S.L.U.	a	7	A
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global SIS ROW SLU	a	1	A

Information at 31 December 2019 (continued)

Company	Registered offices	Holding		Basic of consolidation	Business	Auditor
		% over Nominal	of de Company Owning the Holding			
Prosegur Distribuçao e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Agencia Promoçao e Comercializaçao de Productos e Servicios Unipessoal LDA.	Av.Infante Dom Henrique, 326 (Lisboa)	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 Logistica e Tratamento de Valores Portugal Unipessoal Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmes Dissuasao Potugal Unipesoal Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	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 (Lisboa)	100.00%	Prosegur USAP International, S.L.U.	a	7	B
Transportadora de Caudales de Juncadella S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	94.99% 5.00% 0.01%	Juncadella Prosegur Internacional S.A. Armor Acquisition SA Prosegur Holding CIT ARG, S.A.	a	2	A
Prosegur Seguridad, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Argentina Holding, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	56.21% 43.79%	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	A
Prosegur Inversiones Argentina, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	56.56% 43.44%	Prosegur Global SIS, S.L.U. Prosegur International SIS SLU	a	5	A
Prosegur Holding CIT ARG, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Global CIT, S.L.U Prosegur International CIT 1 SL	a	5	A
Prosegur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Seguridad y Vigilancia, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Gestion de Activos ARG SA	Tres Arroyos 2835 (Ciudad de Buenos Aires)	80.00% 20.00%	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos International, S.L.U.	a	3	A
Grupo N, S.A.	La Rioja N° 441, oficinas D, E y F (Ciudad de Córdoba)	90.00% 10.00%	Prosegur Global CIT, S.L.U Prosegur Internacional CIT 1, S.L.	a	2	
VN Global BPO, S.A.	La Rioja N° 441, oficinas D, E y F (Ciudad de Córdoba)	90.00% 10.00%	Prosegur Global CIT, S.L.U Prosegur Internacional CIT 1, S.L.	a	2	
Prosegur Vigilancia Activa, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servicios Auxiliares Petroleros, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Xiden, S.A.C.I.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	10.00% 90.00%	Prosegur International SIS, S.L.U Prosegur Global SIS, S.L.U.	a	1	A
Prosegur Tecnología Argentina, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	90.00% 10.00%	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A
General Industries Argentina, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	90.00% 10.00%	Prosegur Global SIS, S.L.U. Prosegur International SIS, S.L.U	a	1	A
Prosegur Holding, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	80.00% 11.40% 8.60%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Compañia de Seguridad SA	a	5	A

Information at 31 December 2019 (continued)

Company	Registered offices	Holding % over Nominal of de	Holding Company Owning the Holding	Basic of consolidation	Business	Auditor
Prosegur Inversiones, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	80.00% 11.40% 8.60%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Compañia de Seguridad SA	a	5	A
Prosegur Activa Argentina, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	90.00% 10.00%	Prosegur Holding, S.A. Prosegur Inversiones, SA	a	3	A
Prosegur, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Servin Seguridad, S.A.	Montevideo 666 (Ciudad de Buenos Aires)	95.00% 5.00%	Prosegur Inversiones Argentina, S.A. Prosegur Argentina Holding S.A.	a	1	A
Prosegur Holding SIS Ltda	Av. Ermano Marchetti, nº 1.435 (Sao Paulo)	90.00% 10.00%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	5	A
Segurpro Vigilancia Patrimonial SA	Rua Fernando de Alburquerque, 31 (Sao Paulo)	100.00%	Prosegur Holding SIS Ltda	a	1	A
Prosegur Serviços e Participaçoes Societarias SA	Av.Thomas Edison, 813 (São Paulo)	47.08% 52.92%	Juncadella Prosegur Internacional SA Prosegur Global CIT SLU	a	5	A
Prosegur Logistica e Armazenamento Ltda	Av. Marginal do Ribeiro dos Cristais, 200 (Sao Paulo)	90.00% 10.00%	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	2	B
Log Cred Tecnologia Comercio e Serviços Ltda	Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas)	100.00%	Prosegur Serviços e Participaçoes Societarias SA	a	2	B
Luma Empreendimientos Eireli- ME	Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas)	100.00%	Prosegur Serviços e Participaçoes Societarias SA	a	2	B
Cipher SA	Rua Alexandre Dumas, 1658 (Sao Paulo)	68.17%	Prosegur Global Ciber Security SLU	a	5	B
Prosegur Pay Consultoria em Tecnologia da Informaçao Ltda	Av. Ermano Marchetti, nº 1.435 (Sao Paulo)	90.00% 10.00%	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	2	B
Transfederal Transporte de Valores Ltda	Saan Quadra 3, Número 360, ASA Norte (Brasilia)	100.00%	Prosegur Brasil SA Transportadora de Valores e Segurança	a	2	
Prosegur Brasil SA Transportadora de Valores e Segurança	Av.Guaratã, 633, (Belo Horizonte)	99.99%	Prosegur Serviços e Participaçoes Societarias SA	a	2	A
Segurpro Sistemas de Segurança, Ltda (ex Prosegur Sistemas de Segurança Ltda.)	Av. Guaratã, 667 (Belo Horizonte)	72.38% 27.62%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	A
Prosegur Administraçao de Recebiveis Ltda.	Av.Thomas Edison, 813 (São Paulo)	99.79% 0.21%	Prosegur Global SIS SLU Segurpro Sistemas de Segurança, Ltda (ex Prosegur Sistemas de Seguranca Ltda)	a	1	B
Segurpro Tecnologia em Sistemas de Segurança Eletronica e incendios Ltda	Rua Barao do Brnanal, 1301, (Sao Paulo)	90.00% 10.00%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	A
Prosegur Activa Alarmes S.A.	Av.Thomas Edison, 813 (São Paulo)	41.99% 58.01%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	B
Prosegur Gestao de Ativos Ltda.	Rodovia BR 116, nº 13876, KM 102 (Curitiba)	99.99% 0.01%	Prosegur Gestion de Activos SLU Prosegur Compañia de Seguridad SA	a	7	B
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 (Santiago de Chile)	99.99% 0.01%	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	5	A
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 (Santiago de Chile)	86.17% 10.00% 1.55% 2.28%	Prosegur Global CIT SLU Prosegur International CIT 1 SL Prosegur Internationale Handels GmbH Juncadella Prosegur Group Andina SA	a	2	A
Servicios Prosegur Ltda.	Los Gobelinos 2567 (Santiago de Chile)	99.98% 0.01% 0.01%	Prosegur Global CIT SLU Prosegur International Handels GmbH Juncadella Prosegur Group Andina SA	a	2	A

Information at 31 December 2019 (continued)

Company	Registered offices	Holding % over Nominal	Holding: of de Company Owning the Holding	Basic of consolidation	Business	Auditor
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 (Santiago de Chile)	99.00% 1.00%	Prosegur Chile, S.A. Prosegurl Global SIS SLU	a	1	A
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 (Santiago de Chile)	60.00% 40.00%	Juncadella Prosegur Group Andina SA Prosegur International Handels GmbH	a	2	A
Prosegur Tecnologia Chile Ltda	Avenida Loboza 8395 (Santiago)	99.99% 0.01% 0.00%	Prosegur Global SIS SLU Prosegur Compañia de Seguridad SA Prosegur Chile SA	a	1	A
Prosegur Activa Chile S.L.	Catedral 1009 (Santiago de Chile)	90.00% 10.00%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	A
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 (Santiago de Chile)	90.00% 10.00%	Prosegur Gestion de Activos, S.L.U. Prosegur Gestion de Activos International SLU	a	7	A
Prosegur Chile, S.A.	Los Gobelinos 2567 (Santiago de Chile)	70.00% 30.00%	Prosegur, S.A. Prosegur Global SIS SLU	a	1	A
Prosegur Ciberseguridad, S.A.S.	TV 23 · 95-53 (Bogotá)	100.00%	Prosegur Global Cyber Security SLU	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51 (Bogotá)	99.34%	Prosegur International CIT 2 SLU	a	2	B
Compañía Colombiana de Seguridad Transbank Ltda (ex G4S Cash Solutions Colombia Ltda)	Avda. Américas 41-09 (Bogotá)	50.00% 49.00% 1.00%	Prosegur Colombia 1 SLU Prosegur Colombia 2 SLU Prosegur Colombia 3 SLU	a	2	A
Compañia Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 (Bogotá)	94.90% 5.10% 0.00% 0.00% 0.00%	Prosegur Global CIT SLU Prosegur International CIT 1, SLU Prosegur Cash, S.A. Prosegur Servicios de Efectivo España SLU Prosegur Global CIT ROW SLU	a	2	A
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 (Bogotá)	100.00%	Prosegur International CIT 2, SLU	a	2	A
Inversiones BIV S.A.S.	Calle 32 (Cartagena)	100.00%	Prosegur Global SIS SLU	a	5	A
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 (Cartagena)	94.00%	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 (Bogotá)	100.00%	Prosegur Global SIS SLU	a	1	A
Servimax Servicios Generales S.A.S.	Calle 32 (Cartagena)	100.00%	Inversiones BIV SAS	a	1	A
Prosegur Sistemas Electronicos 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 Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 (Bogotá)	100.00%	Prosegur Gestion de Activos, SLU	a	7	A
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez (Asunción)	95.00% 5.00%	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	A
Prosegur Ciberseguridad Paraguay SA	C/ Artigas, esq. Concepción Leyes de Chávez (Asunción)	90.00% 10.00%	Prosegur Global Cyber Security, S.L.U. Prosegur Ciberseguridad, S.L.	a	1	B
Prosegur Paraguay S.A.	C/ Artigas, esq. Concepción Leyes de Chávez (Asunción)	99.00% 1.00%	Juncadella Prosegur Internacional SA Transportadora de Caudales Juncadella SA	a	2	A
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960 (Asunción)	95.00% 5.00%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	A
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960 (Asunción)	95.00% 5.00%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU	a	3	A

Information at 31 December 2019 (continued)

Company	Registered offices	Holding: % over Nominal	Holding: of de Company Owning the Holding	Basic of consolidation	Business	Auditor
Proservicios S.A.	Av. Los Proceres 250 (Lima)	95.00% 5.00%	Proseguridad SA Prosegur International SIS SLU	a	1	A
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 (Lima)	52.00% 48.00%	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	A
Proseguridad S.A.	Av. Los Proceres 250 (Lima)	64.89% 35.11%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Cajeros S.A.	La Chira, 103 (Lima)	52.00% 48.00%	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	B
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99.00% 1.00%	Prosegur Compañia de Seguridad SA Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp, S.A.	Av. Los Proceres 250 (Lima)	84.86% 10.14% 5.00%	Proseguridad SA Inversiones RB, SA Prosegur Intenational SIS SLU	a	1	B
Proseguridad Selva SA	Cas. Palmawasi San Martin (Tocache)	90.00% 10.00%	Reguard Security Corp, S.A. Prosegur International SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 (Lima)	95.00% 5.00%	Proseguridad SA Prosegur International SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 (Lima)	50.29% 49.67% 0.04%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Compañia de Seguridad SA	a	3	A
Prosegur Servicios Administrativos. S.A.	Av. Los Proceres 250 (Lima)	99.00% 1.00%	Prosegur Compañia de Seguridad SA Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	La Chira, 103 - Surco - Lima	90.00% 10.00% 0.00%	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU Prosegur Global Alarmas SLU	a	7	A
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	85.60% 14.40%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	5	A
Prosegur Compañía de Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A. de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	2	A
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad Privada SA de CV	a	1	B
Prosegur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	A
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Piña, 297 (México DF)	100.00% 0.00%	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	2	B
Prosegur Custodias, S.A. de C.V.	Alfredo Nobel, 21 (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad Privada SA de CV	a	1	A
Grupo Mercurio de Transportes SA de C.V.	Avda de las granjas, 76 (México DF)	100.00%	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	A

Information at 31 December 2019 (continued)

Company	Registered offices	Holding: % over Nominal	Holding: of de Company Owning the Holding	Basic of consolidation	Business	Auditor
Prosegur Tecnologia SA de C.V.	Piña, 297 (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad Privada SA de CV	a	1	A
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Norte, 79 B (México DF)	80.00%	Prosegur Global CIT SLU	a	5	A
Centro Nacional de Formacion Prosegur Asociacion Civil	Avda de las granjas, 76 (México DF)	50.00% 50.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad Privada SA de CV	a	7	B
Marlina SA	Guarani 1531 (Montevideo)	100.00%	Prosegur Gestion de Activos, SLU	a	7	B
Prosegur Ciberseguridad Uruguay, S. A. (ex-Loredat SA)	Guarani 1531 (Montevideo)	100.00%	Prosegur Compañia de Seguridad SA	a	1	
Prosegur Transportadora de Caudales S.A.	Guarani 1531 (Montevideo)	99.91% 0.09%	Juncadella Prosegur Internacional SA Armor Acquisition SA	a	2	B
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
Blindados, S.R.L.	Guarani 1531 (Montevideo)	99.00% 1.00%	Prosegur Transportadora de Caudales SA Prosegur Global CIT SLU	a	2	B
Genper, S.A.	Guarani 1531 (Montevideo)	100.00%	Prosegur Global SIS SLU	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	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% 10.00%	Prosegur Uruguay BV SA Prosegur Global SIS SLU	a	1	A
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 (Hong Kong)	100.00%	Luxpai Holdo SARL	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.	Roon 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 SLU	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 (ex-Prosegur SIS USA Inc)	2655 Le Jeune Road (USA)	100.00%	Prosegur Global SIS ROW, SLU	a	1	B
Prosegur Security Monitoring Incorporated	220 Howard Street - Lowel (Massachusetts - USA)	88.50%	Prosegur Security USA Incorporated (ex-Prosegur SIS USA Inc)	a	1	B
Cipher Security LLC	703 Waterford Way Suite 490, Miami, Florida 33126 - (USA)	100.00%	Cipher UK	a	1	B
Best Security Acquisition LLC	755 NW 17th Avenue, ste 101 (USA)	77.08%	Prosegur Security USA Incorporated (ex-Prosegur SIS USA Inc)	a	1	B

Information at 31 December 2018

Company	Registered offices	Holding		Basic of consolidation	Business	Auditor
		% over Nominal	of de Company Owning the Holding			
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 Cia de Seguridad, S.A.	a	5	A
Prosegur Global Alarmas S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cia de Seguridad, S.A.	a	5	A
Compañía Ridur 2016, S.A.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	a	7	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 International S.L.	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 SLU	a	5	B
Prosegur USAP International 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 SLU	a	3	A
MIV Gestión, S.A.	Carretera Carga Aerea Of A002 (Barcelona)	100.00%	Prosegur Servicios de Efectivo España SLU	a	2	B
Prosegur Ciberseguridad, S.L.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Compañia de Seguridad SA	a	1	B
Indiseg Evuliom Group	Rambla Catalunya 43 (Barcelona)	100.00%	Prosegur Ciberseguridad SL	a	1	B
Prosegur Assets Management, S.A.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global SIS S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Servicios de Efectivo España S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Alarmas España S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global Alarmas ROW SLU	a	3	A
Prosegur Global CIT S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cash, S.A.	a	5	B
Prosegur Cash, S.A.	Santa Sabina 8 (Madrid)	51.00%	Prosegur Cia 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 SLU	a	5	B
Prosegur AVOS España SL	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT ROW SLU	a	2	B
Armor Acquisition S.A.	Pajaritos, 24 (Madrid)	95.00%	Prosegur Internationale Handels GmbH	a	5	A
		5.00%	Prosegur Global CIT SLU			
Juncadella Prosegur Internacional S.A.	Pajaritos, 24 (Madrid)	68.79%	Armor Acquisition SA	a	5	A
		31.21%	Prosegur Intenational Handels GmbH			
Prosegur International CIT 1, S.L.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT SLU	a	5	B
Prosegur International CIT 2, S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Global CIT SLU	a	5	B
Prosegur Global Alarmas ROW S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur Global CIT ROW S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cash, S.A.	a	5	B
Prosegur Global SIS ROW SLU	Pajaritos, 24 (Madrid)	100.00%	Prosegur Cia 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 SA	Antonio Lopez, 247 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	C
Integrum 2008 SL	Antonio Lopez, 247 (Madrid)	100.00%	Contesta Teleservicios SA	a	2	C
Bloggers Broker SL	Antonio Lopez, 247 (Madrid)	100.00%	Contesta Teleservicios SA	a	2	C
Contesta Servicios Auxiliares SL	Antonio Lopez, 247 (Madrid)	100.00%	Contesta Teleservicios SA	a	2	C
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 Cia de Seguridad, S.A.	a	5	B
Segtech Ventures, S.A.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Assets Management, S.L.	a	5	B
Prosegur Servicios de Pago EP S.L.U.	Pajaritos, 24 (Madrid)	100.00%	Prosegur Globa CIT ROW SLU	a	2	B
Risk Management Solutions S.L.U.	Ochandiano, 8 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	B

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basic of consolidation	Business	Auditor
		% over Nominal of de	Company Owning the Holding			
Complioffice S.L.U.	Ochandiano, 8 (Madrid)	100.00%	Prosegur AVOS España SL	a	2	B
Work 4 Data Lab, S.L.	Arquímedes, 4 (Madrid)	100.00%	Risk Management Solutions S.L.U.	a	2	B
Dopar Servicios SL	Alvira Lasierra 10 (Zaragoza)	100.00%	Prosegur AVOS España SL	a	2	B
Enclama SL	Juan de la Cierva, 23 (Zaragoza)	100.00%	Prosegur AVOS España SL	a	2	B
Iberprofin SL	Paseo de la Constitución, 4 (Zaragoza)	100.00%	Prosegur AVOS España SL	a	2	B
Prosegur International Handels GmbH	Poststrabe, 33 (Hamburgo)	100.00%	Malcoff Holding BV	a	5	B
Prosegur Cash Services Germany GmbH	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur Global CIT ROW SLU	a	2	A
Prosegur Services Germany GmbH	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur USAP International SLU	a	7	B
Prosegur SIS Germany GmbH	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Berlin SL & Co KG.	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur Global CIT ROW SLU	a	2	B
BaS Solution GmbH	Daimlerstrasse 25 (Munich)	100.00%	Prosegur Global CIT ROW SLU	a	2	B
M Sicherheitstechnik Verwaltungs GmbH	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur SIS Germany GmbH	a	1	B
AC Alarm Verwaltungs GmbH	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur SIS Germany GmbH	a	1	B
M Sicherheitstechnik GmbH & Co KG	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur SIS Germany GmbH	a	1	B
AC Alarm GmbH & Co KG	Kokkolastrasse 5 (Ratingen)	100.00%	Prosegur SIS Germany GmbH	a	1	B
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	B
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	B
Prosegur Gestion d'Actifs France S.C.I.	Place Berthe Morisot (Saint Priest)	95.00%	Prosegur Gestión de Activos SLU	a	7	B
		5.00%	Prosegur Gestion de Activos International SLU	a	5	A
Prosegur Accueil et Service S.A.S.	14 Rue des Serruries (Metz)	100.00%	Prosegur Security Holding France SAS	a	1	B
Prosegur Traitement de Valeurs S.A.S.U.	Rue Rene Cassin ZI de Molina (La Talaudiere)	100.00%	Prosegur Traitement de Valeurs EST SAS	a	2	A
Prosegur Traitement de Valeurs EST S.A.S.	2 Rue Lovoisier BP (Besançon)	100.00%	Prosegur Cash Holding France SAS	a	2	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	B
Prosegur Securite	18 Av. Morane Saulnier (Velizy Villacoublay)	100.00%	Prosegur Cia de Seguridad, S.A.	a	8	B
Securite Europeenne de L'Espace Industriel S.A.	15 Rue de Louvres (Chennevieres Les Louvres)	59.98%	Prosegur Cia de Seguridad, S.A.	a	8	B
		40.02%	Esta Service SAS			
Esta Service S.A.S.	84 Rue des Aceries (Saint Etienne)	100%	Prosegur Cia de Seguridad, S.A.	a	8	B
Force Gardiennage S.R.L.	92 Boulevard Emile Delmas (La Rochelle)	4.80%	Prosegur Cia 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	B
Prosegur Cash Holding France SAS	1267 Ave Pierre et Marie Curie - Z.I. Secteur (Saint-Laurent Du Var)	100.00%	Prosegur Global CIT ROW SLU	a	5	A
Prosegur Traitemet de Valeuirs Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur (Saint-Laurent Du Var)	100.00%	Prosegur Cash Holding France SAS	a	2	A
Prosegur Logistique de Valerus Azur, S.A.	1267 Ave Pierre et Marie Curie - Z.I. Secteur (Saint-Laurent Du Var)	100.00%	Prosegur Cash Holding France SAS	a	2	A
Prosegur Traitement de Valeurs Provence S.A.S.	604 Ave du Col de l'Ange - ZA des Plaines de Jouques -	100.00%	Prosegur Cash Holding France SAS	a	2	B
Malcoff Holdings B.V.	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	C
Luxpai Holdo S.A.R.L.	23, Av. Monterey (Luxembourg)	100.00%	Prosegur Global SIS ROW SLU	a	5	B

Information at 31 December 2018 (continued)

Company	Registered offices	Holding % over Nominal of de	Company Owning the Holding	Basic of consolidation	Business	Auditor
Pitco Reinsurance SA	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 SLU	a	5	B
Prosegur Gestao de Activos Imobiliarios S.A.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Gestión de Activos, S.L.U.	a	7	B
Prosegur Companhia de Seguranca, Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global SIS ROW SLU	a	1	A
Prosegur Distribuçao e Serviços, Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global SIS ROW SLU	a	1	B
Prosegur Agencia Promoçao e Comercializaçao de Productos e Se	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Dognaedis Lda.	Coimbra	100.00%	Prosegur Compañia de Seguridad SA	a	1	B
Prosegur Logistica e Tratamento de Valores Portugal Unipessoal L	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global CIT ROW SLU	a	2	B
Prosegur Alarmes Dissuasao Potugal Unipesoal Ltda.	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur Global Alarmas ROW, S.L.U.	a	3	B
Prosegur ESSPP Empresa de Serviços Partilhados Unipessoal Ld	Av.Infante Dom Henrique, 326 (Lisboa)	100.00%	Prosegur USAP International, 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 SA			
		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	B
		5.00%	Prosegur International CIT 1 SL			
Prosegur Sistemas Integrales de Seguridad, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00%	Prosegur Inversiones Argentina, S.A.	a	1	B
		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	B
		5.00%	Prosegur Argentina Holding S.A.			
Prosegur Gestion de Activos ARG SA	Tres Arroyos 2835 (Ciudad de Buenos Aires)	80.00%	Prosegur Gestion de Activos, S.L.U.	a	3	B
		20.00%	Prosegur Gestion de Activos International, S.L.U.			
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 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			
Tellex, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	95.00%	Prosegur Global SIS, S.L.U.	a	1	A
		5.00%	Prosegur International SIS, S.L.U			
Prosegur Holding, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	85.00%	Prosegur Global Alarmas SLU	a	5	A
		5.59%	Prosegur International Alarmas SLU			
		9.41%	Prosegur Cia de Seguridad, S.A.			

Information at 31 December 2018 (continued)

Company	Registered offices	Holding % over Nominal of de	Company Owning the Holding	Basic of consolidation	Business	Auditor
Prosegur Inversiones, S.A.	Tres Arroyos 2835 (Ciudad de Buenos Aires)	85.00%	Prosegur Global Alarmas SLU	a	5	A
		5.60%	Prosegur International Alarmas SLU			
		9.40%	Prosegur Cia 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, SA			
Prosegur, 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.			
Servin Seguridad, S.A.	Montevideo 666 (Ciudad de Buenos Aires)	95.00%	Prosegur Inversiones Argentina, S.A.	a	1	A
		5.00%	Prosegur Argentina Holding S.A.			
Prosegur Holding SIS Ltda	Av. Ermano Marchetti, nº 1.435 (Sao Paulo)	90.00%	Prosegur Global SIS SLU	a	5	
		10.00%	Prosegur International SIS SLU	a		
Segurpro Vigilancia Patrimonial SA	Rua Fernando de Alburquerque, 31 (Sao Paulo)	100.00%	Prosegur Holding SIS Ltda	a	1	
Prosegur Serviços e Participaçoes Societarias SA	Av.Thomas Edison, 813 (São Paulo)	47.08%	Juncadella Prosegur Internacional SA	a	5	B
		52.92%	Prosegur Global CIT SLU			
Prosegur Logistica e Armazenamento Ltda	Av. Marginal do Ribeiro dos Cristais, 200 (São Paulo)	99.00%	Prosegur Global CIT SLU	a	2	B
		1.00%	Prosegur International CIT 1 SL			
Log Cred Tecnologia Comercio e Serviços Ltda	Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas)	100.00%	Prosegur Serviços e Participaçoes Societarias SA	a	2	B
Luma Empreendimientos Eireli- ME	Avenida Santos Dumont, 1883 (Ciudad de Lauro de Freitas)	100.00%	Prosegur Serviços e Participaçoes Societarias SA	a	2	B
Prosegur Brasil SA Transportadora de Valores e Segurança	Av.Guaratã, 633, (Belo Horizonte)	99.99%	Prosegur Serviços e Participaçoes Societarias SA	a	4	A
Prosegur Sistemas de Segurança Ltda.	Av. Guaratã, 667 (Belo Horizonte)	72.38%	Prosegur Global SIS SLU	a	1	B
		27.62%	Prosegur International SIS SLU			
Prosegur Administraçao de Recebiveis Ltda.	Av.Thomas Edison, 813 (São Paulo)	99.79%	Prosegur Global SIS SLU	a	1	B
		0.21%	Prosegur Sistemas de Seguranca Ltda			
Segurpro Tecnologia em Sistemas de Seguramça Eletronica e inc	Rua Barao do Brnanal, 1301, (Sao Paulo)	95.00%	Prosegur Global SIS SLU	a	1	B
		5.00%	Prosegur International 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 International Alarmas SLU			
Prosegur Serviços Aeroportuarios Ltda.	Av.Thomas Edison, 813 (São Paulo)	95.00%	Prosegur Global SIS SLU	a	1	B
		5.00%	Prosegur International SIS SLU			
Prosegur Gestao de Ativos Ltda.	Av.Thomas Edison, 813 (São Paulo)	99.99%	Prosegur Gestion de Activos SLU	a	7	B
		0.01%	Prosegur Cia de Seguridad, S.A.			
Juncadella Prosegur Group Andina SA	Los Gobelinos 2567 (Santiago de Chile)	99.99%	Juncadella Prosegur Internacional SA	a	5	B
		0.01%	Armor Acquisition SA			
Capacitaciones Ocupacionales Sociedad Ltda.	Los Gobelinos 2567 (Santiago de Chile)	83.80%	Prosegur Global CIT SLU	a	2	B
		10%	Prosegur International CIT 1 SL			
		2.50%	Prosegur Internationale Handels GmbH			
		3.70%	Juncadella Prosegur Group Andina SA			
Servicios Prosegur Ltda.	Los Gobelinos 2567 (Santiago de Chile)	99.98%	Prosegur Global CIT SLU	a	2	B
		0.01%	Prosegur International Handels GmbH			
		0.01%	Juncadella Prosegur Group Andina SA			
Servicios de Seguridad Prosegur Regiones Limitada	Los Gobelinos 2567 (Santiago de Chile)	99.00%	Prosegur Chile, S.A.	a	1	B
		1.00%	Prosegurl Global SIS SLU			

Information at 31 December 2018 (continued)

Company	Registered offices	Holding: % over Nominal of de Company Owning the Holding		Basic of consolidation	Business	Auditor
Empresa de Transportes Compañía de Seguridad Chile Ltda.	Los Gobelinos 2567 (Santiago de Chile)	60.00%	Juncadella Prosegur Group Andina SA	a	2	B
		40.00%	Prosegur International Handels GmbH			
Prosegur Tecnologia Chile Ltda	Avenida Loboza 8395 (Santiago)	99.99%	Prosegur Global SIS SLU	a	1	B
		0.01%	Prosegur Cia de Seguridad, S.A.			
		0.00%	Prosegur Chile SA			
Prosegur Activa Chile S.L.	Catedral 1009 (Santiago de Chile)	90.00%	Prosegur Global Alarmas SLU	a	3	B
		10.00%	Prosegur International Alarmas SLU			
Prosegur Gestion de Activos Chile Ltda.	Los Gobelinos 2567 (Santiago de Chile)	90.00%	Prosegur Gestion de Activos, S.L.U.	a	7	B
		10.00%	Prosegur Gestion de Activos International SLU			
Prosegur Chile, S.A.	Los Gobelinos 2567 (Santiago de Chile)	70.00%	Prosegur, S.A.	a	1	B
		30.00%	Prosegur Global SIS SLU			
Prosegur Ciberseguridad, S.A.S.	TV 23 · 95-53 (Bogotá)	100.00%	Prosegur Compañia de Seguridad SA	a	1	B
Procesos Técnicos de Seguridad y Valores S.A.S.	DB 74 # 6-51 (Bogotá)	99.00%	Prosegur International CIT 2 SLU	a	2	B
G4S Cash Solutions Colombia Ltda	Avda. Américas 41-09 (Bogotá)	50.00%	Prosegur Colombia 1 SLU	a	2	A
		49.00%	Prosegur Colombia 2 SLU			
		1.00%	Prosegur Colombia 3 SLU			
Compañia Transportadora de Valores Prosegur de Colombia S.A.	Avda. De las Américas, 42-25 (Bogotá)	94.90%	Prosegur Global CIT SLU	a	2	A
		5.10%	Prosegur International CIT 1, SLU			
		0.00%	Prosegur Cash, S.A.			
		0.00%	Prosegur Servicios de Efectivo España SLU			
		0.00%	Prosegur Global CIT ROW SLU			
Prosegur Procesos S.A.S.	Avda. De las Américas, 42-25 (Bogotá)	100.00%	Prosegur International CIT 2, SLU	a	2	B
Inversiones BIV S.A.S.	Calle 32 (Cartagena)	100.00%	Prosegur Global SIS SLU	a	5	B
Prosegur Vigilancia y Seguridad Privada Ltda.	Calle 32 (Cartagena)	94.00%	Inversiones BIV SAS	a	4	A
Prosegur Tecnología S.A.S.	Cra. 50 No. 71-80 (Bogotá)	100.00%	Prosegur Global SIS SLU	a	1	B
Servimax Servicios Generales S.A.S.	Calle 32 (Cartagena)	100.00%	Inversiones BIV SAS	a	1	B
Prosegur Sistemas Electronicos S.A.S.	Cra. 50 No. 71-80 (Bogotá)	100.00%	Prosegur International Alarmas SLU	a	1	B
Prosegur Seguridad Electrónica, S.A.S.	Cra. 50 No. 71-80 (Bogotá)	100.00%	Prosegur International Alarmas SLU	a	3	B
Servimax Servicios Temporales S.A.S.	Calle 32 (Cartagena)	100.00%	Inversiones BIV SAS	a	1	B
Prosegur Gestion de Activos de Colombia S.A.S.	AC 13 No. 42A-24 (Bogotá)	100.00%	Prosegur Gestion de Activos, SLU	a	7	B
Integra Security Systems SA	Transversal, 23 (Bogotá)	100.00%	Prosegur Seguridad Electronica SAS	a	3	2
Prosegur Gestion de Activos Paraguay, S.A.	C/ Artigas, esq. Concepción Leyes de Chávez (Asunción)	95.00%	Prosegur Gestion de Activos, SLU	a	7	B
		5.00%	Prosegur Gestion de Activos International SLU			
Prosegur Ciberseguridad Paraguay SA	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 SA	a	2	B
		1.00%	Transportadora de Caudales Juncadella SA			
Soluciones Integrales de Seguridad Prosegur Paraguay S.A.	Avda. Artigas Nro. 960 (Asunción)	95.00%	Prosegur Global SIS SLU	a	1	B
		5.00%	Prosegur International SIS SLU			
Alarmas Prosegur Paraguay S.A.	Avda. Artigas Nro. 960 (Asunción)	95.00%	Prosegur Global Alarmas SLU	a	3	B
		5.00%	Prosegur International Alarmas SLU			
Proservicios S.A.	Av. Los Proceres 250 (Lima)	95.00%	Proseguridad SA	a	1	B
		5.00%	Prosegur International SIS SLU			

Information at 31 December 2018 (continued)

Company	Registered offices	Holding		Basic of consolidation	Business	Auditor
		% over Nominal of de	Company Owning the Holding			
Compañía de Seguridad Prosegur S.A.	Av. Morro Solar 1086 (Lima)	52.00% 48.00%	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	A
Proseguridad S.A.	Av. Los Proceres 250 (Lima)	64.89% 35.11%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	1	B
Prosegur Cajeros S.A.	La Chira, 103 (Lima)	52.00% 48.00%	Juncadella Prosegur Internacional SA Transportadora de Caudales de Juncadella SA	a	2	B
Prosegur Tecnología Perú S.A.	La Chira, 103 - Surco - Lima	99.00% 1.00%	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	1	B
Reguard Security Corp, S.A.	Av. Los Proceres 250 (Lima)	84.86% 10.14% 5.00%	Proseguridad SA Inversiones RB, SA Prosegur Intenational SIS SLU	a	1	B
Proseguridad Selva SA	Cas. Palmawasi San Martin (Tocache)	90.00% 10.00%	Reguard Security Corp, S.A. Prosegur International SIS SLU	a	1	B
Inversiones RB, S.A.	Avenida Nicolás Arriola, 780 (Lima)	95.00% 5.00%	Proseguridad SA Prosegur International SIS SLU	a	5	B
Prosegur Activa Peru, S.A.	Av. Republica De Panama 3890 (Lima)	40.00% 59.93% 0.07%	Prosegur Global Alarmas SLU Prosegur International Alarmas SLU Prosegur Cia de Seguridad, S.A.	a	3	B
Prosegur Servicios Administrativos. S.A.	Av. Los Proceres 250 (Lima)	99.00% 1.00%	Prosegur Cia de Seguridad, S.A. Prosegur Global Alarmas SLU	a	7	B
Prosegur Gestion de Activos, S.A.	La Chira, 103 - Surco - Lima	90.00% 10.00% 0.00%	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU Prosegur Global Alarmas SLU	a	7	B
Prosegur Mexico S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	85.60% 14.40%	Prosegur Global SIS SLU Prosegur International SIS SLU	a	5	B
Prosegur Compañía de Seguridad SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Global SIS SLU	a	1	A
Prosegur Seguridad Privada Logística y Gestión de Efectivo, S.A.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Global CIT SLU Prosegur International CIT 1, SL	a	2	B
Prosegur Seguridad Privada SA de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Prosegur Consultoria y Servicios Administrativos S de RL de C.V.	Norte 79 B No. 77 Colonia Sector Naval (México DF)	100.00% 0.00%	Prosegur Gestion de Activos, SLU Prosegur Gestion de Activos International SLU	a	7	B
Prosegur Servicios de Seguridad Privada Electrónica SA de C.V.	Piña, 297 (México DF)	100.00% 0.00%	Prosegur Global CIT SLU Prosegur International CIT 1 SL	a	2	B
Prosegur Custodias, S.A. de C.V.	Alfredo Nobel, 21 (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Mercurio de Transportes SA de C.V.	Avda de las granjas, 76 (México DF)	100.00%	Grupo Tratamiento y Gestion de Valores SAPI de CV	a	2	B
Prosegur Tecnologia SA de C.V.	Piña, 297 (México DF)	100.00% 0.00%	Prosegur Mexico S de RL de CV Prosegur Compañía de Seguridad SA de CV	a	1	B
Grupo Tratamiento y Gestión de Valores SAPI de C.V.	Norte, 79 B (México DF)	80.00%	Prosegur Global CIT SLU	a	5	B
Centro Nacional de Formacion Prosegur Asociacion Civil	Avda de las granjas, 76 (México DF)	50.00% 50.00%	Prosegur Compañía de Seguridad SA de CV Prosegur Mexico S de RL de CV	a	7	B

Information at 31 December 2018 (continued)

Company	Registered offices	Holding % over Nominal	Holding of de Company Owning the Holding	Basic of consolidation	Business	Auditor
Marlina SA	Guarani 1531 (Montevideo)	100.00%	Prosegur Gestion de Activos, SLU	a	7	B
Loredat SA	Guarani 1531 (Montevideo)	100.00%	Prosegur Cia de Seguridad, S.A.	a	1	
Prosegur Transportadora de Caudales S.A.	Guarani 1531 (Montevideo)	99.91%	Juncadella Prosegur Internacional SA	a	2	B
		0.09%	Armor Acquisition SA			
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
Blindados, S.R.L.	Guarani 1531 (Montevideo)	99.00%	Prosegur Transportadora de Caudales SA	a	2	B
		1.00%	Prosegur Global CIT SLU			
Genper, S.A.	Guarani 1531 (Montevideo)	100.00%	Prosegur Global SIS SLU	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	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 SA	a	1	A
		10.00%	Prosegur Global SIS SLU			
Pitco Asia Pacific Ltd.	Suite 1201 Tower 2, The Gateway, 25 (Hong Kong)	100.00%	Luxpai Holdo SARL	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.	Roon 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
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 SLU	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
Prointrans L.L.C.	411 Lafayette Street, 6th Floor, (New York)	100.00%	Prosegur Cia de Seguridad, S.A.	a	5	B
Prosegur SIS USA Inc	2655 Le Jeune Road (USA)SUITE 905, CORAL GABLES, FL 33134	100.00%	Prosegur global SIS ROW, SLU	a	1	B
Viewpoint CRM Incorporated	220 Howard Street - Lowel (Massachusetts)	88.50%	Prosegur SIS USA Inc	a	1	C
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	B
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	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	B
Cash Services Australia Pty Limited	Level 5, 205 Pacific Highway, St Leonards NSW 2065	100.00%	Prosegur Australia Holdings PTY Limited	a	2	
Beagle Watch Armed Response Proprietary Limited	1 St Floor Unison House, 190 Smith Street (Fairland) 2030 (Johannesburg)	75.00%	Prosegur Global Alarmas ROW SLU	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

Information at 31 December 2018 (continued)

Company	Registered offices	Holding % over Nominal	of de Company Owning the Holding	Basic of consolidation	Business	Auditor
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
		0.01%	Pitco Asia Pacific Ltd			
Prosegur CIT Integral System India Private Ltd.	92 Boulevard Emile Delmas (La Rochelle)	95.00%	Prosegur Global CIT ROW SLU	a	2	B
		5.00%	Luxpai CIT SARL			
Dognaedis Limited	Gallows Hill Warwick CV34 6UW, (United Kingdom)	100.00%	Prosegur Cglobal Cyber Security, S.L.U.	a	1	B
Prosegur Alarm Hizmetleri Anonim Sirket	Maslak, Ahí Evran Caddesi No: 21 Kat: 13 Polaris Plaza (Istambul)	100.00%	Prosegur Global Alarmas ROW SLU	a	3	B
CASH Centroamerica 1		100%	Prosegur Global CIT S.L.U.	a	2	B
CASH Centroamerica 3		100%	Prosegur Global CIT S.L.U.	a	2	B
Proteccion de Valores SA	Km 4.5 Carretera a Masaya,(Managua)	50.00%	CASH Centroamerica 1	a	2	A
		10.00%	CASH Centroamerica 3			
Proteccion de Valores SA de CV	Calle Padres Aguilar No. 9 (San Salvador)	60%	CASH Centroamerica 1	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 International S.L.			
Proteccion de Valores SA	Colonia San Ignacio, 4ta calle 5ta Avenida, (Tegucigalpa)	60%	CASH Centroamerica 1	a	2	A
Gestion de Activos Cash Guatemala SA	6A. Calle 6-38 Edificio Tivoli Plaza, 7 Nivel Zona 9 (Guatemala)	90.00%	Prosegur Gestión de Activos, S.L.U.	a	7	A
		10.00%	Prosegur Gestión de Activos International S.L.			
Corporacion Allium SA	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.			
Prosegur Filipinas Holding Corporation	21st Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City (Filipinas)	100.00%	Prosegur Global CIT ROW S.L.U.	a	2	A
Prosegur Global Resources Holding Philipines Incorporated	18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (Filipinas)	100.00%	Prosegur Global CIT ROW S.L.U.	a	2	A
Armored Transport Plus Incorporated	18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (Filipinas)	36.00%	Prosegur Global Resources Holding Philipines Incorporated	a	2	A
E-CTK Solutions Incorporated	18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (Filipinas)	36.00%	Prosegur Global Resources Holding Philipines Incorporated	a	2	A
Fortress Armored Transport Incorporated	18th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, NCR (Filipinas)	36.00%	Prosegur Global Resources Holding Philipines Incorporated	a	2	A

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 KPMG.
B. Not subject to audit.
C. Audited by other auditors.

VIII. APPENDIX II. – Breakdown of Joint Arrangements

Information at 31 December 2019 - Joint Ventures

Company	Registered offices	Investment		Basic of consolidation	Business	Auditor
		% of par value	Company holding the investment			
Rosegur Holding Corporación S.L.	Pajaritos, 24 (Madrid)	50.00%	Prosegur Cia de Seguridad, S.A.	b	5	B
Dinero Gelt SL	Moscatelar nº 1K, 28043 (Madrid)	60.05%	Prosegur Alpha3 Cashlabs SL	a	2	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	50.00%	A través de: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Services, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	100.00%	A través de: Rosegur, S.A	b	4	B
Cobra Prestserv; SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	100.00%	A través de: Rosegur, S.A	b	4	B
Rosegur Cash Services SA	Popa Lazar street no. 5-25, 1st floor, sector 2 (Bucaresti)	51.00%	A través de:Prosegur Cia de Seguridad, S.A.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	50.00%	A través de: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	50.00%	A través de: 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
Scout Security Limited	151 Macquairie 51 Macquairie Street, Sydney Australia	9.50%	Prosegur Global Alarmas Row, S. L.	b	3	B

Information at 31 December 2019 - Joint Operations. Temporary Joint Ventures

Company	Registered offices	Investment		Note	Business
		% of par value	Company holding the investment		
UTE PCS SSG BSM BARCELONA UTE LEY 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	Principe de Vergara, 135 (Madrid)	95.00%	Ferroser	d	1
UTE PCS SSG HOSPITAL DE LA SANTA CREU I SANT PAU (FUNDACIÓ DE GESTIÓ SANITÁRIA)	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 MNTO. 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 MUSEÍSTICOS 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	Registered offices	Investment		Note	Business
		% of par value	Company holding the investment		
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria (Sevilla)	10.00%	Clece	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 (Madrid)	11.56%	Segur Iberica y otros	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. Muncipales)	Principe de Vergara, 135 (Madrid)	20.00%	Ferroser	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%	Otros	d	1
SIES 2010	Calle 21, 44-18 (Bogotá)	25.00%	Otros	d	1
SIES 2011	Calle 21, 44-18 (Bogotá)	23.00%	Otros	d	1
UNION TEMPORAL P&A	Edificio Ecotek	52.00%	Avizor	d	1

Information at 31 December 2018 - Joint Ventures

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Basic of consolidation	Business	Auditor
Rosegur Holding Corporación S.L.	Pajaritos, 24 (Madrid)	50.00%	Prosegur Cia de Seguridad, S.A.	b	5	B
Rosegur, S.A.	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	50.00%	A través de: Rosegur Holding Corporacion, S.L.	b	4	B
Rosegur Fire, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	50.00%	A través de: Rosegur, S.A	b	4	B
Rosegur Training, SRL	Bulevardul Ghica Tei , Nr. 64-70, Sector 2 (Bucuresti)	50.00%	A través de: 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		100.00%	SIS Cash Services Private Ltd	b	2	
SIS Prosegur Alams Monitoring and Response Services Private Limited	Annapurna Bhawan, Kurji, Patna 8000001 (Buharm India)	50.00%	Singpai Alarms Private Ltd	b	3	B
SIS Prosegur Cash Logistics Private Limited	Annapurna Bhawan, Kurji, Patna 8000001 (Buharm India)	100.00%	SIS Cash Services Private Ltd	a	2	
Prosegur Technological Security Solutions LLC	Al falah Street- 211 (Abu Dhabi)	49.00%	Prosegur Cia de Seguridad, S.A.	b	5	C
SBV Services Propietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton (Johanesburgo)	33.33%	Prosegur Global CIT ROW SLU	b	5	B
SBV Services Namibia Proprietary Limited	24 Oban Street, (Windhoek, Namibia)	100.00%	A través de: SBV Services Propietary Limited	b	2	B
Carrick Properties (Pinetown) Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton (Johanesburgo)	100.00%	A través de: SBV Services Propietary Limited	b	1	A
Security Unlimited (PtY) Limited	Suite 51A, Lioli Road, (Maseru Lesotho)	80.00%	A través de: SBV Services Propietary Limited	b	2	
CashLogix Proprietary Limited	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton (Johanesburgo)	100.00%	A través de: SBV Services Propietary Limited	b	1	A
Integrated Cash Management Services Limited (ICMS)	No 17 8th Street, Cnr 11th Avenue and 8th Street, Houghton (Johanesburgo)	100.00%	A través de: SBV Services Propietary Limited	b	1	A
Scout Security Limited	151 Macquairie 51 Macquairie Street, Sydney Australia	9.50%	Prosegur Global Alarmas Row, S. L.	b	3	B

Information at 31 December 2018 - Joint Operations. Temporary Joint Ventures

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Note	Business
UTE PCS SSG BSM BARCELONA UTE LEY 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	Principe de Vergara, 135 (Madrid)	95.00%	Ferroser	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 MNTO. 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 MUSEÍSTICOS 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 2018 - Joint Operations. Temporary Joint Ventures (continued)

Company	Registered offices	Investment: % of par value	Investment: Company holding the investment	Note	Business
UTE CLECE PCS TEATRO KURSAAL MELILLA ley 18/82	Calle Industria (Sevilla)	10.00%	Clece	d	1
UTE VIGILANCIA Y SEG. CENTROS INTERNAMIENTO P 12 098	Juan de Mariana, 15 (Madrid)	11.56%	Segur Iberica y otros	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. Muncipales)	Principe de Vergara, 135 (Madrid)	20.00%	Ferroser	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%	Otros	d	1
SIES 2010	Calle 21, 44-18 (Bogotá)	25.00%	Otros	d	1
SIES 2011	Calle 21, 44-18 (Bogotá)	23.00%	Otros	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 KPMG.
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. Inactive Joint Venture.
3. Joint Venture in liquidation.

IX. APPENDIX III. – Summary Information on Joint Ventures

Information at 31 December 2019

Thousands of Euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	Dinero Gelt	Other insignificant companies	Total
Information on the financial situation statement					
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 of holding	49%	49%	52%	-	-
Holding in net assets	2,049	4,313	1,147	1,943	9,452
Book value of the holding	**2,049**	**4,313**	**1,147**	**1,943**	**9,452**
Income statement information					
Revenue	26,220	15,766	494	76,022	118,502
Sale expenses	(25,681)	(16,501)	(602)	(74,441)	(117,225)
Finance income	-	-	-	(27)	(27)
Amortisations	(1,472)	(496)	(47)	(523)	(2,538)
Finance expenses	(1,500)	(654)	(17)	(1,884)	(4,055)
Income tax expense (income)	92	55	65	103	315
Profit (loss) for the year from continuing operations	(869)	(1,334)	(60)	(227)	(2,490)
Profit for the year	(869)	(1,334)	(60)	(227)	(2,490)
Other comprehensive income					
Profit (loss) of investments accounted for using the equity method	**(426)**	**(654)**	**(31)**	**(53)**	**(1,164)**

Information at 31 December 2018

Thousands of Euros	SIS Cash Services Private Limited	SIS Prosegur Holdings Private Limited	SBV South Africa	Other insignificant companies	Total
Information on the financial situation statement					
Non-current assets	11,533	10,312	86,883	1,682	110,410
Non-current liabilities	(6,365)	(706)	(48,686)	(10)	(55,767)
Total non-current net assets	5,168	9,606	38,198	1,672	54,643
Current assets	16,692	12,502	56,543	8,221	93,958
Cash and cash equivalents	50	309	14,313	1,308	15,979
Current liabilities	(13,214)	(15,312)	(37,225)	(5,980)	(71,731)
Total current net assets	3,478	(2,810)	19,319	2,241	22,228
Net assets	8,646	6,796	57,516	3,913	76,870
Percentage of holding	49%	49%	33%	-	-
Holding in net assets	4,237	3,330	18,961	2,906	29,433
Book value of the holding	**4,237**	**3,330**	**18,961**	**2,906**	**29,433**
Income statement information					
Revenue	20,651	15,724	229,774	794	266,942
Sale expenses	(22,401)	(16,696)	(218,344)	(3,146)	(260,587)
Finance income	-	-	-	(79)	(79)
Amortisations	(1,286)	(393)	(1,093)	(119)	(2,891)
Finance expenses	(1,211)	(1,015)	(4,596)	6	(6,817)
Income tax expense (income)	499	332	(1,696)	686	(179)
Profit (loss) for the year from continuing operations	(2,463)	(1,655)	5,138	(1,740)	(720)
Profit for the year	(2,463)	(1,655)	5,138	(1,740)	(720)
Other comprehensive income					
Profit (loss) of investments accounted for using the equity method	**(1,207)**	**(811)**	**1,694**	**(795)**	**(1,119)**

PROSEGUR

Consolidated Directors’ Report for 2019

Prosegur Compañía de Seguridad, S.A. and subsidiaries

Table of contents

Chairman's Letter

I am very honoured to welcome you to the Management Report of Prosegur Compañía de Seguridad S.A. for 2019. We make this document available to all our stakeholders with the intention of showing the company's true situation. I am convinced this transparency exercise will benefit all who, in one way or another, interact with the group.

The macroeconomic environment in which the company has operated in the past year has shown a certain continuity with what we already experienced in the second half of 2018. Particularly in everything related to activities in Latin America. However, the effort in management, the quality of the teams and the extraordinary commitment of all our professionals has allowed us to continue strengthening the positive trend in the organic growth of operations and recover positive dynamics in the profitability of operations.

In the case of Prosegur Security, the year has been particularly marked by starting to operate in the United States, the world's leading private security market. Regarding our operations in Prosegur Alarms, the agreement reached with Telefónica to jointly manage the activity in Spain stands out. Finally, our listed subsidiary, Prosegur Cash, has continued to play a leading role in consolidating the international cash in transit and cash management market with a total investment of 100 million euros during the year.

Beyond daily business activity, we are aware that we operate in a context that requires us to be at the forefront of innovation if we want to continue fulfilling our goal of making the world a safer place. Therefore, I do not want to stop referring to the progress made this year. Innovation in Prosegur is now a reality materialised in specific projects. Among others, it is worth highlighting the application of the Internet of Things to our fleet of armoured vehicles, the launch of a car sharing platform with sustainable fleets, the growth in the number of users of the Prosegur Smart app, process automation projects or POPS, Prosegur Security's operational platform.

These are all initiatives with which we want to show our commitment to being world leaders in the security sector. In short, by making our work benefit our customers, our employees and, in a broad sense, have a positive impact on society as a whole.

This aspiration has motivated us to deeply reflect on our corporate culture. We are not talking about changing it completely, since it is based on sound values that we want to maintain. We are talking about adapting and strengthening it to face the new times with a full guarantee of success. Therefore, one of the initiatives we have launched is the new Leadership Model that aspires to be global and cut across the entire organisation. This model follows five principles: passion for customers, focus on results, transformation and innovation, team spirit, and responsibility and commitment.

Finally, I would like to briefly refer to the Prosegur Foundation's activity to highlight, first of all, the Prosegur team's commitment. In 2019, the number of professionals in the group involved in volunteer activities increased again by 7%. With all of their collaboration, the Foundation has directly benefited 31,111 individuals in 15 countries. We have also made the Foundation present in the countries in Central America where the group operates and increased the number of pupils in schools attached to our Development Cooperation programme, Piecitos Colorados, by 6%. Likewise, with the aim of responding to the current context of digital transformation, the Foundation has promoted projects that foster the training competencies of the 21st century, such as creativity, entrepreneurship, teamwork and experiential learning.

2019 has been a year in which we have taken a great step forward in implementing our strategy: Digitalise, Innovate and Grow. In collaboration with the various stakeholders, we have established a solid foundation on which to continue building the Prosegur that we imagine in the coming years. A company willing to assume its commitment to protect people and with great capabilities to continue leading innovation in our industry.

For yet another year, thank you very much for your confidence.

Helena Revoredo
Chairman

Message from the Executive Director

For yet another year, through publishing this report, we take stock of the milestones reached and give an account of the progress of the different activities promoted by Prosegur. We do this from the conviction that our activity provides an undeniable value in achieving safer spaces that guarantee the free development of the societies in which we operate.

In the previous report, we highlighted that a new strategy had been launched that follows three pillars: Digitalise, Innovate and Grow. This is the way in which the company is working to be completely customer-focused, generating efficiencies, gaining competitiveness and providing the capabilities required to develop new services.

The deployment of our strategic plan accelerated in the past year and it is already reporting very solid results. In the field of digitalisation, we have completely transformed the hiring process, which now even includes biometric approval. We have implemented video interviews and incorporated gamified tests, which have enabled us to half the hiring time. We have created shared service centres like the one in Argentina, from where payrolls are managed in 12 of the group's countries. We have automated more than 300 processes with a team that is a truly ground-breaking in the developments they are carrying out. We have also been working very hard to guarantee the quality and consistency of the data in our organisation. In short, a variety of projects with which we seek to optimise our processes and free up resources to use them to better serve our customers.

In the innovation section we have developed our own methodology, provided it with resources and generated an investment discipline that ensures that we have the capabilities required to expose the company to the most relevant technologies for performing our activity. In this regard, 5G and the Internet of Things, new energy solutions, extended reality, blockchain, artificial intelligence and artificial vision are technologies that now enable us, or will enable us, to develop our own solutions with which to deliver a high added value to our customers. All this from a collaborative, disruptive and open approach.

In relation to the growth of operations, it is worth mentioning the importance that this point has traditionally had for the company. In the last decade alone, Prosegur has carried out 76 inorganic growth operations focused mainly on consolidating our traditional business. This approach is still valid. However, we are opening inorganic development to new areas that complement our core activities. A good example of this is the growth of the New Products of our subsidiary, Prosegur Cash. Or Prosegur Tech Ventures, our corporate venture capital, created to enhance our service offering and foster the development of new technologies with a disruptive impact in the field of security. Through Prosegur Tech Ventures we have made eight direct investments in start-ups and four investments in other venture capital funds, which give us an extremely interesting exposure to the main world innovation poles.

Our inorganic activity has been complemented by excellent organic growth and has resulted in a 6.6% increase in sales in 2019. A positive change in the dynamics of profitability is added to the progression of income with an EBIT growth of 9.7%, although the financial result has continued to be affected by the exchange rate in 2019.

Throughout the year, the group has maintained the positive trend in operating cash generation with a 72% EBITDA conversion ratio. In addition, we continue to show a reduced level of indebtedness, although there has been an increase in relation to the close of the previous year, mainly due to inorganic growth and the treasury stock repurchase programme. In any case, we have continued to work on reducing the average cost of our corporate debt, which now stands at 1.36%.

All this has merited that S&P has renewed our BBB with a stable outlook rating.

Regarding the development of the activity in our business units, I would like to highlight, in general, the solid growth reported in local currency. Prosegur Security continues to increase the penetration of integrated security solutions that are already present in 28% of the client portfolio. Prosegur Alarms continues to maintain growth rates above the industry average and build a solid customer base around the Smart platform. Meanwhile, Prosegur Cash continues to show a sustained improvement in growth in local currency and a sharp increase in sales of New Products.

Beyond the business activity, at Prosegur we also work to make available to all staff the best resources for them to perform their work. With a special focus on training, we launched the new Prosegur Corporate University in 2019. A platform that has already been deployed in nineteen countries and includes new training content based on each employee profile. In addition, we have revamped the mobile app that gives access to the corporate intranet and, now, incorporates new features.

We also address our commitment to responsible use of resources by working to reduce paper consumption through incorporating the electronic signature in all business units or renewing our fleet to hybrid vehicles. Initiatives that add to the approval of a new Equality and Inclusion Plan and activities in the field of health and safety.

In 2019, we continued to grow, while we were transforming. We have continued to digitalise the company, innovate and develop our corporate culture. In short, we are building an increasingly strong company.

For all these reasons, I would like to reiterate to all our stakeholders that they can rely on the commitment of our more than 160,000 professionals who, every day, turn the challenges the organisation faces into opportunities.

Christian Gut
Chief Executive Officer

Consolidated Directors' Report for 2019

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

The worldwide reference in private security Prosegur is a business group composed of Prosegur Compañía de Seguridad, S.A. and its subsidiaries (jointly, Prosegur) which provides private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, El Salvador, Spain, United States, The Philippines, France, Guatemala, Honduras, India, Indonesia, 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 object is insurance cover), Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa, Turkey 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 customers. The Company develops integrated security solutions for companies, services specialising in cash management and alarm systems for the home and retail premises. All of these are endowed with high technological components and an innovative approach to security.

1.1.1. Business lines

Prosegur comprises the following businesses:

- **Prosegur Security:** Provides integrated security services that are the result of an effective combination of physical surveillance with the latest technological and analytical capacities. It includes, primarily, the activity of manned guarding, mobility services, electronic security systems, integrated systems maintenance, fire protection, cybersecurity, global risk analysis, consultancy and control centre.
- **Prosegur Cash:** It provides services that range from cash in transit and cash handling to outsourcing high value added services. The activity is essentially targeted at financial institutions, businesses, government agencies and central banks, mints, jewellery stores, and in other business activities around the world.
- **Prosegur Alarms:** has a broad range of products which help to improve the security of families and businesses. It includes the installation and maintenance of alarms, as well as the alarm monitoring service by the Alarm Reception Centre (ARC) and response to incidents.

1.1.2. Mission, Vision and Values

Mission

Our Mission or raison d'être (for which we work every day) is to generate value for our clients, society and our shareholders, offering comprehensive and specialised security solutions, incorporating cutting-edge technology combined with the talent of top professionals.

Vision

Our Vision (the goal we seek to attain at Prosegur) is to become the global benchmark in security, respected and admired as a leader, seeking to build a safer world.

Values

Our values (the principles that identify us) encompass the beliefs that guide our conduct. They are the reflection of who we are, how we behave and the way we work for our clients: Proactive Approach, Value Creation, Client Friendliness, Transparency, Excellence, Leadership, Teamwork and Brand.

1.1.3. Business environment

The generation of secure spaces in which companies may operate is essential in the strategy of any modern government. Security will therefore always be a priority and will involve a large volume of investment. However the resources, public as well as private, are not unlimited. Therefore an efficient management should prevail that, among other things, requires a strict collaboration between the public-private sectors.

Within this context, Prosegur considers that it has a value proposition to offer the market. The work of the Company is based on solid foundations which it wishes to use in order to continue building a history that is at least as successful as the journey it has taken in its more than forty years of activity.

However, the Company cannot overlook the fact that the world is becoming increasingly complex. A reality that has an undeniable effect on matters of security. These new settings open the door to numerous opportunities, but to new risks and new threats as well.

Like any other company, Prosegur faces a shift in paradigm on how to generate value and how it should relate to the customer.

Within the current scope, and always starting from a broad scope of collaboration, the Company is convinced that the task of security intelligence is increasingly important. Furthermore, in order to be able to operate in accordance with this new scheme, Prosegur must be agile and adapt to circumstances capable of changing at any time. Furthermore, it must have the necessary intelligence to operate with a certain level of comfort in these changing scenarios, with new players, that may include new social behaviours.

Prosegur wants to be an open company, constantly exploring, and with sufficient creativity so that it may always have a fresh perspective on its sector. All of this without losing sight of ethics in everything it does. Global security copes with intense transformation dynamics and one of the paths that the Company is beginning to follow is that of predictive security. In order to respond to these issues, it is advancing in the generation of services that interrelate various technologies, among which Big Data, Internet of Things or artificial intelligence are worthy of mention.

A fascinating scenario that propels Prosegur toward a different way of operating in the security business.

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 Management Policy.

1.2.1. Ownership structure

The share capital of Prosegur Compañía de Seguridad, S.A. is of EUR 35,920,761.72, represented by 598,679,362 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 31 December 2019 the Company held 30,080,960 own shares (18,542,006 shares in 2018), which represent 5.02% of the share capital (3.00% in 2018) and have a value of EUR 107.9 million (EUR 52.7 million in 2018).

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 General Shareholders’ Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Appointments and Remuneration Committee. 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 Appointments and Remunerations 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.

Structure of the Board of Directors

At 31 December 2019, 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 2019 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).

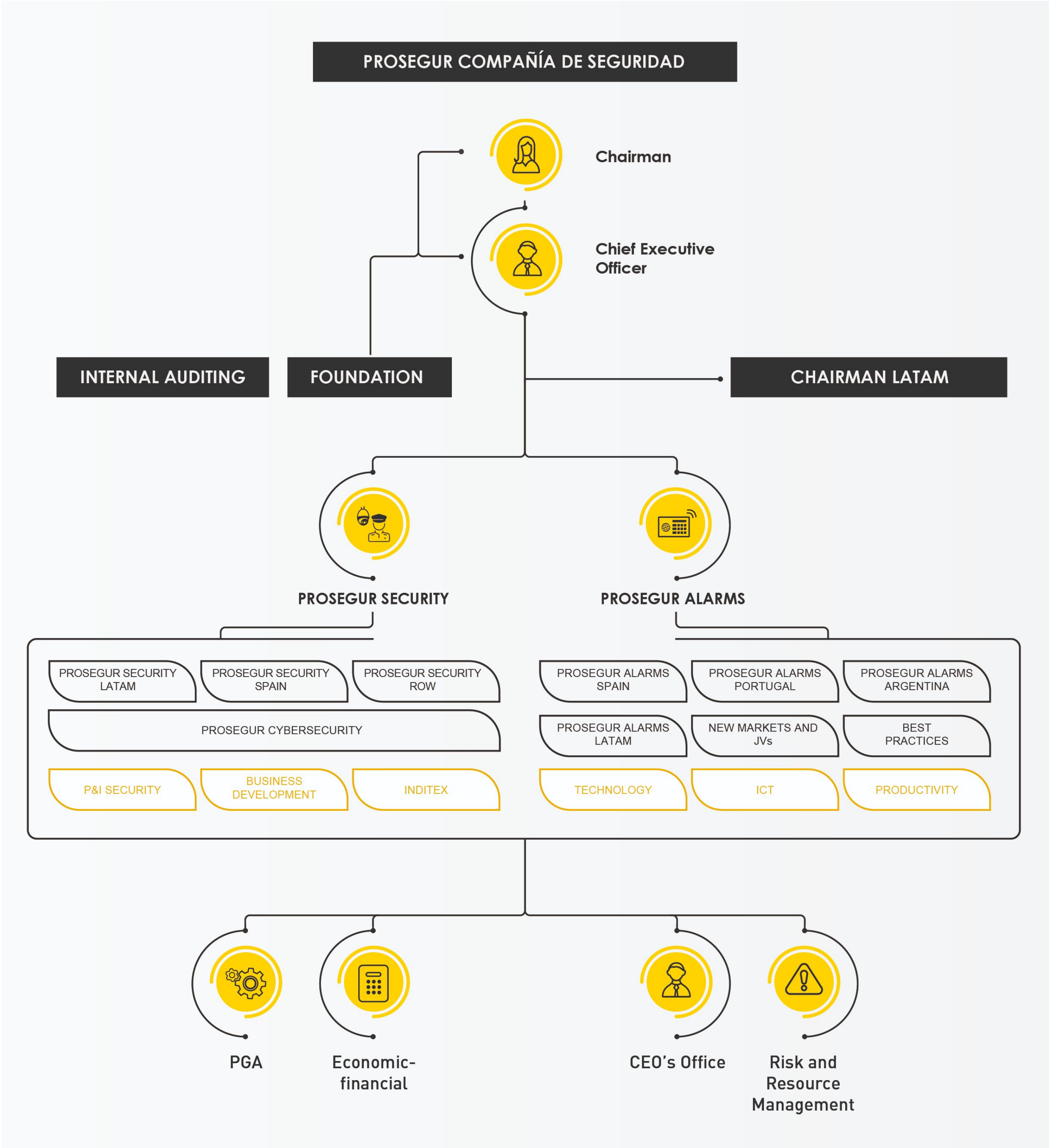
1.2.3. Organisational Structure

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 businesses of Security, Cash and Alarms, since each one has different dynamics and, therefore, different needs. This way, Prosegur ensures the best service to its clients, wherever it operates.

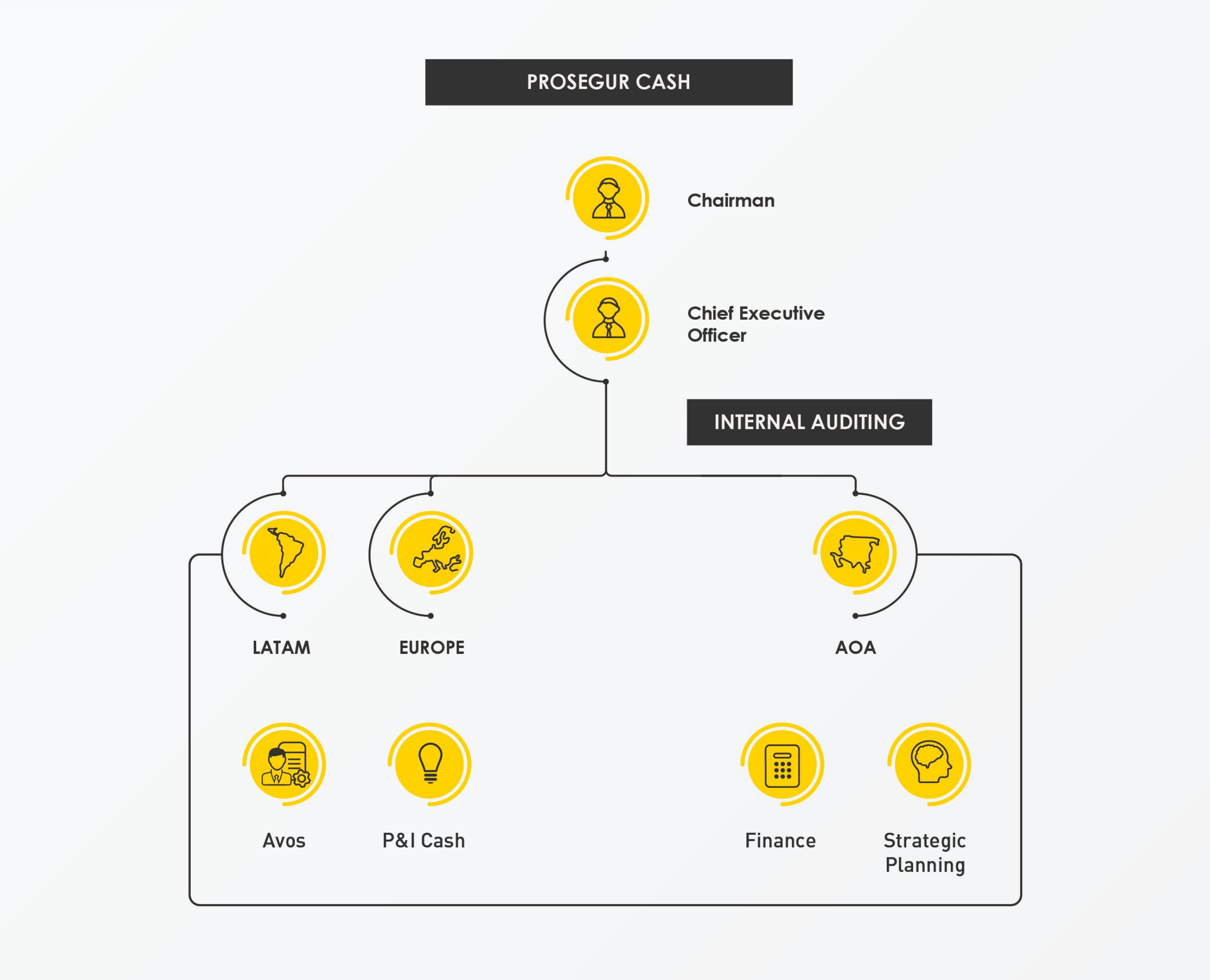
Business is the backbone of the organisation and is made up of the General Business Management Areas which are responsible for the design of security solutions for clients and cover the main business lines.

The corporate functions are supervised by the Global Support Divisions which cover the Financial-Economic department, Prosegur Gestión de Activos (Prosegur Asset 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. 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:

- Respond to clients' new needs, in line with market trends.
- Become a trusted strategic partner for clients.
- Provide increased value to clients through efficiency in processes and by implementing solutions that are increasingly technological.

Prosegur is in the midst of its Three-Year Strategic Plan 2018-2020. Our ambition to lead the industry has led them to embark on a transformation of the Company, hinging upon three basic pillars: Digitalise, Innovate and Grow.

Specific goals have been set in connection with each pillar and, after the second year of the plan, considerable progress has already been made.

Digitalise

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 the client experience.
- Reduce the weight of indirect costs.
- Attract, develop and retain the most highly-qualified professionals.

In 2019, the second year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- Advances in the process for digital transformation with regard to agility, scalability and operational excellence.
- The creation of a new area of Technology and Processes, focusing on the development of systems, processes and data governance.
- Agreement with Oracle to foster the digital transformation of operations, with emphasis on ERP Cloud.

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 2019:

- Increase in the weight of new products over total sales in all businesses.
- Definition of innovation methodology based on horizons and under ad hoc governance model.
- Incorporation of talent in innovation.
- Collaboration with Amazon on the challenges of digital innovation in Security, Cash and Prosegur Foundation.

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.

2019 has seen advances made in the following business lines:

- The solidity of the business model translated into a strong growth in local currency.

- Creation of a *joint venture* with Telefónica for development of the Alarms business in Spain.
- Consolidation of the entry of the Security business in the US market.
- Bolt-on acquisitions in traditional businesses and acceleration of new products, particularly in Cash and cybersecurity with Cipher.

1.3.2. Transformation Plan

For some time now the accelerated development of several technological tendencies has become tangible with a profound impact on economic sectors, business models and working methods. New technologies, such as the Internet of Things, Artificial Intelligence, Big Data and Blockchain, and the proliferation of smart devices, provide enormous potential for performing new tasks and processes more effectively and quickly.

This new paradigm has also shifted to the Prosegur business, by the demand of customers, employees and other stakeholders that require the transfer of the advantages associated with these new technologies to the manner in which they interact with the organisation and the value they receive. 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*) processes.
- To simplify the technological footprint, endeavouring that the critical systems for each one of the businesses 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 take advantage of opportunities and synergies.

Impetus of capabilities and consolidation of a common culture:

- To support all collaborators in the transformation process by using new working and collaboration tools, such as "*agile*" or "*design thinking*".
- 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.

R&D+i Activities

The important projects carried out in recent years have brought differentiation to the quality of the services offered by Prosegur and reflect the company’s commitment to innovation and excellence. Among the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Prosegur Security:

The developments in innovation are closely linked to the security needs and requirements posed by customers. Therefore, various environments have been designed in which to collaborate and explore the search for new solutions together. In addition, the business unit has developed an Ecosystem of Partners to which to add in the different activities.

The main initiatives carried out in 2019 have been developed in the field of internet of things (IoT) and artificial intelligence. They are diverse projects to which the company continuously monitors them and that would, according to their degree of progress, be integrated into a single larger project.

In addition, Prosegur Security has brought to the market a pioneering initiative called POPS, Prosegur Security Operating Platform. A perfect example of how the company is aligning its R&D effort with the global strategy focused on the development of comprehensive security solutions to and from the customer.

Finally, it is worth highlighting the implementation of virtual and augmented reality in support of the operational teams in the client. Its applications are very diverse and it is already being used in surveillance and maintenance. The next step will be to incorporate it into the formation and training processes.

Prosegur Cash:

In 2019, Prosegur Cash has focused on working agilely so that processes and services are continuously improved. The creation of different lines of action has allowed concentrating efforts and, consequently, accelerating innovation.

In the traditional business, the company has launched a series of initiatives with a high impact on productivity and efficiency aimed at reducing operating costs. In addition, in the business of collecting cash in retail, Prosegur Cash has worked to improve, expand and strengthen the range of Smart Cash services with innovations that complement the value offer.

Finally, one of the open lines of action has focused on opening a new area of B2C business development 'mobile first' with global aspiration, which complement and reinforce the leadership of the main business.

Prosegur Alarms:

In 2019, Prosegur Alarms has continued working to get to know the customer better. The objective is to understand how and how the user wants to protect himself. Among other initiatives, new predictive models such as the use of the alarm or the discharge qualification model have been developed. In this way, the company can anticipate customer behavior and design the launch of linkage and retention initiatives to reduce the dropout rate at the total connection base (BTC).

Another priority area of work has been the continuous improvement of the Prosegur Smart platform. Throughout the exercise, new features have been added that improve the user experience. The results are very positive since the number of frequent users has doubled and about 70% of the new Alarms customers are users of the application.

2. Business performance and profit/(loss)

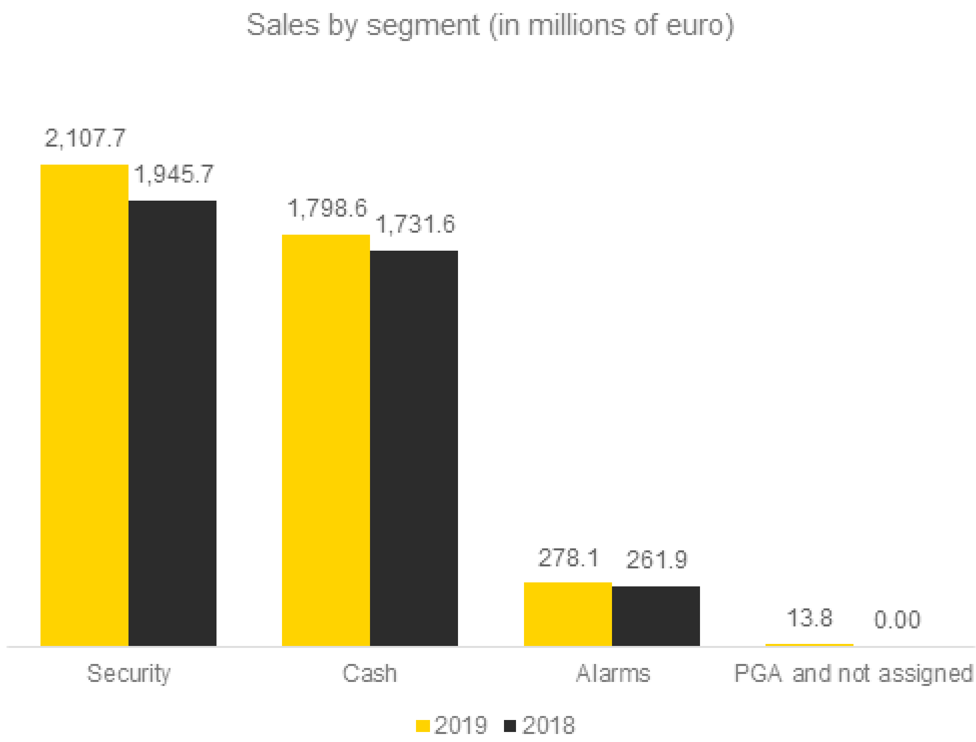
2.1. 2019 Economic and financial results

(Millions of Euros)		2019	2018	Variation
Sales		4,198.2	3,939.2	6.6%
EBITDA		**536.4**	**456.0**	**17.6%**
	Margin	*12.8%*	*11.6%*	
PPE depreciation		(178.2)	(129.0)	
Amortisation of intangible assets		(27.7)	(25.6)	
EBIT		**330.5**	**301.4**	**9.7%**
	Margin	*7.9%*	*7.7%*	
Financial results		(65.6)	(21.3)	
Profit before tax		**264.9**	**280.0**	**-5.4%**
	Margin	*6.3%*	*7.1%*	
Taxes		(104.6)	(100.0)	
	Tax rate	*(39.5%)*	*(35.7%)*	
Net result		**160.2**	**180.0**	**-11.0%**
Non-controlling interests		46.4	47.7	
Consolidated net profit/(loss)		**113.9**	**132.3**	**-13.9%**
Basic profit per share		0.2	0.2	

2.1.1. Sales by business area

Prosegur's consolidated sales in 2019 amounted to EUR 4,198.2 million (EUR 3,939.2 million in 2018), a total increase of 6.6%. Of this, 9.1% reflects pure organic growth and 6.5% reflects inorganic growth mainly derived from acquisitions made in 2019. The combined currency exchange rate effect and the result of applying IAS 29 and IAS 21.42 had a negative impact of 9.0%.

Consolidated sales are distributed by business as follows:



Aggregated consolidated sales are distributed by business area as follows:

(Millions of Euros)		2019	2018	Variation
Security		2,107.7	1,945.7	8.3%
	Total %	*50.2%*	*49.4%*	
Cash		1,798.6	1,731.6	3.9%
	Total %	*42.8%*	*44.0%*	
Alarms		278.1	261.9	6.2%
	Total %	*6.6%*	*6.6%*	
PGA and not assigned		**13.8**	**-**	100.0%
	Total %	*0.3%*	**-**	
		4,198.2	**3,939.2**	**6.6%**

The decrease in business turnover in 2019 compared to 2018 has been of 6.6%.

The Security business, that includes Surveillance and Technology activities, increased its sales figure by 8.3%, mainly as a result of the inorganic growth carried out in the United States and of the inorganic improvement of the majority of the regions.

With regard to the Cash business, sales have increased by 3.9% thanks to the good performance of organic as well as inorganic in the majority of regions.

Lastly, the Alarms business had total revenue of EUR 278.1 million in 2019 (2018: EUR 261.9 million), meaning a 6.2% increase, as a result of the diversification of the markets in which it operates, which minimised the impact of the devaluation of the Ibero-America currencies.

Trend in consolidated Prosegur turnover over the past five years is reflected in the following table:

(Millions of Euros)	2015	2016	2017	2018	2019
Turnover	3,959.4	3,902.3	4,290.7	3,939.2	4,198.2

2.1.2. Changes to the Group's structure

The changes in the composition of the Prosegur Group during 2019 were mainly due to the following acquisitions:

- Cash business combinations in Ibero-America: In 2019, Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and administrative banking services in Ibero-America. 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.
- Cash business combinations in Europe: In 2019, in Europe, Prosegur acquired a software engineering company specialised in the development of technological solutions for the insurance industry implemented in open systems and platforms, and a company that provides service management cash related to digital software of the retail sector. The total purchase price was EUR 22,846 thousand, comprising a cash consideration of EUR 15,320 thousand, a deferred contingent consideration amounting to a total of EUR 5,952 thousand, due in 2020, 2021, 2022, 2023, and a deferred payment of EUR 1,574 thousand, due in 2020.
- Cash business combinations in ROW: in 2019, Prosegur acquired a security company providing cash in transit and cash management 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.
- Alarms Business combinations in Ibero-America: In 2019, Prosegur acquired a series of assets in Ibero-America 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.
- Cybersecurity business combinations in Europe. During 2019, Prosegur acquired in Europe a security company 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.
- Cybersecurity business combinations in Ibero-America: In 2019, Prosegur acquired in Ibero-America a security company 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.

- Security and cybersecurity business combinations in ROW. During 2019, Prosegur acquired in ROW a number of security companies 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 following companies were incorporated or wound up in 2019:

- In March 2019, Prosegur Alpha3 Cashlabs S.L. was incorporated in Spain.
- In April 2019, Prosegur Pay Consultoria em Tecnologia da Informação Ltda. was incorporated in Brazil.
- In June 2019 Prosegur Serviços Aeroportuarios Ltda. was wound up in Brazil.
- In July 2019, Prosegur Finance, S.L. was incorporated in Spain.
- In August 2019 Prosegur Technology International Incorporated was incorporated in the United States.
- In August 2019 Prointrans, LLC was wound up in the United States.
- In September 2019 Prosegur STV 1 PTY Limited was incorporated in Australia.
- In October 2019 Prosegur ODH, S.L. was incorporated in Spain.
- In October 2019 Gelt Cash Transfer, S.L. was incorporated in Spain.
- In October 2019 Prosegur BSI Canada Limited was incorporated in Canada.
- In October 2019, Shanghai Bigu Security Technology Co Ltd. was incorporated in China.
- In October 2019, Dopar Servicios, S.L. was wound up in Spain.
- In October 2019, Iberprofin, S.L. was wound up in Spain.
- In November 2019, Yellow RE SA was incorporated in Luxembourg.

Furthermore, the following mergers took place between subsidiaries in 2019:

- In May 2019, Integra Security Systems SA, merged with and into Prosegur Seguridad Electrónica SAS in Colombia.
- In August 2019, the takeover merger of Tellex, S.A. by Transportadora de Caudales Juncadella, S.A. was formalised in Argentina.
- In November 2019, the takeover merger of Enclama, S.L. by Prosegur AVOS España, S.L. was formalised in Spain.

On 4 February 2019, Prosegur sold 100% of the German companies M Sicherheitstechnik Venwaltungs Gmbh, AC Alarm Verwaltungs Gmbh, M Sicherheitstechnik Gmbh & Co KG and AC Alarm Gmbh & Co KG for the total amount of EUR 559 thousand. The cash and cash equivalents that were sold with the company amounted to EUR 51 thousand. The net assets of the German companies at the time of sale amounted to EUR 65 thousand. The sale involved revenue for Prosegur of EUR 494 thousand.

Prosegur Cash exercised the put option on its 33.33% stake in SBV Services Propietary Limited on 4 June 2019.

Prosegur signed the sale agreement of 100% of the capital of Prosegur Cash Holding France to Loomis AB on 22 July 2019.

2.1.3. Management analysis

The year 2019 marked the consolidation of a solid growth in local currency that has allowed Prosegur to deal with the pronounced depreciation of the main currencies of the Ibero-America region and the negative impact deriving from the application of accounting standards IAS 21 and 29, after having declared Argentina as a hyperinflationary economy in 2018.

The Company has continued developing its inorganic growth strategy and has reinforced all business lines, with major aspects including the entry in the US Security market and activity in Cash to continue to be a relevant player in the international consolidation of the cash-in-transit sector. Likewise worthy of mention is the announcement in September 2019 of the alliance with Telefónica to jointly manage the Prosegur Alarms business in Spain. By means of this agreement, the Company expects to accelerate its growth in this segment and to make progress in security services offered to the home.

It is important to emphasise that, in spite of the complexity of the macroeconomic setting and of the integration costs of the acquisitions made, the group has continued protecting and working on recovering profitability. Prosegur has also continued improving its operating cash flow generation and the EBITDA cash flow conversion rate up to almost 72%, which undoubtedly illustrates the ability of the company to generate cash.

The sharp devaluation of currencies in Ibero-America, which essentially took place in the second half of 2018, marked the start of 2019. Despite having recorded a significant turnover increase in local currency, the value of Prosegur on the Stock Exchange experienced a decrease of 32% at the close of 2018, a clear sign of market concern for those companies with a high degree of exposure to Ibero-America markets. In any event, 2019 began with more favourable prospects thanks to a certain stability in exchange rates, which favoured the activity in Ibero-America, and the start of operations in the United States, the largest private security market in the world where, until now, Prosegur had no activity.

The arrival of Prosegur to the United States took place for the purpose of offering integrated security solutions to that market from the start. With this proposal, the Company combined its surveillance capabilities with the latest technological resources to offer a high value-added service and an enormous capacity for adaptation to the needs of customers.

In this way, Prosegur acquired companies of traditional surveillance, integration of technological systems, monitoring and cybersecurity that have allowed the deployment of a platform for the rendering of services with national coverage, presence in major states and with the ability to provide customers with the entire range of advanced integrated solutions.

In addition, disinvestments made during the first half of the year in France, South Africa and India and solid organic growth, together with improved profitability in terms of local currency in the majority of the regions, gave a positive boost to the development of the company and its value.

The first semester ended with the holding of the General Shareholders Meeting, in which Prosegur notified its decision to redeem 3% of the existing treasury stock. At that time, it also announced its intention to begin a share buyback programme for a maximum period of 3 years and a limit of EUR 300 million until attaining a maximum of 10% of new treasury stock for the pre-established purpose of likewise redeeming those shares at the conclusion of the programme.

The start of the second semester in 2019 was again marked by the situation in Argentina. The result of the Primary, Open, Simultaneous and Obligatory (PASO) elections held in August triggered a strong additional devaluation of the peso by more than 50% (80% accumulated in 2 years). Furthermore, the market concern was once again revealed regarding those companies present in the region, a situation that was reflected in the value of the share.

Prior to the presentation of results of the third quarter, Prosegur announced its alliance with Telefónica in September 2019. This agreement means that the telecommunications company will acquire a 50% stake in the Prosegur alarm business in Spain. The transaction, that has been submitted to the approval by the corresponding authorities, entails a 50% valuation of the Prosegur alarm business in Spain of EUR 300 million.

By means of this alliance, both companies seek to accelerate the development of the alarm business in Spain and develop the offer of residential and business security services by means of the generation of innovative solutions for the customer and the contribution of complementary capabilities of both companies.

It is worthy of mention that the Spanish alarm market is experiencing significant growth rates and this trend is expected to increase in upcoming years due to the fundamental role that security will play in the connected home. To do this, the collaboration between Prosegur and Telefónica seeks to seize this opportunity, given the strategic fit and the complementary nature of the contribution of both partners, giving rise to an association with a desire to lead the growth of this sector.

The agreement with Telefónica as well as the positive results reported in the third quarter generated positive value creation prospects that favoured the recovery of the share value from its lowest levels of the year.

With respect to inorganic growth, in 2019 Prosegur performed transactions in all business areas and practically in all regions.

Prosegur Security purchased companies in the United States and Singapore.

Prosegur Cash commenced operations in Indonesia (complementing the entry in The Philippines in 2018) and has closed operations in Brazil, Argentina and Spain, in the cash-in-transit sector and new solutions. The year has also been marked by disinvestments in non-profitable markets. In this manner, Prosegur Cash has ceased to be present in France and South Africa, where it operated by means of a *joint-venture* with several local financial institutions. It is worthy to note that Prosegur Security as well as Prosegur Alarms maintain their operations in France and South Africa respectively.

On the other hand, Prosegur Alarms has acquired an important portfolio of connections in Colombia. In addition, it has made disinvestments in India and Turkey to focus its efforts on more accessible markets of faster growth.

The set of acquisitions and disinvestments made during the year represent an aggregate sales volume of EUR 257 million, 6.1% of the total group turnover.

Finally, total Prosegur sales in 2019 amounted to EUR 4,198.2 million, an increase of 6.6% with respect to the previous year. The favourable progression of the turnover is owing to the contribution of the acquisitions made, 6.5%, and to the excellent organic growth of 9.1%. In this manner, Prosegur has been able to overcome the pronounced negative effect of the currencies and has reported a highly significant growth in Euros considering the difficulty of the setting in which the Company has had to work in the course of the year.

In terms of profitability, Prosegur has worked to transfer to price, without loss, all increased costs generated by the high inflations sustained in the Ibero-America region. As a result, the operating profit (EBIT) grew 9.7% with respect to the previous year, up to EUR 330 million with respect to the EUR 301 million of 2018. On the other hand, the net profit attributable to shareholders reached EUR 114 million, representing a decrease in relation to the EUR 132 million reported in 2018.

Finally, it is highly relevant to emphasise the management effort undertaken during the year to counter the negative effect of the currencies. This is particularly noted in the excellent cash flow generation of the Company, that attained EUR 351 million in 2019.

As a relevant fact, it is important to show last October, the Standard & Poor's rating agency again repeated the BBB credit rating for Prosegur Cash with a stable outlook, confirming the solidity of its balance sheet and its capacity for cash flow generation.

Activity by business line

In terms of the evolution of the activity by business line, the following aspects are highlighted:

Prosegur Security

Prosegur Security has reported a growth in sales of 8.3% in consolidated terms and greater near to 14% in terms of local currency. The increase in turnover is driven by the positive contribution of all countries comprising the operational perimeter of this activity and, to a large extent, by the entry of the United States, which has been the greatest aggregator of inorganic growth in this business line.

By regions, the activity in Europe has maintained growth rates similar to 2018 surpassing the growth of the GDP of their respective countries.

Ibero-America has also shown strong organic growth, although the majority of these were countered by the adverse translational effect of the currencies.

Worthy of mention in this region is the situation of Brazil, which has once again reported positive growth in turnover, following the conclusion of the portfolio optimisation process of non-profitable customers undertaken in recent years. This improvement of volumes is furthermore coupled with a recovery of profitability, and enables a positive estimation in the evolution of the country.

Finally, the ROW region, led by the United States and including Singapore and China, has shown important growth in inorganic terms, owing to acquisitions in North America. However, it is also relevant to mention the positive organic results in the rest of the markets.

The Prosegur Security proposal, which combines physical surveillance with the latest technological capabilities, is based around the concept of Prosegur Integra. By means of this proposal, Prosegur offers its customers a comprehensive overview of security operations, in the form of global risk management, regardless of whether it is from the physical or digital environment. This allows the

Company to add value to the services it provides, while increasing security levels and allowing clients to adapt security services to their specific needs.

In an initial phase, Prosegur Integra has proven that it has broad acceptance in mature markets. Therefore, an expansion plan was launched in 2019 for emerging markets, which involves a training programme for the sales force and a strengthening of implementation capacities, maintenance and monitoring of security technology systems. All of these initiatives have led to the result that the degree of penetration in the market of integrated security solutions continues to grow. In 2019, sales of these solutions reached 28% of the sales of this business unit, while in 2018 they represented 23% of total sales.

Additionally, and supplementing these innovative products, in 2019 Prosegur closed the acquisition of Cipher, a pioneer company in cybersecurity worldwide and with prominent leadership in the segment of security managed and security consultancy services. The incorporation of Cipher and the growth of activity in this area has made it possible to close the year with a growth in turnover of more than 200% with respect to 2018.

Cipher has developed a service line focused on the design of effective and efficient solutions, always starting from the needs of the customer and not the other way around. Cipher services are organised in six areas: Managed Security, MMS; Managed Detection and Response, MDR; Intelligence Services in Cybersecurity; Advanced Red Team Services; Governance, Risk and Compliance; and Integration of Cybersecurity Technologies.

These services are provided 24 hours a day, 7 days a week and 365 days a year, through 4 SOCs (Security Operations Centres) located in the United States, Spain, Brazil and Portugal. These SOCs monitor more than 1 trillion events daily, providing a clear idea of the scalability capability of Cipher. The operations are backed by the highest certifications on the market: ISO 27001, ISO 22301, ISO 20000, ISO 9001, SOC I, SOC II, PCI QSA, PCI ASV and CREST.

Prosegur Cash

In the case of the cash-in-transit and cash management business, the development of the Prosegur Cash subsidiary has also been markedly influenced by the strong devaluations of the currencies of its main markets.

Despite the above, Prosegur Cash increased its consolidated turnover by almost 4%, due to a growth in constant currency that offset the negative impact of the currency. In terms of the EBIT margin, the Company was able to improve its absolute and relative profitability thanks to the solid performance of the majority of its operations and to its strategic disinvestments in South Africa and France.

Throughout the year Prosegur Cash has continued to execute its consolidation and transformation strategy in order to reinforce its leadership position and its presence in the traditional business and to address the growth opportunities offered to it by its new services in some markets. To this regard, the Company invested close to EUR 85 million in six M&A transactions. On the other hand, sales of new solutions reached nearly EUR three million, representing 16.2% of sales: a considerable advance when compared to the figure of 11.8% for the previous year.

Prosegur Cash continues generating cash flow and, during the year, was able to improve its conversion rate in spite of investing almost 40% in Capex aimed at capturing new clients. The

Company continues of actively manage its working capital, at the same time that it closely monitors average client payment times and return on investments made.

As a result of its solid cash generation, the leverage level has decreased with respect to the previous year in spite of the fact that, as we have already stated, the Company has continued to make acquisitions and has allocated a greater cash outflow for the payment of dividends. 2019 also saw Prosegur Cash benefitting from a cash inflow associated with the sale of its assets in South Africa and France.

Last October, the Standard & Poor's rating agency again repeated the BBB credit rating for Prosegur Cash with a stable outlook, confirming the solidity of its balance sheet and its capacity for cash flow generation.

The Company has no significant refinancing needs until 2024 and 2026, dates on which a syndicated loan of EUR 300 million matures and of which, at the close of the year, EUR 20 million have been drawn, and a Eurobond for EUR 600 million.

Prosegur Alarms

Lastly, with regard to the management of Prosegur Alarms, it is worth noting that in 2019 this unit attained 578,000 connections, representing a growth of over 6% in sales with respect to 2018. In the growth strategy of this business line, an evolution has taken place to focus on the improved quality of the customer portfolio and improvement of the customer churn rate. Beyond this evolution, the growth recorded on the total basis of connections continues to be greater than the annual average growth of the global domestic alarms industry.

In order to achieve these objectives, at the end of 2018 Prosegur Alarms launched an ambitious new bankarization plan for new contracts, aimed at obtaining better credit ratings for customers and improving billing processes. In 2019, and thanks to the implementation of the measures included in the plan more than 85% of the new contracts are bankarised, compared to 72% in previous years. This situation should favour a greater duration of customer portfolios and, therefore, improved margins will be obtained and a reduced consumption of working capital will occur in the years to come.

Furthermore, the business unit has continued working on the digital customer concept. To do so, it has implemented the digital contract and reinforced communication channels with the client, particularly the Smart application. This app already impacts 23% of the installed base compared to 15% in 2018. Likewise, Prosegur has continued developing its offer of additional value-added products such as the Prosegur Eagle Eye, Prosegur Mobile Alarms (vehicles) or the assistance platform for the elderly, *Prosegur Siempre Contigo*. Together, these new services already represent 5% of the total installed base.

However, the most relevant milestone of greatest impact in the alarm business in 2019 was the announcement of the agreement between Telefónica and Prosegur for the joint marketing of alarms in the Spanish market. As already indicated above, this is an association with a desire to lead the growth in the alarm sector.

Lastly, in the rest of the regions, growth rates similar to previous years have been maintained, and income from new contracts has increased. In addition, the unit has ceased its activity in Turkey and

India, by means of the sale of the activity of both operations, to direct the growth strategies in regions of greater customer density and faster growth ratios.

In addition to the analysis of management by businesses, it is also worthy to note the ambitious transformation project that the Prosegur Group began in 2018. With the transformation initiatives, the Company seeks to improve the agility, scalability and operational excellence in its processes. In this manner, it hopes to successfully address the growth and development of its operations. As part of this project, Prosegur is upgrading its technological architecture and deploying the necessary platforms and tools aimed essentially at simplifying internal management and its configuration as a connected company, in which all departments and business areas make use of the data and information from the entire organisation.

In addition to the internal approach, the transformation project is also allowing Prosegur to redesign its business processes for the start-up of new innovation strategies and projects. To this regard, one of the essential elements will be to facilitate the use of emerging technologies such as Artificial Intelligence, Internet of Things (IoT) or digital assistants.

Among the most outstanding milestones of 2019 are the advances in agility, scalability and operational excellence. The creation of a new area of Technology and Processes, focusing on the development of systems, processes and data governance. And, lastly, the incorporation of Oracle to boost the digital transformation of the operations.

Finally, worthy of mention are the initiatives undertaken from the Prosegur Tech Ventures fund. In 2019, over 600 companies were analysed from this fund and four investments were made in venture capital funds and eight direct investment in start-ups regarding Prosegur businesses in the markets of Spain, Israel, United States, China, Brazil and Germany.

2.1.4. EBIT Margins per business

Consolidated operating profit (EBIT) stands at EUR 330.5 million for 2019 (EUR 301.4 million in 2018).

The EBIT margin is distributed by business as follows:

	Cash		Security		Alarms		PGA and not allocated		Total	
(Millions of Euros)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total sales	1,798.7	1,731.6	2,107.7	1,945.7	278.1	261.9	13.8	-	4,198.2	3,939.2
EBIT	304.8	268.0	66.1	54.5	21.2	4.6	(61.6)	(25.7)	330.5	301.4

The following table shows the EBIT trend seen over the past five years:

(Millions of Euros)	2015	2016	2017	2018	2019
EBIT	324.2	332.9	388.9	301.4	330.5
% margin on sales	8.2%	8.5%	9.1%	7.7%	7.9%

The ratio of the EBIT margin to consolidated sales was 7.9% in 2019. The downward trend of the past year turned around in 2019, thanks to the improvement of absolute and relative profitability, to the solid performance of the majority of its operations and to its strategic disinvestments.

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 customer, 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 customer 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 customer, 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 164.7 million in 2019 (EUR 154.6 million in 2018). Of this total, EUR 120.4 million were for the depreciation of property, plant and equipment and property investments (EUR 114.2 million in 2018), EUR 16.6 million for the amortisation of computer software (EUR 14.8 million in 2018) and EUR 27.7 million for the amortisation of other intangible assets (EUR 25.6 million in 2018).

The total investments analysed by the Investment Committee in 2019 with comparative figures from 2018 are detailed below:

(Millions of Euros)	2019	2018
First Quarter	39.0	36.8
Second Quarter	28.3	26.6
Third Quarter	28.7	38.2
Fourth Quarter	26.7	33.5
Total	**122.7**	**135.1**

EUR 171.8 million was invested in property, plant and equipment in 2019 (EUR 191.0 million in 2018). Investment of EUR 29.6 million was also made in computer software (EUR 22.5 million in 2018).

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 payables) plus net derivative financial instruments, minus cash and cash equivalents, and minus other current financial assets (Note 31.2).

At 31 December 2019 net financial debt totals EUR 649.3 million (EUR 424.7 million in 2018).

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 2019 Prosegur has available liquidity of EUR 1,591.9 million (EUR 1,751.3 million in 2018). This amount is compound by:

- EUR 530.7 million of cash and cash equivalents (EUR 558.4 million in 2018).
- The balance of other current financial assets in an amount of EUR 319.6 million (EUR 489.3 million in 2018).
- EUR 480.0 million of non-current credit available, relating to the drawable syndicated loan arranged on 10 February 2017 (EUR 500.0 million in 2018).
- Other unused lines of credit for EUR 261.6 million (EUR 203.6 million in 2018) diversified in a wide banking pool featuring the top banks from each country where Prosegur operates.

This liquidity represents 37.9% of consolidated annual sales (44.4% in 2018), which ensures both short-term financing requirements 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 2019 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

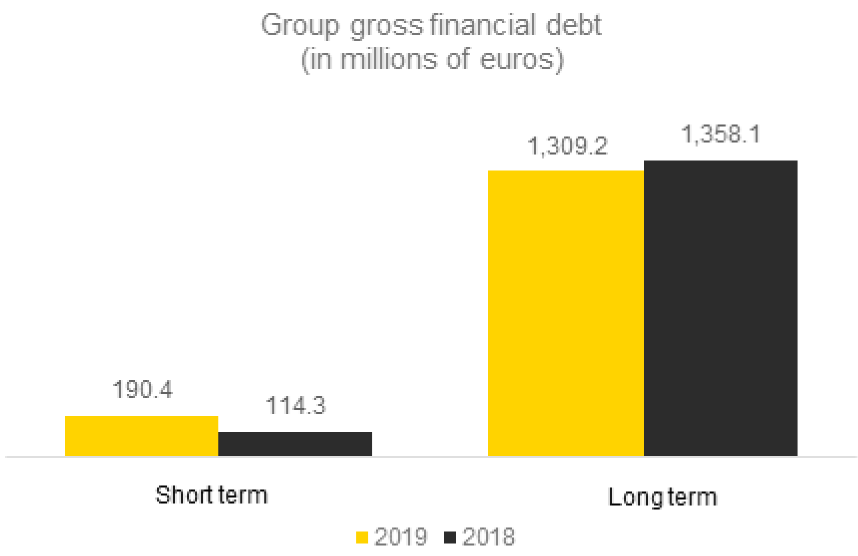
The structure of the financial debt is determined by the following contracts:

- 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 2019, the capital drawn down amounted to EUR 20 million.
- On 28 April 2017, through its subsidiary Prosegur Australia Investments Pty Limited, Prosegur arranged a syndicated financing facility for the amount of EUR 70.0 million Australian Dollars, maturing in 3 years. At 31 December 2019 the drawn down capital corresponding to the loan amounted to AUD 70.0 million (equivalent to EUR 43.8 million at year end, 31 December 2019).

In consolidated terms, long term gross financial debt maturing over one year reached the amount of EUR 1,309.2 million at the end of 2019 (EUR 1,358.1 million in 2018), mainly due to the new bonds issued by Prosegur and Prosegur Cash.

Current gross financial debt totals EUR 190.4 million (EUR 114.3 million in 2018) mainly due to loans with credit institutions and the drawdown of part of a credit facility.

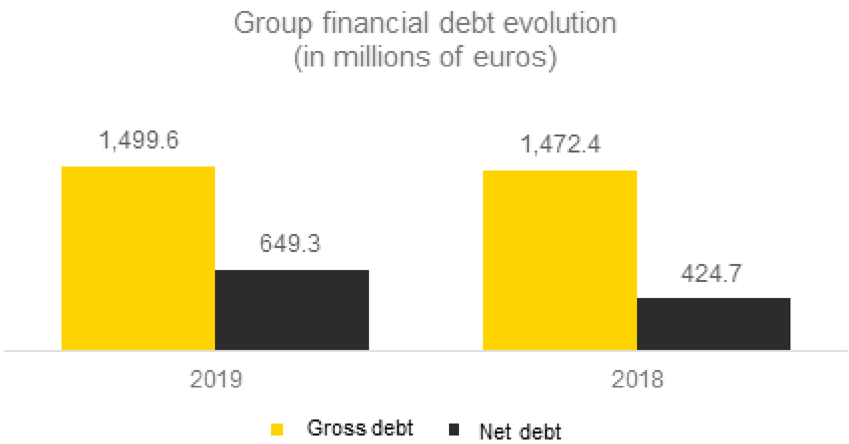
The current and non-current maturities of gross financial debt are distributed as follows:



In 2019 financial debt had an average cost of 1.36% (1.65% in 2018). The lower average cost of debt is due to the reduction in the cost of Corporate debt and of its subsidiaries.

The net financial debt at year-end 2019 stood at EUR 649.3 million (EUR 424.7 million in 2018) and went up mainly as a result of the cash outflows associated with the business combinations made during 2019, and to the own share buyback programme.

Comparison of gross debt and net debt from 2018 and 2019 is shown in this table:



No significant changes are expected in 2020 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 ending 31 December 2019.

The following table shows the maturities of the debt set out according to contractual cash flows at 31 December 2019:

(Millions of Euros)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**TOTAL**
Debentures and other securities	15.3	754.0	616.5	1,385.8

Loans and borrowings	113.5	20.3	-	133.8
Credit accounts	75.7	-	-	75.7
Suppliers and other payables	639.6	-	-	639.6
Leasing financial liabilities	54.6	103.6	27.5	185.7
Other payables	72.2	60.9	5.1	138.2
	974.8	**944.2**	**650.2**	**2,569.3**

Payment commitments of future leases amount to EUR 32.9 million (2018: EUR 113.7 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 2019 is of 31.75% (2018: 28.49%).

The ratio of net financial debt to equity is 0.9 at 31 December 2019 (0.40 in 2018).

The ratio of net financial debt to EBITDA was 1.5 in 2019 (0.93 in 2018).

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 2019 amounts to EUR 522.8 million (EUR 460.9 million in 2018).

2.3. Alternative Performance Measures

In order to comply with ESMA Guidelines on APM's, 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 operational 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 IT applications 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 income of the company by the total figure of revenue.	The EBIT margin provides the profitability obtained of the total revenue accrued.
Adjusted EBIT margin	The adjusted EBIT margin is calculated by dividing the operating income of the company, after eliminating the results not assignable to any segment, by the total figure of revenue.	The adjusted EBIT Margin provides the pure profitability of the business operations 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 income from 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 conversion rate	The company calculates the cash flow conversion rate as the difference between the EBITDA less the CAPEX on the 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 non-bank payable 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 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 the amortisation of intangible assets, but including the depreciation of IT applications.	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, finance 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:

Working Capital (Million Euros)	**31.12.2019**	**31.12.2018**
Non-Current Assets held-for-sale	-	1
Inventories	64,8	76,1
Trade and other receivables	915,0	820,9
Current tax assets	155,7	154,0
Cash and cash equivalents	530,7	558,4
Other current financial assets	319,6	489,3
Deferred tax assets	94,8	84,1
Trade and other payables	(833,1)	(794,8)
Current tax liabilities	(138,6)	(78,6)
Current financial liabilities	(257,0)	(150,7)
Other current liabilities	(50,6)	(48,3)
Deferred tax liabilities	(46,0)	(58,5)
Provisions	(226,7)	(201,6)
Total Working Capital	**528,6**	**850,9**

CAPEX (Millions of Euro)	**31.12.2019**	**31.12.2018**
Lands and buildings (excluding decommissioning costs)	5,0	15,9
Technical installations and machinery	36,5	24,4
Gain contract costs	22,9	25,7
Other installations and furniture	54,6	66,7
Armoured vehicles and other property, plant and equipment	17,4	27,0
Under construction and advances	35,4	31,4
Subtotal: Property, Plant and Equipment additions	171,8	191,0
Software additions	29,6	22,5
Adjusted CAPEX	201,4	213,5
Hyperinflation adjustment	0,0	7,5
Germany leases	-	(2)
Pots M&A Acquisitions	-	(6)
Total CAPEX	**201,4**	**213,5**

Adjusted EBIT Margin (Million Euros)	**31.12.2019**	**31.12.2018**
EBIT	330,5	301,4
Revenues	4.198,2	3.939,2
Adjusted EBIT Margin	**7,9%**	**7,7%**

Organic Growth (Million Euros)	**31.12.2019**	**31.12.2018**
Revenues for current year	4.198,2	3.939,2
Less: Revenues for the previous year	3.939,2	4.290,7
Less: Inorganic Growth	257,0	64,2
Effect of exchange rate fluctuations	(356,3)	(695,5)
Total Organic Growth	**358,3**	**279,8**

Inorganic Growth (Million Euros)	**31.12.2019**	**31.12.2018**
Cash Ibero-America	69,5	26,0
Cash Europe	10,4	14,7
Cash Row	17,8	14,4
Cibersecurity Europe	7,1	-

Cibersecurity Ibero-America	0,5	-
Security and Cibersecurity Row	168,0	4,6
Alarms Ibero-America	-	3,4
Alarms Row	-	1,1
Divestments	(16,3)	-
Total Inorganic Growth	**257,0**	**64,2**

Effect of exchange rate fluctuations (Million Euros)	**31.12.2019**	**31.12.2018**
Revenues for current year	4.198,2	3.939,2
Less: Revenues for the current year at exchange rates of previous year	4.554,5	4.634,7
Effect of exchange rate fluctuations	**(356,3)**	**(695,5)**

Cash Flow Conversion Rate (Million Euros)	**31.12.2019**	**31.12.2018**
EBITDA	536,4	456,0
CAPEX	201,4	213,5
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	**62%**	**53%**

Net Financial Debt (Million Euros)	**31.12.2019**	**31.12.2018**
Financial liabilities	1.621,9	1.542,3
Leasing financial liabilities	132,0	0,0
Adjusted financial liabilities **(A)**	1.754,0	1.542,3
Cash and cash equivalents	(530,7)	(558,4)
Less: adjusted cash and cash equivalents **(B)**	(530,7)	(558,4)
Less: other financial current assets **(C)**	(319,6)	(489,3)
Total Net Financial Debt (A+B+C)	**903,7**	**494,6**
Less. Other non banking debts **(D)**	(122,3)	(69,9)
Less: Leasing financial liabilities **(E)**	(132,0)	0,0
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) **(A+B+C+D+E)**	**649,3**	**424,7**

EBITA (Million Euros)	**31.12.2019**	**31.12.2018**
Consolidated profit for the year	113,9	132,3
Minority interests	46,4	47,7
Income tax expenses	104,6	100,0
Net finance costs	65,6	21,4
Amortizations	27,7	25,6
EBITA	**358,2**	**327,0**

EBITDA (Million Euros)	**31.12.2019**	**31.12.2018**
Consolidated profit for the year	113,9	132,3
Minority interests	46,4	47,7
Income tax expenses	104,6	100,0
Net finance costs	65,6	21,4
Depreciation and amortization	205,9	154,6
EBITDA	**536,4**	**456,0**

As mentioned in Note 2 of the consolidated annual report, the comparative information presented in this Directors’ Report has not been re-stated by the application of IFRS 16 on Leases and IAS 29 relative to financial reporting in hyperinflationary economies applied in Argentina.

2.4. Important circumstances after the reporting period

At the end of January 2020, the company Transporte de Valores e Vigilância patrimonial Ltda, located in Brazil, was acquired.

Also in January, a number of companies have been acquired in Ecuador, Tevcol Cía, Ltda, Tevsur Cía, Ltda, Tevlogistic S.A and Transportadora Ecuatoriana de Productos Valorados Setaproval S.A.

On January 28, 2020, Prosegur, in addition to the program to repurchase its own shares, has acquired from an institutional investor, through an out-of-market operation, a package of 5,850,000 own shares representing a 0,98% of the share capital, at a price of 3,592 euros per share, with 0.05 euros discount per share.

During the month of February 2020, Prosegur sold 100% of the Mexican companies Prosegur Seguridad Privada Logistica y Gestion de Efectivo SA de CV, Prosegur Servicios de Seguridad Privada Electronica SA de CV, Grupo Mercurio de Transportes SA de CV and Grupo Treatment and Management of Values SAPI de CV. The consideration has been paid in that month.

In February, the company Corresponsales Colombia S.A.S. has been acquired in Colombia

Also in February, the General Directorate of Competition of the European Commission has authorized Telefónica to buy 50% of the capital of Prosegur Alarms Spain.

2.5. Information on the foreseeable performance of the entity

The general forecasts and estimates for 2020 point toward a potential stabilisation of the main macroeconomic aspects of the main regions of company operations. This may result in a decreased volatility of exchange rates, which could help refine a year in which the profitability growth rate increases.

Prosegur will nevertheless continue reinforcing its internal control procedures that ensure the efficiency in the various businesses. 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 will bring improvements and increases in cash generation in 2020, continuing with the path shown in previous years.

The levers for improvement, which are expected to show effectiveness in 2020, are mainly:

In Prosegur Security, an increasing penetration of integrated and advanced security solutions. These solutions account for around 28% of the total sales of the division, and their margin continues to expand as the service becomes more sophisticated within the customer. On the other hand, the consolidation of the brand and conclusion of the integration of the acquisitions made in the United States will be another relevant aspect. Likewise, the increasing demand for remote monitoring and cybersecurity services and, lastly, the improvement expected of Brazil.

In Prosegur Cash currencies of the countries of the Ibero-America region are expected to continue depreciating over the course of 2020, albeit less so than in the previous year. To this regard, the Company expects to be able to mitigate that impact as much as possible by capturing the natural growth of the markets in which it operates, shifting the increase of our costs to our customers while preserving and increasing margins and offering new solutions and services that allow us to expand our customer base.

In addition, we expect the results of our regions in Europe and ROW will improve thanks to the sale of our operations in France and the progress of given initiatives of a commercial and operational nature implemented during 2019 in Australia.

Lastly, in the Alarms business, the main focus will be on the development and launch of the joint company with Telefónica in an endeavour to obtain the best growth rates of the market in the shortest time possible. In other regions, Prosegur Alarms expects to maintain a growth trend similar to the one in 2019. Although it is expected to continue to be greater than the average global growth of the industry, the strategy will continue to focus more on healthy and long-term growth by means of the intensification of the customer credit rating processes. With this strategy, the Company intends to improve the quality of the client portfolio, ensuring a lower drop-out rate than at present, and improving the global margin on each new connection, even at the expense of slightly detracting from the strong growth rate.

In addition, worthy of note is the significant wager of the company for digital transformation, which will also contribute to the growth and improved profitability of the group.

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.

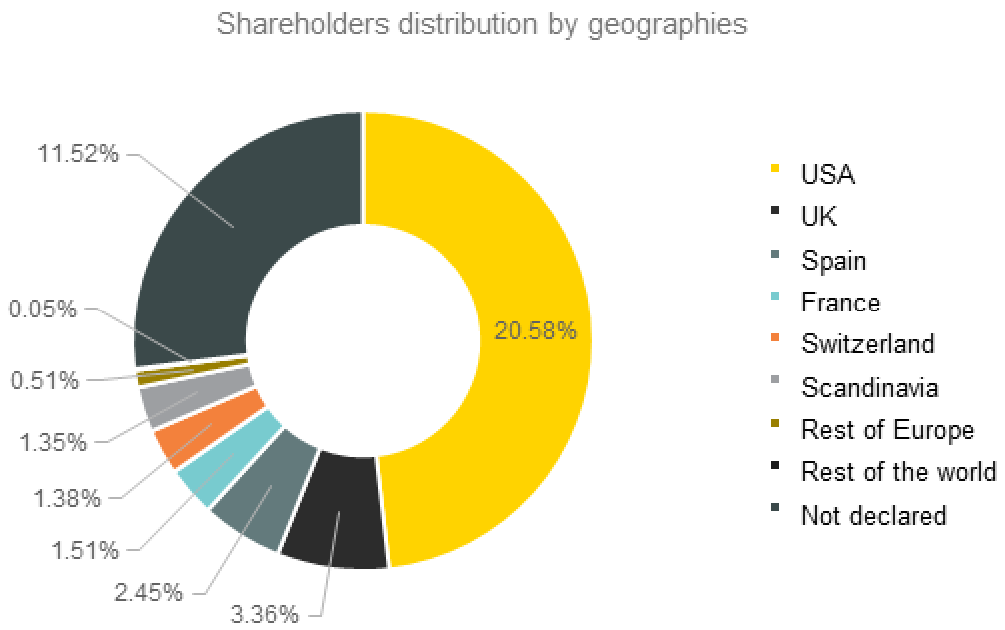
3. Stock market information

3.1. Share evolution

Prosegur's shares started 2019 listed at EUR 4.29 per share, and at close, on 31 December at EUR 3.68 per share. During the year, the Company's share price went down by 14.26% mainly caused by the sharp adjustment that the market applied from the end of August to shares with high exposure to Argentina and to emerging countries in general.

3.2. Geographical distribution of free float

Excluding the significant stakes corresponding to Gubel S.L. and AS Inversiones, representing 57.11% of the share capital, the remaining 42.89% of the Prosegur shareholding structure is geographically distributed as follows:



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 2019 there was a significant increase in participation in the United States, attaining 20.58% of the shareholding structure identified with an increase of 258 basis points with respect to the 18% at the close of 2018.

For yet another year, worthy of significant mention is the positive rotation of 4% in the total number of Prosegur shares purchased in the United States and Canada market with respect to 2018. This is a clear indicator of a more long-term approach of the investors in that market, that see Prosegur as more of an opportunity.

It should be indicated that this trend repeats itself, since in 2018 there was also a positive rotation of 5% from the North American investment community.

On the other hand, the negative rotation in the European market stands out, probably due to the exposure by Prosegur to the Ibero-America region. To this regard, the capital from the United Kingdom has decreased its stake slightly with respect to 2018, to 3.36% of the shareholding structure. Scandinavian investors have also chosen to decrease their percentage to 1.35%. Capital from France, Spain and Switzerland have decreased their presence in the Prosegur shareholding structure to 1.51%, 2.45% and 1.38% respectively.

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.

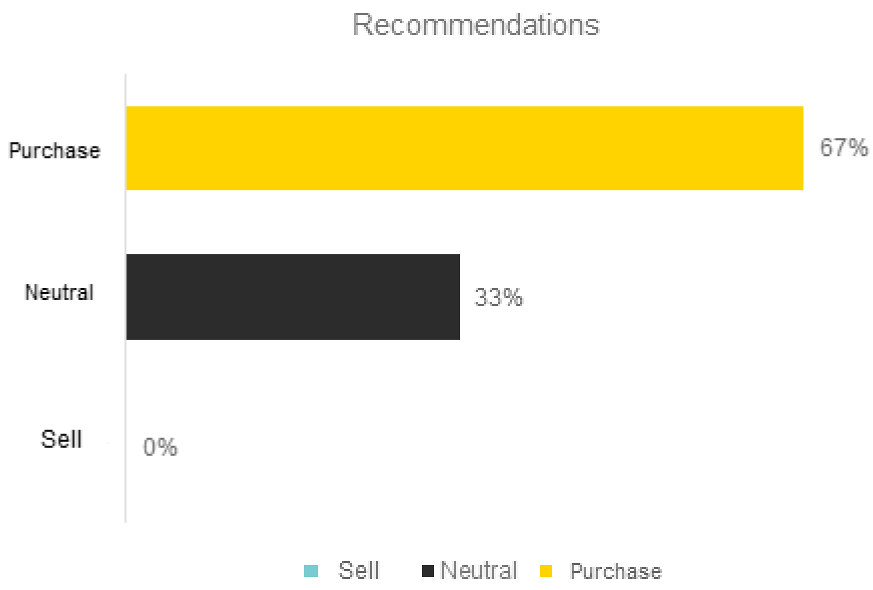
To comply with this transparency commitment, Prosegur uses multiple communication channels. The webcast held each quarter on the occasion of the communication of results, the Investors Newsletter or the publication of other informative newsletters with content of specific interest for the investment community, are some examples of this.

In 2019, Prosegur contracted close to 260 investment funds and 22 research firms, went on 11 international roadshows and participated in 13 sectoral conferences. Furthermore, it organised visits to operational centres and other types of encounters such as face-to-face meetings or telephone calls.

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.

3.4. Coverage of analysts and recommendations

At the close of the market in 2019, of a total of 18 analysts covering Prosegur's equity stock, most of them had a positive perception of the company, although somewhat more conservative than in 2018 due to the negative effect of the currencies. In this manner, six of them maintain a neutral recommendation (seven in 2018), twelve recommend purchasing (ten in 2018) and none of them had a negative rating or recommendation to sell.



3.5. Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

At 31 December 2019, 72.38% of the company capital was in the hands of significant shareholders, 5.02% were own shares and the remaining 22.60% 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 2019	22.60%
Own shares	5.02%
Ms Mirta María Giesso	5.81%
Members of the Board	51.80%
Fidelity Investment Trust	5.01%
FMR LLC	6.19%
Invesco Limited	3.56%

4. Responsible management

4.1. Prosegur Management Model

The management model of the Prosegur Group, known as the 3P Management 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 [*Professional Association of Private Security Companies of Spain*]
- 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

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.

On the basis of the type of risk and its relevance, Prosegur management and those directly responsible establish given procedures that make it possible to anticipate these, with early prevention and detection methods, prevent their materialisation or carry out the development of mitigation strategies. The Board of Directors has maximum responsibility for the approval of the risk control and management policy and supervises the internal information and control systems. The review and analysis of the results of risk control and management is periodically performed by the Corporate Risk Committee.

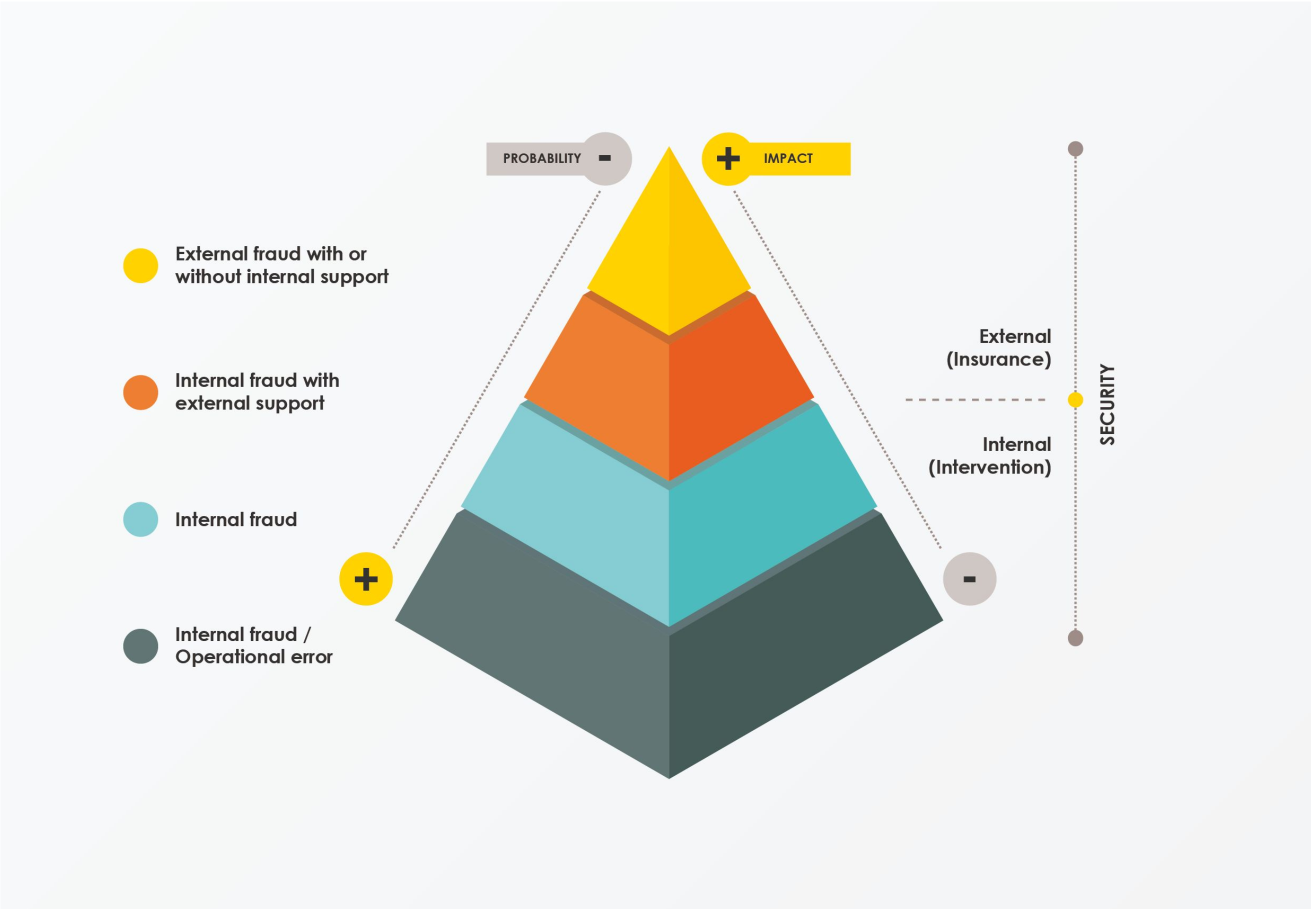
In this way, the Prosegur Risk Policy includes the basic principles on which risk management and control are focused:

- Identification, evaluation and prioritisation of critical risks.
- Assessment of risks in accordance with procedures based on key indicators that enable their control and evaluation.
- Periodic monitoring of the results of the evaluation and effectiveness of the measures applied.
- Review and analysis of results by the Risk Committee.
- Supervision of the system by the Audit Committee.

4.2.1. Operational risks

Prosegur devotes significant effort to the management of operating 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 people.

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 over four areas of global support: Intelligence, Information Security, Security of Bases and Installations and International Tactical Training Team.

The **Intervention Department** is organised as two units: Intervention and Loss Control (UCP). 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 businesses, 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. Regulatory risk

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.

Likewise, the Internal Audit and Compliance Department plays an essential role in the evaluation of the control environment on a regular basis and the implementation and continuous monitoring of monitoring programs for the proper functioning of the 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 2019 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 result 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 variable 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 2019, 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 86%, 3% in Australian Dollars, 3% in Argentine Pesos, 3% 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 transactions 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.

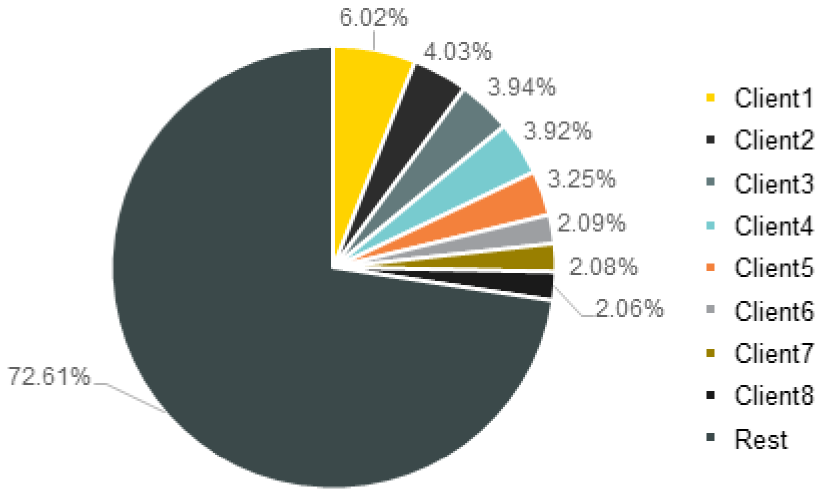
4.2.4. Business Risks

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.

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:



4.2.5. Reputational Risks

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.

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 CSR 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.

Except in respect of matters reserved for the competency of the General Shareholders' 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. 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.

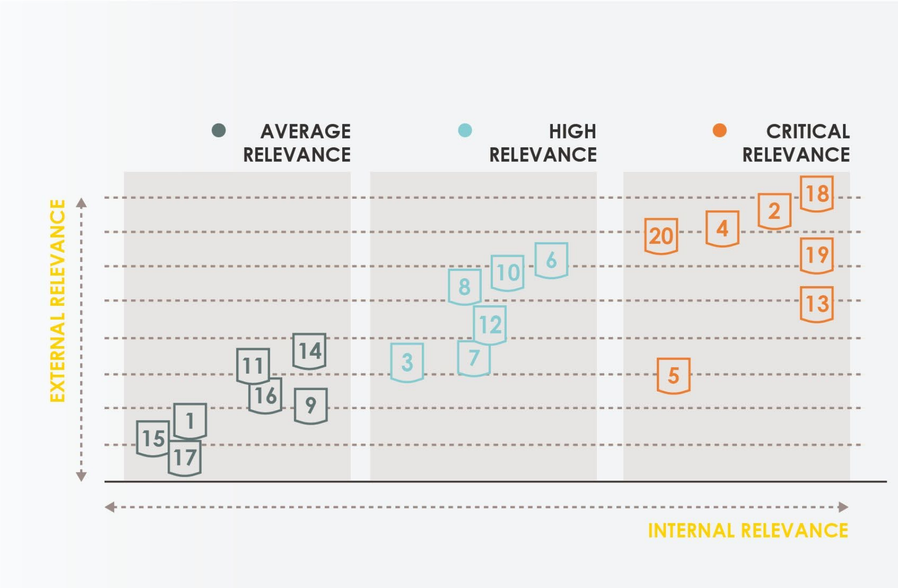
The 2019 materiality analysis of Prosegur is based on the review and update of the materiality matrix and the adaptation of the topics to the context and developments of the sector and its environment. Consequently, the purpose of the organisation is to identify the most relevant areas for external (clients 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:



1. Diversity and equality
2. Ethics and corruption
3. Human Rights
4. Employee health and safety
5. Relationship with customers
6. Good Governance
7. Risk Management
8. Economic performance
9. Atmospheric pollution
10. Legal and regulatory compliance
11.Dialogue with stakeholders
12. Talent management
13. New technologies, digital transformation and cybersecurity
14. Environmental management
15. Biodiversity
16. Supply chain management
17. Relationships with the community
18. Labour relations
19. Business interruption
20. Reputation and Brand

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.
- Atmospheric pollution: the Company does not have a significant impact on the emission of noxious particles into the air. Prosegur conducts activities relating to the provision of services, and are not therefore activities of transformation or manufacturing.
- Impact of the Company's activity on local areas and relationships with local communities: the Company does not have a significant impact on the area in which it operates and, accordingly, does not materially affect the local communities, other than the favourable impact of creating jobs in the regions where it is present.
- 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 Annual Accounts.

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 is the same as the consolidation scope of financial reporting with the exception of new M&A acquisitions in 2019 in new regions (Indonesia) which are in the process of integration and harmonisation with the company's processes and systems, the disinvestments in France and South Africa in Cash and Alarms in Turkey executed in 2019 and equity-accounted consolidations (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 4,198.2 million and there are 160,142 employees (equity-accounted sales, EUR 42.5 million).
- Most of the comparative figures for 2018 are shown for merely information purposes and may not cover the same scope as the figures for 2019, 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 applicable mercantile regulations, this Statement of Non-Financial Information has been audited by KPMG Asesores, S.L. The independent Audit Report is included together with the Statement of Non-Financial Information.

5.1. Environmental matters

KPIs	2018		2019		Scope (over sales)
Direct CO2 emissions	Security	34,340 T	Security	41,528 T	98%
	Cash	95,182 T	Cash	94,272 T	96%
	Alarms	14,668 T	Alarms	11,915 T	98%
Indirect CO2 emissions	Security	2,786 T	Security	2,980 T	98%
	Cash	12,556 T	Cash	13,818 T	96%
	Alarms	721 T	Alarms	768 T	98%
Electricity consumption MWh	Security	12,312 MWh	Security	11,298 MWh	98%
	Cash	53,788 MWh	Cash	52,602 MWh	96%
	Alarms	2,815 MWh	Alarms	2,782 MWh	98%
Non-hazardous waste managed	Security	161 T	Security	262 T	98%
	Cash	1,325 T	Cash	2,226 T	96%
	Alarms	49 T	Alarms	70 T	98%
Hazardous waste managed	Security	27 T	Security	36 T	98%
	Cash	149 T	Cash	168 T	96%
	Alarms	16 T	Alarms	81 T	98%
Fuel (millions of litres)	Security	13	Security	15	98%
	Cash	36	Cash	34	96%
	Alarms	5	Alarms	4	98%
Paper consumption	Security	173 T	Security	168 T	98%
	Cash	426 T	Cash	610 T	96%
	Alarms	29 T	Alarms	25 T	98%
Number of uniforms distributed	Security	1,438,541	Security	879,520	98%
	Cash	235,513	Cash	226,013	96%
	Alarms	29,005	Alarms	25,278	98%
Water consumption (m3)	Security	51,261	Security	69,088	98%
	Cash	328,937	Cash	328,862	96%

	Alarms	16,763	Alarms	21,343	98%
Natural Gas (m3)	Security	N.p	Security	22,950	98%
	Cash	N.p	Cash	82,004	96%
	Alarms	N.p	Alarms	640	98%
Consumption of Operational Plastics (T)	Security	n/a	Security	n/a	98%
	Cash	1,790 T	Cash	2,194 T	96%
	Alarms	n/a	Alarms	n/a	98%

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted. N.p: Not published; N.a. Not applicable.
New types of waste not included in 2018 are included in the hazardous and non-hazardous managed indicators of 2019.

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 the Security and Cash areas. Prosegur is certified in Colombia, Spain and Portugal. In the Alarms business in Spain, the certification process is underway and once it has concluded, it will start in those markets in which this certification involves added value for the company as well as for customers. In those countries where certification is not available, they will implement the best practices acquired that are not already underway. The Global Department of the Cash business, with the maturity acquired in recent years on the environment, has placed special emphasis on emission reduction and sustainability.

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 overall department for Quality, Environment and Safety and Health at Work has, at least, one resource specialising in the management of the environmental system at global level and in each country where Prosegur operates. The head of that department is the person designated by Prosegur to manage environmental matters and, in each country, he is also the representative at both internal level and with third parties. 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 the Quality and Environment department.

While aware of the importance of the environment and the impact of Prosegur actions upon it, the Quality and Environment Department in each country devises campaigns to raise awareness among the employees via posters or e-mails.

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:

- The Security and Alarms businesses 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.
- The Cash business 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 business has 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.

As for used tyres, suppliers undergo a standardisation process to ensure recycling is duly guaranteed. At Prosegur own workshops in various countries in Ibero-America, the manner of collecting tyres is established to ensure they are properly recycled.

In the Security and Alarms businesses, 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 businesses, fully conscious of the impact of their activities on the environment, have chosen those consumptions and waste with the greatest impact.

Field offices and headquarters continue with energy efficiency improvements, conducting studies of power contracted to adapt them to actual consumption at the facilities, or changing light installations, in order to reduce consumptions and the associated costs. In 2019 an energy-saving project was implemented in Prosegur's regional offices. Furthermore, in compliance with Royal Decree 56/2016, every four years the company submits to an energy audit performed by an external company.

In 2019, Prosegur worked on the innovation of the fleet of armoured and light vehicles. As part of the 2020 Plan, in Cash, work has begun on purchasing hybrid armoured vehicles (diesel-electric), which have fewer greenhouse gas emissions. Twelve units were purchased in Spain (the estimated delivery date for two units is the first quarter of 2020 and the other ten during April). This will make it possible to mitigate risks of restricted access to large European cities and the Company will be prepared in cases of the activation of anti-contamination protocols, and will furthermore perform a pilot project on two vehicles of high and average tonnage for adaptation of maintenance and refuelling. In Germany a fully electric semi-armoured vehicle has been acquired, whose delivery is expected at the start of the second quarter of 2020. From the Cash business, a global objective of 1.5% reduction in direct CO_2 emissions by 2020 of the armored fleet of all Cash business countries has been proposed for a perimeter of operations or geographical footprint equivalent to the previous year.

From the Fleet department, a project is underway for innovation in the management of the mobility needs of the company fleet, with very positive effects on environmental impact.

These include a shared fleet model implemented in Spain, 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 will be progressively implemented in the rest of the European countries in upcoming months.

Another of the projects performed in 2019 is the incorporation of the hybrid and electric fleet, in vehicles operating in Spain, Argentina, Germany and France. In the specific case of Spain, worthy of note is the replacement of the fleet of motorcycles with combustion engines with electric units.

All of these projects are aimed at an adjustment plan of the operating fleet, for the purpose of reducing direct CO2 emissions. During 2020 there is a plan for the global expansion of all the above projects.

One of the differentiated projects in Ibero-America is the unified typology of the entire fleet, including latest generation units that improve emission and fuel consumption efficiency. It has resorted to do this by renting which, among the many benefits it offers, make it possible to decrease the age of the vehicles and incorporate latest generation engines, reducing our environmental impact with the availability at all times of a modern and efficient fleet.

On the occasion of these projects, Prosegur was the recipient of the "Sustainable Corporate Mobility" award given by the AEGFA (Spanish Association of Fleet and Mobility Managers), member of the AIAFA (International Association).

In 2019 Prosegur obtained no high and medium voltage electricity generated from renewable energy. At the end of 2019, a new contract was signed with the supplier of electric power in Spain guaranteeing that 100% of the electricity comes from renewable sources.

At 31 December 2019, electricity consumption of the group businesses was 66,682 MWh (68,915 at 31 December 2018).

At 31 December 2019, direct and indirect CO2 emissions from businesses of the group were 147,715 T and 17,567 T respectively (144,190 T and 16,062 T respectively at 31 December 2018).

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 Management has implemented the following actions in the last year:

- A digital transformation programme in all businesses, 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. A pilot programme is underway in Spain to implement a tool to request waste collection services in collection points to facilitate the control of collection periods and traceability.

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 2019, hazardous and non-hazardous waste managed amount to 285 tonnes and 2,558 tonnes, respectively (192 tonnes and 1,535 tonnes, respectively, in 2018) (see the scope of the data in the above table).

Prosegur has a civil liability policy, valid until December 31, 2020, which includes coverage for accidental contamination that it could generate. This policy has a coverage of up to € 75,000,000 per accident to cover accidental damages that may be caused by the exercise of the activity.

5.2. Social and employment matters

2019 Data

		Scope	Spain	Germany	Portugal	France	Argentina	Brazil	Colombia	Chile	Paraguay	Uruguay	Peru	Mexico	Central America	Australia	Singapore	China	Phillipines	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	288	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	0	308	10	0	4.164	208	14	229	22	295	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	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	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	21.160

Annual average of contracts

Category	Item	Scope	Spain	Germany	Portugal	France	Argentina	Brazil	Colombia	Chile	Paraguay	Uruguay	Peru	Mexico	Central America	Australia	Singapore	China	Phillipines	USA	Southafrica	Total
Gender	**Men**	99,7%	24.970	3.644	115	3.953	139	36.396	5.109	5.727	1.799	2.088	3.296	2.823	301	15	1.720	734	830	3.015	507	97.180
	Full time indefinite		17.734	2.584	67	3.290	133	34.092	5.109	4.889	1.791	2.088	131	2.706	301	4	1.146	1	830	2.646	507	80.049
	Partial time indefinite		1.596	283	12	354	4	2.201	0	3	0	0	0	0	0	11	516	0	0	369	0	5.350
	Full time temporary		2.986	568	33	168	2	4	0	831	8	0	3.150	116	0	0	1	647	0	0	0	8.514
	Partial time temporary		2.653	209	3	141	0	99	0	4	0	0	15	0	0	0	57	86	0	0	0	3.267
	Women		7.243	765	43	668	19	6.792	1.736	1.239	254	271	584	892	80	23	375	29	587	1.604	45	23.250
	Full time indefinite		4.257	402	15	510	19	6.243	1.736	1.008	252	271	36	850	80	4	305	2	587	1.352	45	17.975
	Partial time indefinite		658	190	10	90	0	432	0	22	0	0	0	0	0	19	65	0	0	252	0	1.738
	Full time temporary		1.049	106	17	45	0	10	0	205	2	0	527	42	0	0	0	24	0	0	0	2.027
	Partial time temporary		1.279	67	1	23	0	107	0	4	0	0	21	0	0	0	5	3	0	0	0	1.510
Age	**Less than 30 years old**	99,7%	5.160	412	73	724	63	6.638	3.312	1.626	650	190	2.025	963	238	8	314	223	895	1.144	59	24.717
	Full time indefinite		1.716	106	39	517	61	5.661	3.312	1.074	645	190	23	921	238	1	274	0	895	922	59	16.654
	Partial time indefinite		390	31	11	82	2	759	0	10	0	0	0	0	0	7	34	0	0	222	0	1.548
	Full time temporary		1.156	194	21	83	0	12	0	539	5	0	1.975	42	0	0	0	214	0	0	0	4.242
	Partial time temporary		1.898	81	2	42	0	206	0	3	0	0	27	0	0	0	6	9	0	0	0	2.274
	Between 30 an 50 years old		21.325	2.154	79	2.707	88	30.034	3.368	3.391	1.348	1.330	1.709	2.220	137	15	710	297	475	1.762	407	73.556
	Full time indefinite		16.345	1.478	40	2.270	84	28.323	3.368	2.913	1.344	1.330	123	2.118	134	4	528	2	475	1.562	407	62.849
	Partial time indefinite		739	195	10	253	2	1.711	0	9	0	0	0	0	3	11	162	0	0	200	0	3.295
	Full time temporary		2.494	391	28	96	2	0	0	465	4	0	1.577	101	0	0	0	273	0	0	0	5.431
	Partial time temporary		1.747	90	1	88	0	0	0	4	0	0	9	0	0	0	20	22	0	0	0	1.981
	More than 50 years old		5.727	1.843	6	1.190	7	6.516	165	1.999	55	838	146	532	6	16	1.071	243	47	1.713	86	22.206
	Full time indefinite		3.929	1.402	4	1.013	7	6.350	165	1.909	55	838	21	517	6	4	649	1	47	1.514	86	18.518
	Partial time indefinite		1.125	247	1	109	0	166	0	6	0	0	0	0	0	12	385	0	0	199	0	2.251
	Full time temporary		385	89	1	34	0	0	0	83	0	0	125	15	0	0	1	184	0	0	0	917
	Partial time temporary		287	105	0	34	0	0	0	1	0	0	0	0	0	0	36	58	0	0	0	521
Professional category	**Directors and managers**	99,7%	273	17	0	22	0	261	12	22	22	15	8	30	2	0	9	17	19	103	11	843
	Full time indefinite		261	15	0	22	0	261	12	22	22	15	8	27	2	0	9	1	19	103	11	809
	Partial time indefinite		7	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8
	Full time temporary		5	1	0	0	0	0	0	0	0	0	0	3	0	0	0	16	0	0	0	25
	Partial time temporary		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Supervisors and coordinators		457	81	0	98	12	947	86	203	136	84	159	109	21	2	15	0	27	294	36	2.767
	Full time indefinite		431	73	0	95	12	942	86	183	136	84	159	101	21	1	15	0	27	294	36	2.696
	Partial time indefinite		25	5	0	2	0	5	0	0	0	0	0	0	0	1	0	0	0	0	0	37
	Full time temporary		1	2	0	1	0	0	0	20	0	0	0	8	0	0	0	0	0	0	0	32
	Partial time temporary		0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
	Analysts and administratives		2.018	168	16	164	12	2.336	493	464	140	345	268	296	29	5	20	35	60	124	32	7.024
	Full time indefinite		1.873	132	0	146	12	2.070	493	398	137	345	0	277	29	1	20	2	60	124	32	6.150
	Partial time indefinite		58	24	0	7	0	48	0	0	0	0	0	0	0	5	0	0	0	0	0	142
	Full time temporary		84	3	16	10	0	12	0	66	3	0	267	19	0	0	0	32	0	0	0	511
	Partial time temporary		3	9	0	1	0	206	0	0	0	0	1	0	0	0	0	1	0	0	0	221
	Blue collar		29.463	4.143	142	4.337	134	39.645	6.254	6.275	1.756	1.915	3.445	3.281	330	31	2.051	711	1.311	4.098	473	109.795
	Full time indefinite		19.426	2.766	2	3.537	128	37.061	6.254	5.774	1.749	1.915	0	3.139	326	6	1.406	0	1.311	3.494	473	88.766
	Partial time indefinite		2.165	443	0	435	4	2.584	0	12	0	0	0	0	4	25	582	0	0	604	0	6.858
	Full time temporary		3.944	668	117	202	2	0	0	484	7	0	3.410	142	0	0	1	623	0	0	0	9.600
	Partial time temporary		3.929	266	23	163	0	0	0	5	0	0	35	0	0	0	62	88	0	0	0	4.571

Number of employees by types of working day

Category	Item	Scope	Spain	Germany	Portugal	France	Argentina	Brazil	Colombia	Chile	Paraguay	Uruguay	Peru	Mexico	Central America	Australia	Singapore	China	Phillipines	USA	Southafrica	Total
Gender	**Men**	99,7%	26.039	3.644	5.314	3.606	14.855	37.635	9.270	5.347	1.787	2.028	10.136	2.799	1.326	638	1.620	734	830	3.015	502	131.125
	Full time		21.736	3.152	4.564	3.227	14.752	35.235	9.270	5.343	1.787	2.028	10.127	2.799	1.326	311	1.090	648	830	2.646	502	121.373
	Part time		4.303	492	750	379	103	2.400	0	4	0	0	9	0	0	327	530	86	0	369	0	9.752
	Women		7.632	765	1.144	650	1.782	7.029	2.540	1.194	249	264	1.588	907	305	317	384	29	587	1.604	50	29.020
	Full time		5.558	508	957	554	1.762	6.447	2.540	1.170	249	264	1.560	907	305	115	320	3	587	1.352	50	25.208
	Part time		2.074	257	187	96	20	582	0	24	0	0	28	0	0	202	64	26	0	252	0	3.812
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	59	29.456
	Full time		2.444	300	640	578	2.381	5.673	3.550	1.507	669	201	3.449	1.029	588	28	289	214	895	922	59	25.416
	Part time		2.195	112	156	87	45	1.042	0	10	0	0	27	0	0	100	35	9	0	222	0	4.040
	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	407	96.170
	Full time		15.887	1.869	3.677	2.188	10.981	29.277	6.758	3.150	1.315	1.303	6.800	2.183	902	220	533	275	475	1.562	407	89.762
	Part time		2.751	285	622	263	70	1.783	0	12	0	0	10	0	0	229	161	22	0	200	0	6.408
	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	86	34.519
	Full time		8.963	1.491	1.204	1.015	3.152	6.732	1.502	1.856	52	788	1.438	494	141	178	588	185	47	1.514	86	31.426
	Part time		1.431	352	159	125	8	157	0	6	0	0	0	0	0	200	398	58	0	199	0	3.093
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
	Full time		262	16	20	21	108	265	48	28	21	15	46	32	14	51	10	17	19	103	11	1.107
	Part time		7	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8
	Supervisors and coordinators		475	81	57	79	994	947	307	108	123	84	509	75	127	103	14	0	27	294	36	4.440
	Full time		449	75	57	76	992	947	307	108	123	84	509	75	127	99	14	0	27	294	36	4.399
	Part time		26	6	0	3	2	0	0	0	0	0	0	0	0	4	0	0	0	0	0	41
	Analysts and administratives		1.982	168	427	106	886	2.466	619	270	134	345	1.005	328	133	64	20	35	60	124	32	9.204
	Full time		1.924	135	427	100	886	2.176	619	270	134	345	1.005	328	133	56	20	34	60	124	32	8.808
	Part time		58	33	0	6	0	290	0	0	0	0	0	0	0	8	0	1	0	0	0	396
	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
	Full time		24.659	3.434	5.017	3.584	14.528	38.294	10.836	6.107	1.758	1.848	10.127	3.271	1.357	240	1.366	623	1.311	3.494	473	132.327
	Part time		6.286	709	937	466	121	2.692	0	28	0	0	37	0		497	594	88	0	604	0	13.059

		Scope	Spain	Germany	Portugal	France	Argentina	Brazil	Colombia	Chile	Paraguay	Uruguay	Peru	Mexico	Central America	Australia	Singapore	China	Phillipines	USA	Southafrica	Total
Number of dismissals (1)																						
Gender	Men	99,7%	727	23	388	920	1.972	5.859	425	1.686	222	83	970	618	93	0	0	2	0	659	80	14.727
	Women		327	7	208	123	187	1.485	140	392	22	12	168	173	37	0	0	0	0	449	0	3.730
Age	Less than 30 years old	99,7%	184	14	247	182	473	1.880	210	1.023	66	15	524	257	51	0	0	0	0	457	11	5.594
	Between 30 an 50 years old		652	7	304	658	1.285	4.702	305	856	172	51	549	460	68	0	0	2	0	429	66	10.566
	More than 50 years old		218	9	45	203	401	762	50	199	6	29	65	74	11	0	0	0	0	222	3	2.297
Professional category	Directors and managers	99,7%	18	1	0	4	3	32	5	0	2	0	5	5	0	0	0	2	0	26	0	103
	Supervisors and coordinators		13	0	0	9	93	143	17	38	25	0	41	18	10	0	0	0	0	71	0	478
	Analysts and administratives		250	1	166	7	58	491	61	180	26	5	89	57	6	0	0	0	0	24	0	1.421
	Blue collar		773	28	430	1.023	2.005	6.678	482	1.860	191	90	1.003	711	114	0	0	0	0	987	0	16.375
Number of new hirings																						
Gender	Men	100,0%	11.258	519	1.240	3.891	1.667	9.727	5.109	2.350	316	336	3.296	2.830	298	25	1.045	399	267	1.142	157	45.872
	Women		4.973	133	508	971	229	2.357	1.736	586	50	39	584	961	80	25	240	14	237	842	11	14.576
Age	Less than 30 years old	100,0%	6.147	193	837	1.622	744	7.364	3.312	1.528	181	159	2.025	1.503	238	21	272	109	384	873	21	27.533
	Between 30 an 50 years old		8.211	331	827	2.398	1.062	799	3.368	1.209	184	197	1.709	2.023	134	25	454	164	114	780	127	24.116
	More than 50 years old		1.873	128	84	842	90	3.921	165	199	1	19	146	265	6	4	559	140	6	331	20	8.799
Professional category	Directors and managers	100,0%	25	3	1	10	9	22	12	3	3	1	8	11	2	0	1	1	4	33	n/d	149
	Supervisors and coordinators		44	10	1	30	153	118	86	76	7	1	159	33	21	2	4	1	3	71	n/d	820
	Analysts and administratives		1.051	60	210	47	134	711	493	208	41	5	268	192	29	3	6	2	18	44	n/d	3.522
	Blue collar		15.111	579	1.536	4.775	1.600	11.233	6.254	2.649	315	368	3.445	3.555	326	45	1.274	409	479	1.836	n/d	55.789
Detail of employees by Professional category																						
Professional category	**Directors and managers**	100,0%	269	17	20	21	108	265	48	28	21	15	46	32	14	51	10	17	19	103	12	1.116
	Men		224	11	17	21	93	232	39	21	16	12	37	28	9	33	8	15	13	82	8	919
	Women		45	6	3	0	15	33	9	7	5	3	9	4	5	18	2	2	6	21	4	197
	Supervisors and coordinators		475	81	57	79	994	947	307	108	123	88	509	96	127	103	14	0	27	294	20	4.449
	Men		355	71	41	59	814	794	209	81	101	70	395	60	89	76	6	0	14	191	18	3.444
	Women		120	10	16	20	180	153	98	27	22	18	114	36	38	27	8	0	13	103	2	1.005
	Analysts and administratives		1.982	168	427	106	886	2.466	619	270	134	373	1.005	307	133	64	20	35	60	124	64	9.243
	Men		1.254	102	278	49	563	1.171	247	152	77	226	714	170	67	49	3	17	27	59	41	5.266
	Women		728	66	149	57	323	1.295	372	118	57	147	291	137	66	15	17	18	33	65	23	3.977
	Blue collar		30.945	4.143	5.954	4.050	14.649	40.986	10.836	6.135	1.758	1.816	10.164	3.271	1.357	737	1.960	711	1.311	4.098	456	145.337
	Men		24.206	3.460	4.978	3.478	13.385	35.438	8.775	5.093	1.593	1.721	8.990	2.541	1.161	515	1.603	702	777	2.683	435	121.534
	Women		6.739	683	976	572	1.264	5.548	2.061	1.042	165	95	1.174	730	196	222	357	9	534	1.415	21	23.803
Professional category	**Directors and managers**	100,0%	269	17	20	21	108	265	48	28	21	15	46	32	14	51	10	17	19	103	12	1.116
	Less than 30 years old		9	0	0	0	0	5	1	0	1	0	0	0	0	2	0	0	0	4	0	22
	Between 30 an 50 years old		173	10	12	12	55	185	31	20	14	13	35	27	11	27	4	17	4	50	5	705
	More than 50 years old		87	7	8	9	53	75	16	8	6	2	11	5	3	22	6	0	15	49	7	389
	Supervisors and coordinators		475	81	57	79	994	947	307	108	123	88	509	96	127	103	14	0	27	294	20	4.449
	Less than 30 years old		19	5	1	4	47	62	25	2	17	3	49	13	22	15	4	0	1	55	0	344
	Between 30 an 50 years old		321	40	44	57	729	738	233	76	96	64	370	75	92	67	8	0	17	123	8	3.158
	More than 50 years old		135	36	12	18	218	147	49	30	10	21	90	8	13	21	2	0	9	116	12	947
	Analysts and administratives		1.982	168	427	106	886	2.466	619	270	134	382	1.005	307	133	64	20	35	60	124	64	9.252
	Less than 30 years old		244	18	43	21	108	899	279	55	69	63	218	109	38	8	10	5	29	22	5	2.243
	Between 30 an 50 years old		1.349	73	309	70	680	1.387	295	180	64	251	610	183	81	28	9	25	28	69	47	5.738
	More than 50 years old		389	77	75	15	98	180	45	35	1	68	177	15	14	28	1	5	3	33	12	1.271
	Blue collar		30.945	4.143	5.954	4.050	14.649	40.986	10.836	6.135	1.758	1.807	10.164	3.271	1.357	737	1.960	711	1.311	4.098	456	145.328
	Less than 30 years old		4.367	389	752	640	2.271	5.749	3.245	1.460	582	195	3.209	906	528	114	310	218	865	1.063	89	26.952
	Between 30 an 50 years old		16.795	2.031	3.934	2.312	9.587	28.750	6.199	2.885	1.142	874	5.795	1.900	718	328	673	255	420	1.520	330	86.448
	More than 50 years old		9.783	1.723	1.268	1.098	2.791	6.487	1.392	1.790	34	738	1.160	465	111	295	977	238	26	1.515	37	31.928
Number of employees with disabilities																						
	Number of people with disabilities	99,7%	289	229	26	119	3	168	56	35	0	0	12	0	1	0	0	0	0	14	3	955
	Percentage of people with disabilities		0,9%	5,2%	0,4%	2,8%	0,0%	0,4%	0,5%	0,5%	0,0%	0,0%	0,1%	0,0%	0,1%	0,0%	0,0%	0,0%	0,0%	0,3%	0,5%	0,6%
Number of immigrant employees																						
	Number of immigrants on the workforce	100,0%	1.342	516	143	792	191	16	12	47	28	119	17	5	3	0	693	0	1	0	4	3.929
	Percentage of immigrants on the workforce		4,0%	11,7%	2,2%	18,6%	1,1%	0,0%	0,1%	0,7%	1,4%	5,2%	0,1%	0,1%	0,2%	0,0%	34,6%	0,0%	0,1%	0,0%	0,7%	2,5%
	Número de directivos procedentes de la comunidad local	100,0%	269	1	20	21	107	16	43	1	16	15	44	30	7	0	9	15	1	29	11	655
	Porcentaje de altos directivos procedentes de la comunidad local		0,8%	0,0%	0,3%	0,5%	0,6%	0,0%	0,4%	0,0%	0,8%	0,7%	0,4%	0,8%	0,4%	0,0%	0,4%	2,0%	0,1%	0,6%	2,0%	0,4%

(1) Number accumulated from 01.01.2019 to 31.12.2019 of employees whose contract has been canceled by unilateral decision of the employer. In the case of Spain, disciplinary dismissals and not exceeding the trial period are included.

		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	12.084			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	12.889			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	12.452			34.916		16.010
Professional category	**Directors and managers**	97,1%	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	127.053			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			100.718		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	98.669			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			43.354		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			44.227		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			41.899		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			62.199		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			78.337		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			55.353		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		12.561
	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			34.916		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			34.916		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%	1,2%	-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	0	4	0	2	0	0	0	0	0	0	0	0	24
	Supervisors and coordinators		0	0	35	0	0	35	0	0	18	0	0	48	0	0	0	0	0	0	0	136
	Analysts and administratives		0	0	228	0	0	71	89	0	72	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)		96,8%	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%

2018 Data

		Scope	Spain	Germany	Portugal	France	Argentina	Brazil	Colombia	Chile	Paraguay	Uruguay	Peru	Mexico	Central America	Australia	Singapore	China	India	Phillipines	USA	Turkey	Southafrica	TOTAL
Total summary of employees			**31,423**	**4,193**	**7,421**	**5,383**	**18,193**	**40,869**	**10,637**	**6,875**	**2,053**	**2,453**	**12,453**	**3,503**	**2,010**	**1,002**	**1,926**	**746**	**8,823**	**1,106**	**92**	**54**	**6,772**	**167,987**
Gender	**Men**	113%	24,487	3,459	5,976	4,599	16,320	34,728	8,738	5,638	1,800	2,175	10,884	2,691	1,644	677	1,620	720	8,704	681	55	41	4,926	**140,563**
	Women		6,936	734	1,445	784	1,873	6,141	1,899	1,237	253	278	1,569	812	366	325	306	26	119	425	37	13	1,846	**27,424**
Age	**Less than 30 years old**	108%	4,271	328	987	731	3,039	6,246	2,978	1,660	779	259	3,932	934	675	136	253	263	3,248	828	56	29		**31,632**
	Between 30 an 50 years old		18,456	2,058	5,175	3,249	11,821	28,555	6,437	3,138	1,227	1,329	7,136	2,014	1,173	458	616	283	4,806	269	32	25		**98,257**
	More than 50 years old		8,696	1,807	1,259	1,403	3,333	6,068	1,222	2,077	47	865	1,385	555	162	408	1,057	200	769	9	4			**31,326**
Professional category	**Directors and managers (2)**	108%	234	18	21	24	132	231	64	29	22	15	47	33	20	8	8	1	74	8	9	2		**1,000**
	Supervisors and coordinators		406	84	58	191	645	911	108	146	124	88	867	113	64	72	20	23	443	111	21	9		**4,504**
	Analysts and administratives		1,721	122	598	167	1,329	2,194	429	445	82	384	802	185	114	156	65	25	227	2	9	43		**9,099**
	Blue collar		29,062	3,969	6,744	5,001	16,087	37,533	10,036	6,255	1,825	1,966	10,737	3,172	1,812	766	1,833	697	8,079	985	53			**146,612**
Number of employees by contract types																								
Gender	**Men**		24,487	3,459	5,976	4,599	16,320	34,728	8,738	5,638	1,800	2,175	10,884	2,691	1,644	677	1,620	720	8,704		55	41		**134,956**
	Indefinite	107%	18,783	2,930	4,062	4,394	16,294	34,642	5,934	4,828	1,794	2,175	3,350	2,626	1,644	677	1,620		8,704		55	41		**114,553**
	Temporary		5,704	529	1,914	205	26	86	2,804	810	6		7,534	65				720						**20,403**
	Women		6,936	734	1,445	784	1,873	6,141	1,899	1,237	253	278	1,569	812	366	325	306	26	119		37	13		**25,153**
	Indefinite	107%	4,671	616	805	735	1,873	6,039	1,201	1,028	249	278	695	789	366	325	306		119		37	13		**20,145**
	Temporary		2,265	118	640	49		102	698	209	6		874	23				26						**5,010**
Age	**Less than 30 years old**		4,271	328	987	731	3,039	6,246	2,978	1,660	779	259	3,932	934	675	136	253	263	3,248		56	29		**30,804**
	Indefinite		1,512	144	119	646	3,032	6,058	1,986	1,136	769	259	460	916	675	136	253		3,248		56	29		**21,434**
	Temporary		2,759	184	868	85	7	188	992	524	10		3,472	18				263						**9,370**
	Between 30 an 50 years old		18,456	2,058	5,175	3,249	11,821	28,555	6,437	3,138	1,227	1,329	7,136	2,014	1,173	458	616	283	4,806		32	25		**97,988**
	Indefinite	107%	14,184	1,716	3,642	3,125	11,803	28,555	6,044	2,749	1,225	1,329	2,797	1,955	1,173	458	616		4,806		32	25		**86,234**
	Temporary		4,272	342	1,533	124	18		393	389	2		4,339	59				283						**11,754**
	More than 50 years old		8,696	1,807	1,259	1,403	3,333	6,068	1,222	2,077	47	865	1,385	555	162	408	1,057	200	769		4			**31,317**
	Indefinite		7,759	1,686	1,106	1,358	3,333	6,068	1,081	1,970	47	865	788	544	162	408	1,057		769		4			**29,005**
	Temporary		937	121	153	45			141	107			597	11				200						**2,312**
Professional category	**Directors and managers (2)**		234	18	21	24	132	231	64	29	22	15	47	33	20	8	8	1	74		9	2		**992**
	Indefinite		228	17	21	24	132	231	64	29	22	15	38	30	20	8	8	1	74		9	2		**973**
	Temporary		6	1									9	3										**19**
	Supervisors and coordinators		406	84	58	191	645	911	108	146	124	88	867	113	64	72	20	23	443		21	9		**4,393**
	Indefinite		393	84	56	190	645	911	108	132	124	88	498	105	64	72	20		443		21	9		**3,963**
	Temporary	107%	13		2	1				14			369	8				23						**430**
	Analysts and administratives		1,721	122	598	167	1,329	2,194	429	445	82	384	802	185	114	156	65	25	227		9	43		**9,097**
	Indefinite		1,650	118	300	155	1,329	2,006	350	378	82	384	390	174	114	156	65		227		9	43		**7,930**
	Temporary		71	4	298	12		188	79	67			412	11				25						**1,167**
	Blue collar		29,062	3,969	6,744	5,001	16,087	37,533	10,036	6,255	1,825	1,966	10,737	3,172	1,812	766	1,833	697	8,079		53			**145,627**
	Indefinite		20,750	3,327	4,490	4,760	16,062	37,533	9,387	5,317	1,813	1,966	3,119	3,106	1,812	766	1,833		8,079		53			**124,173**
	Temporary		8,312	642	2,254	241	25		649	938	12		7,618	66				697						**21,454**
Number of employees by types of working day																								
Gender	**Men**		24,487	3,459	5,976	4,599	16,320	34,728	8,738	5,638	1,800	2,175	10,884	2,691	1,644	677	1,620	720	8,704		55	41		**134,956**
	Full time	107%	19,989	2,994	5,350	4,185	16,225	33,025	8,738	5,627	1,803	2,170	10,876	2,691	1,632	348	1,033	720	8,704		55	41		**126,206**
	Part time		4,498	465	626	414	95	1,703		11		5	8		12	329	587							**8,753**
	Women		6,936	734	1,445	784	1,873	6,141	1,899	1,237	253	278	1,569	812	366	325	306	26	119		37	13		**25,153**
	Full time	107%	5,003	478	1,279	682	1,851	5,791	1,899	1,210	250	278	1,549	812	341	117	227	26	119		36	13		**21,961**
	Part time		1,933	256	166	102	22	350		27			20		25	208	79				1			**3,189**
Age	**Less than 30 years old**		4,271	328	987	731	3,039	6,246	2,978	1,660	779	259	3,932	934	675	136	253	263	3,248		56	29		**30,804**
	Full time		2,076	218	798	633	2,989	5,572	2,978	1,645	779	254	3,911	934	651	33	209	263	3,248		55	29		**27,275**
	Part time		2,195	110	189	98	50	674		15		5	21		24	103	44				1			**3,529**
	Between 30 an 50 years old		18,456	2,058	5,175	3,249	11,821	28,555	6,437	3,138	1,227	1,329	7,136	2,014	1,173	458	616	283	4,806		32	25		**97,988**
	Full time	107%	15,582	1,771	4,702	2,957	11,763	27,279	6,437	3,125	1,219	1,329	7,129	2,014	1,160	236	426	283	4,806		32	25		**92,275**
	Part time		2,874	287	473	292	58	1,276		13			7		13	222	190							**5,705**
	More than 50 years old		8,696	1,807	1,259	1,403	3,333	6,068	1,222	2,077	47	865	1,385	555	162	408	1,057	200	769		4			**31,317**
	Full time		7,334	1,484	1,129	1,277	3,324	5,965	1,222	2,077	47	865	1,385	555	162	196	625	200	769		4			**28,620**
	Part time		1,362	323	130	126	9	103								212	432							**2,697**
Professional category	**Directors and managers (2)**		234	18	21	24	132	231	64	29	22	15	47	33	20	8	8	1	74		9	2		**992**
	Full time		226	17	21	24	132	231	64	29	22	15	47	33	20	8	8	1	74		9	2		**983**
	Part time		8	1																				**9**
	Supervisors and coordinators		406	84	58	191	645	911	108	146	124	88	867	113	64	72	20	23	443		21	9		**4,393**
	Full time		383	80	58	189	645	911	108	146	124	88	867	113	64	62	20	23	443		21	9		**4,354**
	Part time	107%	23	4		2										10								**39**
	Analysts and administratives		1,721	122	598	167	1,329	2,194	429	445	82	384	802	185	114	156	65	25	227		9	43		**9,097**
	Full time		1,674	103	598	158	1,327	1,981	429	445	82	379	801	185	114	89	65	25	227		8	43		**8,733**
	Part time		47	19		9	2	213				5	1			67					1			**364**
	Blue collar		29,062	3,969	6,744	5,001	16,087	37,533	10,036	6,255	1,825	1,966	10,737	3,172	1,812	766	1,833	697	8,079		53			**145,627**
	Full time		22,533	3,272	5,952	4,496	15,972	35,693	10,036	6,224	1,825	1,966	10,710	3,172	1,775	264	1,167	697	8,079		53			**133,886**
	Part time		6,529	697	792	505	115	1,840		31			27		37	502	666							**11,741**

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted. N.p: Not published; N.a. Not applicable.
(1) The training data correspond to the on-site training imparted to the Company's employees. On-site training was 92.4% of total training hours.
(2) The professional category of "Executives and Managers" includes Senior Management.

Number of dismissals																					
Gender	Men		792	201	593	981	1,196	6,802	70	1,300	180	62	1,073	962	45	164	6		1,729	4	10	**16,170**
	Women		275	49	230	125	132	1,253	23	167	34	13	179	344	3	77			33	9	1	**2,947**
Age	Less than 30 years old		192	57	230	201	468	1,448	35	729	71	17	587	540	21	46	2		891	12	7	**5,554**
	Between 30 an 50 years old		657	124	497	696	747	5,479	53	594	138	36	610	667	24	121	3		775		4	**11,225**
	More than 50 years old	107%	218	69	96	209	113	1,128	5	144	5	22	55	99	3	74	1		96	1		**2,338**
Professional category	Directors and managers (2)		11	1	2		3	20	2	6	1		3	4		2	2		10			**67**
	Supervisors and coordinators		11	3	6	17	22	198	2	6	11	12	67	4	2	27			83	1	1	**473**
	Analysts and administratives		216	10	177	9	285	456	15	52	11	11	69	12		56			69	2	10	**1,460**
	Blue collar		829	236	638	1,080	1,018	7,381	74	1,403	191	52	1,113	1,286	46	156	4		1,600	10		**17,117**

Number of new hirings																					
Gender	Men		6,405	478	1,560	3,891	2,180	5,077	4,458	2,700	451	174	4,681	2,600	128	199	1,033	503	3,323	7	41	**39,889**
	Women		2,744	117	563	891	410	1,263	1,225	508	109	16	624	839	28	77	203	18	48	4	13	**9,700**
Age	Less than 30 years old		3,582	185	894	1,487	1,247	2,223	2,740	1,605	338	48	2,660	1,436	88	73	222	243	1,933	5	29	**21,038**
	Between 30 an 50 years old		4,434	306	1,104	2,452	1,256	3,827	2,717	1,340	215	120	2,420	1,717	66	144	466	240	1,306	5	25	**24,160**
	More than 50 years old	107%	1,133	104	125	843	87	290	226	263	7	22	225	286	2	59	548	38	132	1		**4,391**
Professional category	Directors and managers (2)		28	1		3	8	18	16	7	1	1	4	25	3	1			8	2	2	**128**
	Supervisors and coordinators		46	2	5	12	27	79	27	24	24	8	242	25	5	32		3	71	3	9	**644**
	Analysts and administratives		1,074	19	415	81	490	510	346	234	39	14	327	72	4	24	15	18	80		43	**3,805**
	Blue collar		8,001	573	1,703	4,686	2,065	5,733	5,294	2,943	496	167	4,732	3,317	144	219	1,221	500	3,212	6		**45,012**

Detail of employees by Professional category																					
Professional category	Directors and managers		234	18	21	24	132	231	64	29	22	15	47	33		8	8	1	74	6	2	**969**
	Men		205	12	18	23	114	208	46	22	15	12	38	30		5	7	1	72	9	1	**838**
	Women		29	6	3	1	18	23	18	7	5	3	9	3		3	1		2		1	**132**
	Supervisors and coordinators		406	84	58	191	645	911	108	146	124	88	867	113		72	20	23	443	20	9	**4,328**
	Men		273	72	44	158	536	761	60	110	105	70	745	85		48	15	22	428	15	8	**3,555**
	Women	106%	133	12	14	33	109	150	48	36	19	18	122	28		24	5	1	15	6	1	**774**
	Analysts and administratives		1,721	122	598	167	1,329	2,194	429	445	82	384	802	185		156	65	25	227	9	43	**8,983**
	Men		1,116	64	409	91	890	1,011	141	250	43	256	464	95		60	42	8	177	3	32	**5,152**
	Women		605	58	189	76	439	1,183	288	195	39	128	338	90		96	23	17	50	6	11	**3,831**
	Blue collar		29,062	3,969	6,744	5,001	16,087	37,533	10,046	6,255	1,825	1,966	10,737	3,172		766	1,833	697	8,079	53		**143,825**
	Men		22,895	3,311	5,505	4,327	14,780	32,748	8,491	5,256	1,635	1,828	9,637	2,481		534	1,556	689	8,027	28		**123,728**
	Women		6,167	658	1,239	674	1,307	4,785	1,555	999	190	138	1,100	691		232	277	8	52	25		**20,097**
Professional category	Directors and managers (2)		234	18	21	24	132	231	64	29	22	15	47	33		8	8	1	74	9	2	**972**
	Less than 30 years old		4					1	1										2			**8**
	Between 30 an 50 years old		162	9	15	13	70	163	45	22	16	8	37	29		3	3		63	7	2	**667**
	More than 50 years old		68	9	6	11	62	67	18	7	6	7	10	4		5	5	1	9	2		**297**
	Supervisors and coordinators		406	84	58	191	645	911	108	146	124	88	867	113		72	20	23	443	21	9	**4,329**
	Less than 30 years old		14	5	1	5	12	61	7	4	29	3	49	12		2	3	4	157	4		**372**
	Between 30 an 50 years old		295	41	47	129	480	720	89	108	85	65	590	90		54	8	14	275	16	9	**3,115**
	More than 50 years old	106%	97	38	10	57	153	130	12	34	10	20	228	11		16	9	5	11	1		**842**
	Analysts and administratives		1,721	122	598	167	1,329	2,194	429	445	82	384	802	185		156	65	25	227	9	43	**8,983**
	Less than 30 years old		225	10	88	24	181	765	204	105	48	53	262	72		35	17	8	133	6	29	**2,265**
	Between 30 an 50 years old		1,207	65	428	113	965	1,258	204	281	34	233	479	101		66	32	16	87	2	14	**5,585**
	More than 50 years old		289	47	82	30	183	171	21	59		98	61	12		55	16	1	7	1		**1,133**
	Blue collar		29,062	3,969	6,744	5,001	16,087	37,533	10,036	6,255	1,825	1,966	10,737	3,172		766	1,833	697	8,079	53		**143,815**
	Less than 30 years old		4,327	313	898	702	2,846	5,419	2,766	1,551	702	204	3,621	850		113	233	251	2,956	46		**27,798**
	Between 30 an 50 years old		16,006	1,943	4,685	2,994	10,306	26,414	6,099	2,727	1,092	1,035	6,030	1,794		321	573	253	4,381	7		**86,660**
	More than 50 years old		8,729	1,713	1,161	1,305	2,935	5,700	1,171	1,977	31	727	1,086	528		332	1,027	193	742			**29,357**

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted. N.p: Not published; N.a. Not applicable.
(1) The training data correspond to the on-site training imparted to the Company's employees. On-site training was 92.4% of total training hours.
(2) The professional category of "Executives and Managers" includes Senior Management.

Number of employees with disabilities																						
	Number of people with disabilities	92%	306	314	34	194	2	174	33	4			7										**1,068**
	Percentage of people with disabilities		1%	7%	0%	4%	0%	0%	0%	0%			0%										1%
Number of immigrant employees																						
	Number of immigrants on the workforce	98%	1,289	382	140	981	158	19	16	32	25		26	10	5		453						**3,536**
	Percentage of immigrants on the workforce		4%	9%	2%	18%	1%	0%	0%	0%	1%		0%	0%	0%		24%						2.1%
	Número de directivos procedentes de la comunidad local	105%	234	18	20	24	131	221	60	29	6	15	44	7	ND	8	7		43		9		**876**
	Porcentaje de altos directivos procedentes de la comunidad local		100%	100%	95%	100%	99%	96%	94%	100%	27%	100%	94%	21%	ND	100%	88%		58%		100%		87.6%
Average compensation																						
Gender	Men	106%	22,749	28,602	9,705	21,905	12,308	7,343	4,526	11,071	5,403	14,333	7,130	3,314	ND	85,000	17,443	287,233	1,871		64,531	53,926	**13,446**
	Women		18,730	22,672	9,635	21,898	13,952	6,467	5,149	10,105	5,411	16,770	7,274	2,878	ND	65,000	17,314	14,243	3,887		25,071	53,933	**12,501**
Age	Less than 30 years old		16,382	17,375	8,599	18,690	9,781	5,413	3,809	6,811	4,313	11,901	6,007	2,592	ND	65,000	16,903	79,054	1,505		25,398	33,533	**8,365**
	Between 30 an 50 years old		21,843	28,650	5,876	22,133	12,763	7,641	4,949	11,675	5,768	15,378	7,548	3,459	ND	70,000	17,838	140,065	2,046		84,184	77,869	**12,119**
	More than 50 years old		23,983	28,667	10,047	23,047	14,174	8,265	4,995	12,599	13,999	14,321	8,324	3,367	ND	85,000		82,364	2,286		139,158		**16,442**
Professional category	Directors and managers (2)		115,320	128,541	61,664	111,758	84,534	52,978	55,423	96,878	53,579	76,502	67,053	40,884	ND	98,806	122,761		16,184		175,319	191,268	**75,389**
	Supervisors and coordinators		49,158	62,975	24,719	46,580	25,344	15,945	16,929	25,756	8,749	23,843	12,349	10,016	ND	61,933	43,603	9,000	3,728		68,715	70,298	**21,927**
	Analysts and administratives		22,659	30,971	11,697	29,247	16,165	9,077	8,457	14,928	6,639	18,322	9,429	6,837	ND	45,692	29,701	28,196	4,596		40,135	35,125	**14,885**
	Blue collar		20,667	26,306	9,231	20,285	11,062	5,657	3,943	9,939	4,558	12,257	6,298	2,351	ND	36,939		264,280	1,599		23,510		**11,639**
Trade Union Representation																						
	Number of employees affiliated to a trade union organization	100%	5,185	1,250	1,128		2,697	7,176	355	3,879		915	958	2,761	ND		315		600				**27,219**
	Percentage of employees affiliated to a trade union organization		17%	30%	15%		15%	18%	3%	56%		37%	8%	79%	ND		16%		7%				16%
Collective agreements																						
	Number of employees covered by a collective agreement	105%	31,423	3,569	6,926	5,383	15,857	40,869	1,069	5,931	2,053	2,441	958	2,761	ND		315		300				**119,855**
	Percentage of employees covered by a collective agreement		100%	85%	93%	100%	87%	100%	10%	86%	100%	100%	8%	79%	ND		16%		3%				71%
Total number of training hours (1)																						
Gender	Men	106%	403,894	53,537	37,995	59,468	293,774	48,191	198,591	110,519	30,426	13,616	27,866	21,157	ND	3,500	22,168	12,784	479,664		85		**1,817,235**
	Women		93,977	13,257	10,039	9,202	50,721	17,952	37,351	10,730	2,978	1,698	3,954	6,681	ND	1,000	2,575	64	7,296		75		**269,550**
Professional category	Directors and managers (2)	106%	987	1,231	25	42	1,435	4,449	437	878	388	223	282	903	ND	125	268		4,032				**15,705**
	Supervisors and coordinators		8,830	314	128	1,410	8,305	8,611	3,784	3,068	1,914	831	1,479	1,142	ND	400	589		24,144				**64,948**
	Analysts and administratives		31,440	326	4,985	1,653	12,485	19,292	16,576	9,039	1,355	1,802	1,975	1,400	ND	500	224		14,112				**117,163**
	Blue collar		456,613	64,923	42,896	65,565	321,887	33,792	215,146	108,264	29,748	12,458	28,114	24,393	ND	3,475	23,662	12,848	444,672		160		**1,888,616**
Total number of hours of training imparted on human rights (1)																						
Gender	Men	58%	2,220		1,233		41,705		5,686		2,012		891	3,105	ND	100							**56,952**
	Women		355		302		4,631		1,270		980		22	981	ND	150							**8,691**
Professional category	Directors and managers (2)				13				2		1			115	ND	50							**182**
	Supervisors and coordinators				35				11		111			212	ND	55							**424**
	Analysts and administratives				370		11		208		142			266	ND	25							**1,023**
	Blue collar		2,575		1,118		46,325		6,735		2,737		913	3,492	ND	125							**64,020**
Investment in training																						
	Investment made in employee training (millions of euros)	105%	5.610	1.640	0.260	2.550	0.548	2.423	0.101	0.298	0.063	0.081	0.451	0.030	ND	0.300	0.280		0.111				**15**
Number of employees receiving regular evaluations of performance and professional development																						
Gender	Men	52%	1,939	87	214	4,599					1,259		9,284	228	ND	677	1,033		663		34		**20,017**
	Women		885		132	784					104		1,022	51	ND	325	227		66		30		**3,626**
Percentage of employees who receive regular evaluations of performance and professional development																						
Gender	Men	52%	8%	3%	4%	100%					70%		85%	8%	ND	100%	64%		8%		62%		15%
	Women		13%		9%	100%					41%		65%	6%	ND	100%	74%		55%		81%		14%

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted. N.p: Not published; N.a. Not applicable.
(1) The training data correspond to the on-site training imparted to the Company's employees. On-site training was 92.4% of total training hours.
(2) The professional category of "Executives and Managers" includes Senior Management.

Number of employees who received a maternity or paternity leave																								
Gender	Men	106%	1,164	53	238	150	1,117	1,004	225	87	95	59	368	90	ND	15	20	3						4,688
	Women		333	29	70	44	5,445	320	77	97	9	8	92	31	ND	45	5	1	1		1			6,608
Number of employees who returned to work after their termination due to maternity or paternity ended																								
Gender	Men	100%	539	49	186	147	1,117	1,004	225	87	95	58	368	88	ND	5	20	3						3,991
	Women		151	32	52	24	5,445	320	77	97	9	8	92	30	ND	15	5	1						6,358
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	94%	539	47	154	147	1,117	896			95	45	368	51	ND	10	17							3,486
	Women		151	32	8	24	5,445	243			7	7	92	21	ND	30	5		3		1			6,069
Turnover																								
Gender	Men	107%	3,353	415	1,474	1,308	2,239	8,155	4,300	2,825	337	480	4,365	1,552	134	164	1,130	493	3,778		4	10		36,516
	Women		1,249	104	522	244	295	1,571	1,430	522	64	34	610	490	36	77	225	14	39		9	1		7,536
Age	Less than 30 years old		1,625	105	563	363	824	1,957	2,423	1,543	162	133	2,215	776	78	46	223	242	1,886		12	7		15,183
	Between 30 an 50 years old		2,308	231	1,233	883	1,411	6,501	3,022	1,389	228	252	2,502	939	85	121	484	218	1,717		1	4		23,529
	More than 50 years old		669	183	201	306	299	1,268	285	415	11	129	258	327	7	74	648	47	214					5,341
Professional category	Directors and managers (2)		20	2	3	5	7	27	18	8	2	1	5	10	1	2	1		19					131
	Supervisors and coordinators		25	8	6	30	39	228	112	22	18	18	225	28	5	27	1	3	136		1	1		933
	Analysts and administratives		676	21	386	32	472	577	46	202	24	46	251	44	3	56	15	12	88		2	10		2,963
	Blue collar		3,881	488	1,591	1,485	2,016	8,894	5,431	3,115	357	449	4,494	1,960	161	156	1,338	492	3,574		10			39,892
Number of days worked by all Prosegur employees																								
Gender	Men	106%	9,388,847	885,491	1,577,664	1,275,260	3,965,760	7,825,070	31,616,040	1,942,665	638,000	618,967	3,651,060	816,195	ND	133,144	379,472	296,016	2,541,547		2,946	250		67,554,394
	Women		2,674,593	186,694	381,480	201,756	455,139	1,397,308	6,885,740	396,175	93,000	77,891	508,295	253,810	ND	62,492	85,036	5,040	34,455		1,388	250		13,700,542
Number of total days lost due to absence																								
Gender	Men	100%	336,170	62,514	59,893	68,711	278,198	52,983	44,611	41,600	9,861	55,763	302,726	44,388	ND	2,914	9,157	2,300			39			1,371,827
	Women		145,028	12,489	31,725	15,575	39,571	234,698	22,509	19,440	3,033	9,429	42,984	15,977	ND	1,006	1,445	75			29			595,013
Absenteeism rate (AR)																								
Gender	Men	100%	4%	7.1%	4%	5%	7%	1%	0.14%	2%	2%	9%	8%	5%	ND	2%	2%	1%			1%			2.0%
	Women		5%	6.7%	8%	8%	9%	17%	0.33%	5%	3%	12%	8%	6%	ND	2%	2%	1%			2%			4.3%
Average compensation by professional category and gender																								
Average compensation by professional category and gender in Euro	Directors and managers (2)	98%	**115,320**	**128,541**	**61,664**	**111,758**	**84,534**	**52,978**	**55,423**	**96,878**	**53,579**	**76,502**	**67,053**	**40,884**	**ND**	**98,806**					**175,319**	**191,268**		366,587
	Indefinite		118,663	147,415	63,487	113,172	86,362	52,002	54,807	101,073	57,857	78,723	69,437	42,568	ND	99,200					175,319	215,852		391,171
	Temporary		91,690	90,791	50,730	79,227	72,952	61,800	56,998	83,696	40,744	67,618	56,987	24,049	ND	98,150						166,683		166,683
	Supervisors and coordinators		**49,158**	**62,975**	**24,719**	**46,580**	**25,344**	**15,945**	**16,929**	**25,756**	**8,749**	**23,843**	**12,349**	**10,016**	**ND**	**61,933**					**68,715**	**70,298**		139,013
	Indefinite		51,491	64,527	25,710	47,124	25,481	15,464	18,113	26,850	8,742	23,202	12,157	10,375	ND	62,150					76,899	75,294		152,194
	Temporary		44,371	53,664	21,607	43,976	24,670	18,384	15,449	22,412	8,790	26,336	13,522	8,928	ND	61,500					48,256	30,324		78,581
	Analysts and administratives		**22,659**	**30,971**	**11,697**	**29,247**	**16,165**	**9,077**	**8,457**	**14,928**	**6,639**	**18,322**	**9,429**	**6,837**	**ND**	**45,692**					**40,135**	**35,125**		75,260
	Indefinite		22,987	35,050	11,869	30,677	16,790	8,248	9,444	16,021	6,583	17,756	9,853	7,715	ND	46,000					40,816	35,600		76,415
	Temporary		22,054	26,471	11,326	27,535	14,899	9,785	7,974	13,528	6,700	19,453	8,847	5,911	ND	45,500					39,795	33,744		73,539
	Blue collar		**20,667**	**26,306**	**9,231**	**20,285**	**11,062**	**5,657**	**3,943**	**9,939**	**4,558**	**12,257**	**6,298**	**2,351**	**ND**	**36,939**					**23,510**			23,510
	Indefinite		21,503	27,336	9,249	20,315	10,987	5,385	4,006	10,191	4,636	12,554	6,367	2,411	ND	37,000					29,410			29,410
	Temporary		17,564	21,126	9,154	20,096	11,916	7,512	3,602	8,612	3,879	8,311	5,691	2,138	ND	36,800					16,901			16,901

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted. N.p: Not published; N.a. Not applicable.
(1) The training data correspond to the on-site training imparted to the Company's employees. On-site training was 92.4% of total training hours.
(2) The professional category of "Executives and Managers" includes Senior Management.

Taking into account the growth strategy of recent years at a global level, Prosegur generates jobs in the set of markets in which it is present. In 2019 disinvestments took place in some businesses in the following regions: South Africa, France and Turkey.

The workforce of Prosegur closed the year 2019 with 160,145 employees (2018: 159,110 comparable employees, without taking divestments into account 167,987 including equity-accounted businesses and divestments in 2018), which accounts for 0.7 per cent growth.

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.

The percentage of women employees continues to grow thanks to the efforts in recent years, with the figure now at 18.2% of the total workforce.

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, worthy of mention is the start-up in 2019 of the Oracle Taleo Global cloud. This solution is already operating in ten of the main countries of the Group. This platform has allowed us to develop other associated digital solutions such as the "Alta Digital" app in Brazil. Thanks to this mobile solution available 24 hours a day, thousands of contracts have been digitalised per month thanks to a 100% on-line process, since candidates may send the necessary documentation for registration from wherever they are.

Remuneration

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 aforementioned elements, to guarantee non-discrimination by gender, race or age.

Remuneration to Senior Management and the Board of Directors is detailed below:

Average director remuneration: EUR 304 thousand.

- Women: EUR 358 thousand of average salary (the Executive President and the Executive Director: are included under this heading).
- Men: EUR 286 thousand of average salary (the Executive Director is included under this heading).

Average Senior Management remuneration: EUR 295 thousand, all of whom are men.

In calculating the average remuneration, fixed, variable remuneration, per diems and remuneration for committee membership has been considered.

During 2019 the company has continued to advance in the automation of processes to improve the employee experience and job. To this regard, the on-line viewing of the payroll has been included in the intranet app in 17 countries. With the digitalisation of this process, the company streamlines, simplifies and improves the efficiency of the Human Resources department. Furthermore, it collaborates with the preservation of the environment by eliminating the unnecessary expense of paper for printing.

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. In 2019 the company renovated the Intranet app (available on Android and iOS) and included very useful functions such as the aforementioned visualisation of the payroll, 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. In 2019, the Intranet app was used in 17 countries by 32% of the workforce. This application is updated quarterly to include new requests from the businesses as well as from employees.

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.

Prosegur, via the 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.

A result of this wager by the company to improve and update its tools, in 2019 the company launched a new Prosegur Corporate University with a renewed look and feel that is more intuitive and easier. Furthermore, the platform is 100% responsive (available on all devices), predictive (suggests content based on employee interests) and is accessible from anywhere at any time.

This new platform has been deployed in nineteen countries and includes new educational content on the basis of employee profiles and business products, skills, leadership model, performance evaluation, Code of Ethics, information security, innovation, technical and technological aptitudes, etc.

Training management

On-site and online training is managed and planned from the teams of the countries on the basis of the needs of the businesses 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 though the online training platform, for example everything related to strategy, compliance and health and safety.

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. In total, 1.5 million training hours were imparted in 2019, implying an average of 9.3 hours of training per employee.

Prosegur, via the 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. This online platform enables Prosegur to offer 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.

In 2019, the Prosegur Corporate University has been implemented in nineteen countries.

Moreover, the new system now includes countries such as United States and Australia, whose online training strategy has not yet been defined, but they have the basis for a comprehensive training system.

This year, we have included new training contents and functions to enable Prosegur Corporate University to be an interconnected community that fosters the exchange of knowledge and values that are characteristic of the Company. This year, more than 119,000 study hours have been performed.

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:

- The posting of job offers via web portals, establishing a specific section for affording disabled people employment opportunities.
- 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.
- 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.
- 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 2019 was 955 (1,068 in 2018). 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.

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 78% of the entire workforce. 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.

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.

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.

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 2019 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.

The scope of this Equality Plan is nationwide in Spain.

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 our stakeholders, with whom we are permanently in direct contact. 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.

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 employees is in accordance with the law and the Collective Agreements applicable without discrimination in any of the elements or conditions of the remuneration and the objectivity of all the concepts defined in the salary structure is guaranteed.

Compared to an average of the Security sector in Spain of 13% of positions held by women (source: APROSER), during this 2019 Prosegur, as a whole, has reached 18.2% compared with 17.2% from the previous year.

Regarding the wage gap analysis, at Prosegur we analyze based on four main categories (Directors, Middle Managers, Analysts and Operators), with variations between them, both geographically and business. Taking into account the aggregate data, Prosegur's wage gap is 5.4%, with direct influence of operating positions

In any case, through the global compensation tool, we have specific gender analysis and salary gap reports that allow us to constantly monitor and identify the 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. Prosegur does not have a plan to help employees disconnect from work, but it does guarantee compliance with the established rest for all of its employees, once the working day is over.

Occupational health and safety

KPIs	2018		2019		Scope (over sales)
Training in health and safety to employees (hours) (absolute value)	Security	379,194	Security	432,600	98%
	Men	312,086	Men	387,996	
	Women	67,108	Women	44,605	
	Alarms	40,043	Alarms	20,037	98%
	Men	32,286	Men	14,990	
	Women	7,756	Women	5,047	
	Cash	135,732	Cash	135,477	96%
	Men	98,396	Men	94,526	
	Women	37,336	Women	40,951	
No. of fatal accidents (absolute value)	Security	2	Security	6	98%
	Men	2	Men	5	
	Women	0	Women	1	
	Alarms	0	Alarms	0	98%
	Men	0	Men	0	
	Women	0	Women	0	
	Cash	14	Cash	3	96%
	Men	14	Men	3	
	Women	0	Women	0	
Accident rate (IR) = Frequency Rate IR=no. Accidents/no. hours*10^6	Security	12.8	Security	12.0	98%
	Men	12.2	Men	11.6	
	Women	18.1	Women	14.6	
	Alarms	17.9	Alarms	15.6	98%
	Men	21.8	Men	18.4	
	Women	8.1	Women	7.9	
	Cash	18.1	Cash	19.1	96%

	Men	19.6	Men	20.9	
	Women	11.5	Women	13.0	
Severity rate (IDR) IDR=no. Days lost due to occupational accidents/no. hours*10^3	Security	0.43	Security	0.39	98%
	Men	0.43	Men	0.36	
	Women	0.42	Women	0.61	
	Alarms	0.45	Alarms	0.46	98%
	Men	0.57	Men	0.55	
	Women	0.16	Women	0.19	
	Cash	0.93	Cash	0.43	96%
	Men	1.14	Men	0.49	
	Women	0.19	Women	0.24	
Occupational illnesses (absolute value)	Security	16	Security	6	98%
	Men	12	Men	5	
	Women	4	Women	1	
	Alarms	0	Alarms	1	98%
	Men	0	Men	0	
	Women	0	Women	1	
	Cash	10	Cash	12	96%
	Men	8	Men	5	
	Women	2	Women	7	
Number of occupational accidents (Absolute Value)	Security	2,362	Security	2,577	98%
	Men	1,978	Men	2,135	
	Women	384	Women	422	
	Alarms	246	Alarms	212	98%
	Men	214	Men	183	
	Women	32	Women	29	
	Cash	1,326	Cash	1,558	96%
	Men	1,146	Men	1,318	
	Women	180	Women	240	

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted.
The method for accident rate calculation was changed this year with respect to the previous year and the 2018 figures have been re-calculated to allow for comparison.

Prosegur acts in line with industry standards in terms of occupational risk prevention. It invests in specific training related to risks according to activity and job position, emergency measures and inspections, campaigns for raising employees' awareness with special emphasis on groups at greater risk, as well as carrying out research and analysis into the types and causes of accidents occurring the subsequent adoption of measures to mitigate the risks. The Company wishes to ensure that employees work in adequate environments and have the necessary resources to perform their work safely.

- **Training**: One reason why we have managed to keep health and safety indicators relatively low, similar to the values logged in 2018, is the quality and effort of the training imparted to employees in this connection. Accordingly, Prosegur raised awareness and honed the skills of its employees for tackling the risks they face in their daily work, including driving vehicles.
  In 2019, Prosegur offered a total of 588,122 training hours in health and safety, a value that continues to rise with respect to the training hours of the previous year, particularly in the Cash and Security businesses. Skills training in health and safety has been primarily on-site, although Prosegur Corporate University remains an important training channel for employees in this connection, with modules concerning Occupational Risk Prevention for operating personnel included in the introductory schemes and the yearly refresher training provided, with special mention of the specific modules in areas such as self-defence and emergency situations.

- **Monitoring**: Prosegur has established internal and external protocols for reporting workplace accidents that enable accident rates to be monitored, accidents to be investigated and ongoing improvements to be implemented. Moreover, it has implemented a working methodology that enable a specific assessment of health and safety conditions at various levels (business, activity, Prosegur work centre or operating base and type of job). Prosegur also has occupational safety and health committees, intended to regularly and periodically consult on actions of occupational risk prevention. Special mention should be made of the implementation of the new Global Protocol for reporting serious and fatal accidents, applied to all the business lines and countries, and of the quarterly creation of a Global Occupational Health and Safety Committee for the Cash business, headed by its Executive Director.
  Another committee goal is to propose and implement improvement and best practices objectives. One of the actions proposed for 2020 is to establish bulletin boards in each of the Cash business operating regional offices in order to share the most relevant KPIs on Health and Safety with the entire workforce.
- **Technological innovation:** Prosegur provides its employees with cutting-edge technology and its considerable innovation capacity to tackle intrinsic risks linked to its employees work, and to thereby dissuade external threats, especially in risks relating to attacks on employees and armoured vehicles, or at cash custody bases. These innovations come alongside the established protocols for action in the event of attacks on bases and armoured vehicle crews in the Cash business. The company's goal is to achieve "zero accidents" despite the intrinsic difficulty in the business in which Prosegur is involved. Thanks to the effort undertaken in health and safety, the number of fatal victims has decreased from 16 in 2018, to 9 in 2019. Worthy of considerable mention is the decrease in the Cash business, where 14 employees died in 2018, and 3 victims were recorded during this year. The accident rate remains stable, observing a decrease in Security businesses of 12.0 (12.8 in 2018) and 15.6 in Alarms (17.9 in 2018); there has been a slight increase in Cash to 19.1 with respect to the previous year (18.1 in 2018) (the accident rate represents the total number of accidents of the number of hours worked multiplied by 1,000,000).

5.3. Anti-corruption and bribery matters

KPIs	2018	2019
No. of complaints for breaches of the Code of Ethics	18	12
No. of complaints for fraud	12	19

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses are equity-accounted. The scope of these KPIs covers 100% of the Prosegur Group's workforce.

Ethics and compliance

Ethical conduct and compliance with regulations are essential aspects, especially critical for various reasons intrinsic to Prosegur's business:

- Employees are frequently exposed to risk situations.
- Large sums of cash and personal goods are handled.
- Employees work not only to keep clients safe but also to protect and assist society at large.

All members of the governing bodies, executives and staff at Prosegur are committed to conduct themselves in an ethical manner and in strict compliance with regulatory requirements in discharging their duties. 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.

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.

Prosegur takes a "zero tolerance" approach to any non-compliance or irregularity.

Prosegur 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.

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 Departments. 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 by a local Compliance Committee. In countries in which, in certain spheres, the rules are especially restrictive, the Company develops specific regulatory compliance projects. In order to ensure that the 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 in Prosegur on crime prevention measures

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 compliance with the rules is an obvious duty for the Company. Therefore it endeavours to prevent, mitigate and, where appropriate, correct any possible impact that the actions of its staff could generate.

For several years Prosegur has been working to adopt the principle of due diligence to define the necessary 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 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.

General due diligence approach of Prosegur:

FORMALIZE

Establish policies and procedures to prevent and detect inappropriate behaviors, in order to reasonably reduce the probability of malpractice.

IMPLEMENT

Structure for monitoring and reporting of said policies and procedures with resources, functions, responsibilities and supervision of managers and Senior Management.

COMMUNICATE

Communicate periodically and practically these policies and procedures in order to ensure that employees know and understand what is expected of them.

MONITOR

Periodic evaluation of prevention and control elements and their adaptation to risk issues.

SAFEGUARD

Define a confidential system for the notification of bad practices.

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 bound at the local level of several of the countries where it performs its activities by legislation affecting the Prevention of Money Laundering and Financing of Terrorism. 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 EU 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.

To be specific, Prosegur is subject to regulation in most of the countries where it carries out its business through local operatives. Furthermore, in Colombia it is legally bound in the Security business. Prosegur has developed and implemented a money laundering prevention programme which takes multiple considerations into account (customer knowledge/analysis of operations/training/regulator relationship).

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 our 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 our 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 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 our 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 our 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 2019, a total of 10,458 employees received training in the prevention of money laundering.

General Data Protection Regulation (GDPR)

Prosegur applies the General Data Protection Regulation (GDPR), European legislation on the protection of natural persons with regard to the processing of personal data and the free movement of such data.

The Company has a Data Protection Committee, with representatives of the businesses and corporate areas, as Functional Data Protection Managers, all under the supervision of the Data Protection Officer (DPO). The system is guided by the GDPR Governance Model for which the Board of Directors has maximum responsibility and that is distributed along three lines of defence: the one composed by the Data Protection Committee, the Privacy and Data Protection Managers and Officers Committee and, lastly, the third line of defence composed of Internal Auditing.

All of the above enables Prosegur to make use of a Comprehensive Data Protection Management Model and to obtain a clear view of the degree of compliance with data protection regulations–GDPR and LOPDGDD–within the company, making it possible to prioritise the activities for complying with those regulations, minimising the risks to the organisation's privacy.

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.

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 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.

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).

Report 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 a Report Channel enabling any person, whether or not they belong to the company, to report such conduct safely and anonymously via a form available on the website www.prosegur.com. The Internal Audit Department confidentially manages any reports received and, where appropriate, and in line with their type and seriousness, sends them to the department responsible for managing, investigating and solving the complaint.

In accordance with the findings of the investigations, in the meetings of the Audit Committee the necessary measures are taken for cases requiring action on the part of the Company.

During 2019 a project was initiated for restructuring the Report Channel, the purpose of which was to optimise the administration and control of complaints in all countries where Prosegur operates, by two improvements: the implementation of standardised procedures and the development of a single management tool. By means of these two developments:

- The channels are combined and standardised in all countries.
- Confidentiality and/or anonymity is guaranteed.
- Any reports that are not the authority of the channel are filtered.
- It unifies the procedures and single format in all documents.
- It calculates deadlines and includes expiration reminder alarms.
- Consolidated indicators are generated for the extraction of aggregate information.
- It streamlines the review of the status of all reports.

In short, it improves the efficiency in the management and resolution of reports and includes the adaptations required by the Fifth Directive (entry into force in 2021), mainly consisting of the protection of informant identity and guarantee of any 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, undertakes to promote respect for human rights as a fundamental element in performing its activities.

The Company is concerned to uphold, in its practices and procedures, application of the human rights listed in the Universal Declaration of Human Rights (UDHR), adopted by the United Nations General Assembly. This commitment, included in the Prosegur Corporate Social Responsibility Policy, is conceived as an additional responsibility to the fulfilment of the laws and regulations established in the territories in which it is present, and particularly in countries in which the State's capacity to safeguard human rights is limited.

In addition, in 2002 Prosegur joined the United Nations Global Compact, demonstrating its firm commitment to integrate human rights into its business management. The participation in this initiative is included in the general principles for action of the Corporate Social Responsibility Policy.

For several years, the Company has been working with a view to adopting the principle of due diligence to define the necessary internal supervisory measures to help manage this matter. These transversal factors enable it to assert that it does its utmost to encourage good practices and prevent, detect and eradicate irregularities in connection with human rights. Furthermore, Prosegur has an analysis of relevant issues having an impact on human rights in its activity, which has defined the degree of connection with each issue, their possible internal and external causes, the resulting impact on people, the risks for the company and the human rights affected.

Within the framework of Prosegur 3P system, formal policies and procedures have been devised in connection with human rights, determining the structure and mechanism for supervision and reporting.

Prosegur has a solid system to manage and control risks in which factors pertaining to human rights are considered. These include the breach of personal rights and freedoms and working rights. Through the system described in chapter 4.2. of this Directors' Report, the critical operating, 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.

The Company's Report Channel enables employees and third party stakeholders to report, in a confidential and anonymous way, any potentially significant irregularity they might notice, including events linked to potential breaches of human rights.

Prosegur remains determined to go ahead with an efficient approach in managing human rights. After the due diligence process implemented in 2018 by the Prosegur group which made it possible to identify and prioritise human rights risks and to revise policies and procedures for the management of human rights, in 2019 the company has made good progress in putting the opportunities identified into operation with a view to improving the management of mechanisms for prevention and/or control of human rights risks.

To this regard, work has been done on the design of a Human Rights management system, based on a continuous improvement method, for the perfection of processes by means of activity planning.

One of the main activities planned with regard to the recommendations of the due diligence process was the preparation of a specific Human Rights Policy. Throughout 2019 work has been undertaken on the development of this document, whose approval and publication is planned during 2020.

On the other hand, the Company trains its employees in the respect for human rights and publicly promotes this. This issue is 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. In 2019, Prosegur offered a total of 50,045 training hours in matters related to human rights.

As explained in chapter 3.3 of this Directors' Report, Prosegur continuously 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 2019, the most frequently asked questions regarding human rights were relative to the due diligence process implemented in 2018, specifically on the freedom of assembly and working conditions.

Prosegur has not received any complaints through its Report Channel in relation to human rights breaches.

5.5. Company information

KPIs	2018	2019	Scope
Number of complaints received from clients/Number of complaints solved	Security: 1,502/1,473 Cash: 22,783/19,375 Alarms: 65,116/55,682	Security: 991/964 Cash: 31,075/23,822 Alarms: 55,326/51,130	93% 97% 93%

The scope of these KPIs excludes the scope of the new M&A acquisitions in 2019, disinvestments and the countries in which businesses 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 five specific goals most closely related to its activities and lines of business.

4 QUALITY EDUCATION	Prosegur acknowledges that education is the basis for a better life and sustainable development. The commitment of the Company with inclusive, equal and quality education has been developed and expanded in time, to empower and strengthen employee capacities and opportunities. By means of various initiatives, the Company contributes toward the ongoing development of its human capital.
8 DECENT WORK AND ECONOMIC GROWTH	To achieve sustainable economic development, Prosegur creates work spaces that respect and promote the workers' development. The distribution of a large portion of company income is focused on employee wages and benefits. This distribution has a direct impact on the gross domestic product and on the national employment situation in the various countries. Another of the action and contribution areas is based on the protection of occupational rights and promotion in a secure working environment. Furthermore, Prosegur guarantees inclusion into the job market and decent employment for all collectives through different integration schemes and programmes.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Digital transformation is a catalyst for the business strategy of Prosegur, which seeks to optimise its operations by becoming more efficient in managing resources and generating a direct effect on employees, clients, suppliers and communities in general. In this process, technology and innovation are a key element and a constant commitment in the endeavour for sustainable development.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Through the solid structure of Corporate Governance, as well as the monitoring and control mechanisms for ensuring compliance with the law and ethical behaviour in its actions, Prosegur assures its contribution to the transparency and accountability that allows the effective and sustainable development of the institutions and their environment.

17 PARTNERSHIPS FOR THE GOALS	With the aim of promoting development in the sector, improving quality standards and furthering more advanced public policies that contribute to sustainable development, Prosegur is involved in sectoral dialogue by participating in the main associations and organisations at global, regional, national and local level.

5.5.2. Suppliers

Prosegur has a Resources Management Department shared by the different business divisions, which is responsible for managing 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 Management 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 General Standard on Procurement mentioned above.

Progress in recent years has focused on the search for excellence in management, improved service to the client, transparency and control and cost efficiency.

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. In this respect, all suppliers are required to accept, abide by and comply with the Code once they have signed their contract with Prosegur in all operations, at both corporate and local level.

In this regard, Prosegur's Code of Ethics states that suppliers must accept the Code of Ethics and Conduct as soon as they sign a contract. 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 does not conduct audits to supervise its suppliers.

Prosegur currently has trade relationships with suppliers throughout the world, amongst which the following are some of the principal suppliers:

- Technology: Technological material and subcontracting of services.
- Fleet: Fuel and armoured vehicles for cash in transit.
- Service management: Supplies, cleaning, building maintenance, travel, telephony and others.
- Telecommunications and IT: Devices, software, hardware and technical assistance.
- Properties: Constructions, rentals and furnishing.
- Materials: For the Prosegur Alarms business.

- Equipment and uniforms: For operating staff.
- Machines: Operational and maintenance materials in the Prosegur Cash business.
- Other services: External advisers, marketing and training.

An example of actions from both the aspect of social and environmental responsibility are as follows:

- Uniformity: Distribution takes place centrally for all of Europe from the warehouse that we manage together with the Aprocor Foundation that employs individuals with disabilities. This warehouse recycles garments. In 2019 more than half a million uniforms were recycled, garments with the subsequent positive impact in terms of solidarity as well as the environment.
- Cash Containers: Prosegur has progressed in the use of operating material with recycled plastic particularly in Europe to mitigate the environmental impact associated with the use of plastics.
- Fleet: The company chooses vehicles in consideration of compliance with the latest Euro VI legislation, lower fuel consumption and the least generation of CO2 possible. In 2019, 61 electric vehicles were put into operation in Spain, and a reduction of the fleet of 250 vehicles in the Alarm business has been achieved.

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 360º model that covers all stages of their needs. These values are conveyed by all employees, particularly those in direct contract with customers (sales staff, facility technicians, customer service or security guards). In recent years it has implemented a B2B client platform through which it can conduct a follow-up of its principal clients who account for around 40 % of the total invoicing of the business unit. The purpose is to ensure an adequate response to their requirements, maintaining the traceability required for this.

Furthermore, the Security business has continued the development of the CEM Customer 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 “Customer 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 the Alarms business, the main goal is to ensure clients, B2B as well as BTC, 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 customer satisfaction with the service provided in five different touchpoints: Customer service, service contracting, installation process, technical revision and alarm sounding/response.

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 represented in 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 segments of the Group.

- Security: mainly includes the activities of guarding and protection of premises, goods and individual and activities related to technological security and cybersecurity solutions.
- Cash: mainly includes 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.
- 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 Divisions which cover the Financial-Economic department, Prosegur Gestión de Activos (Prosegur Asset Management), Risk Management and CEO's Office. From the geographical perspective, the following areas are identified:

- Europe, which includes the following countries: Germany, Spain, France, 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), Portugal and Turkey.
- ROW, which includes the following countries: Australia, China, United States, The Philippines, India, Indonesia, Singapore and South Africa.
- Ibero-America, including the following countries: Argentina, Brazil, Chile, Colombia, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru and Uruguay.

The breakdown by region of profit before income tax is as follows:

	Europe	ROW	Ibero-America	Total
Profit before tax	61,731	(21,085)	224,221	264,867

EUR 39 million of taxes were paid in the European region, 0 in ROW and EUR 85 million in Ibero-America.

The breakdown of the effective rate by country is as follows:

	Argentina	Spain	Brazil	Peru	Portugal	Germany	Paraguay	Mexico	USA	Other
Tax rate	29%	34%	56%	35%	28%	50%	11%	11%	37%	22%

The breakdown of the effective rate by geographic region is as follows:

	Europe	ROW	Ibero-America
Tax rate	42%	12%	35%

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 tax for profits in 2019 was 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. Contribution to the Prosegur Foundation

Within the framework of the commitment of Prosegur to contribute to the advancement of the regions where it operates, special mention is made of the work of the Prosegur Foundation in the social field. With three defined focus areas -Education, Employment Opportunities for the Intellectually Disabled and Corporate Volunteering- the activity of the Prosegur Foundation is aimed at the creation of shared value between company and society and also impacts the attainment of the Sustainable Development Objectives.

The entity seeks to build a society with greater solidarity and to generate opportunities for the development of individuals. In 2019, the Foundation Prosegur reached the figure of 31,111 direct beneficiaries in 15 countries ,(2018: 42,063 direct beneficiaries in 10 countries) with milestones for the year being the entry into Central America with the internal Becas Talento (Talent scholarships) scheme, the 7% increase in the number of Prosegur group professionals involved in volunteer activities and the 6% increase in Latin American pupils in schools associated to our "Piecitos Colorados" Development Cooperation Programme. Furthermore, conscious of the current context of digital transformation, this year the institution has promoted educational initiatives aimed at encouraging innovation and training competences of the 21st century, such as creativity, entrepreneurship, teamwork and experiential learning.

On an annual basis, the Prosegur Group contributes to Prosegur Foundation the funds necessary for its operation. Contribution to Prosegur Foundation in 2019 amounted to EUR 2.9 million.

Table contents Act

Index of the contents required by Spanish Act 11/2018, of 28 December

-	Number of hours of absenteeism	GRI 403-9	212 and 221
-	Measures aimed at facilitating the benefits of reconciliation and promoting the co-responsible exercise of these by both parents	GRI 401-3	222
Health and safety			
-	Health and safety conditions in the workplace	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-7	222 and 223
-	Occupational accidents, specifically their frequency and gravity, as well as occupational illnesses, broken down by gender	GRI 403-9 GRI 403-10	223
Social relations			
-	Organisation of social dialogue including procedures for informing and consulting staff and negotiating with them	GRI 103-2	220
-	Percentage of employees covered by the collective agreement by country	GRI 102-41	220
-	Result of bargaining agreements, particularly in the field of occupational health and safety.	GRI 403-4	220
Training			
-	Policies implemented in the training field	GRI 103-2 GRI 404-2	219 and 223
-	Total number of training hours by professional category	GRI 404-1	211
Universal integration and accessibility of individuals with disabilities			
-	Measures adopted to promote equal treatment and opportunities between men and women	GRI 103-2	221
-	Equality plans, measures adopted to promote employment, protocols against sexual and gender-based harassment	GRI 103-2	221
-	Policy against all types of discrimination and, where appropriate, diversity management.	GRI 103-2	221
Environmental issues			
-	**Management approach:** description and results of policies relative to these issues, as well as the main risks relating to these issues associated with the activities of the Group	GRI 102-15 GRI 103-2	201
Detailed general information			
-	Detailed information on the current and foreseeable effects of Company activities on the environment and, where appropriate, on health and safety.	GRI 102-15	204
-	Environmental evaluation or certification procedures	GRI 103-2	204
-	Resources devoted to environmental risk protection	GRI 103-2	207
-	Application of the Precautionary Principle	GRI 102-11	204

-	Quantity of provisions and guarantees for environmental risks	GRI 103-2	207
Pollution			
-	Measures to prevent, decrease or remedy emissions that seriously affect the environment, considering any form of atmospheric pollution specific to an activity, including noise and light pollution.	GRI 103-2 GRI 305-7	207
Circular Economy and waste prevention and management			
-	Measures for prevention, recycling, re-utilisation, other forms of recovery and elimination of waste.	GRI 103-2 GRI 306-1 GRI 306-2	207
-	Actions to fight the waste of food	GRI 103-2	202
Sustainable use of resources			
-	Consumption and supply of water in accordance with local restrictions	GRI 303-5	203
-	Consumption of raw materials and measures adopted to improve the efficiency of use	GRI 301-1	203
-	Direct and indirect energy consumption	GRI 302-1	203
-	Measures to improve energy efficiency	GRI 302-4	205
-	Use of renewable energies	GRI 302-1	206
Climate change			
-	Greenhouse Gas Emissions generated as a result of Company activities, including the use of the goods and services it produces	GRI 305-1 GRI 305-2	203
-	Measures adopted for adaptation to the consequences of climate change	GRI 201-2	204
-	Reduction targets established voluntarily for the medium and long term to reduce greenhouse gas emissions and the measures implemented for this purpose	GRI 305-5	204
Biodiversity protection			
-	Measures taken to preserve or restore biodiversity	GRI 103-2	202
-	Impacts caused by activities or operations in protected areas	GRI 103-2	202
Respect for Human Rights			
-	**Management approach:** description and results of policies relative to these issues, as well as the main risks relating to these issues associated with the activities of the Group	GRI 102-15 GRI 103-2	201
-	Application of due diligence procedures on human rights and the prevention of the risks of the infringement of human rights and, where appropriate, measures to mitigate, manage and remedy possible abuses committed	GRI 102-16 GRI 102-17 GRI 410-1 GRI 412-1 GRI 412-2	225
-	Reporting in cases of the infringement of human rights	GRI 103-2 GRI 406-1	231

-	Measures implemented for the promotion and compliance with the provisions of the fundamental conventions of the International Labour Organisation regarding the respect for the freedom of association and the right to collective bargaining, the abolition of discrimination in employment and occupation, the abolition of forced obligatory labour and the effective abolition of child labour.	GRI 403-2 GRI 403-1 GRI 403-1 GRI 403-1	220
Anti-corruption and bribery			
-	**Management approach:** description and results of policies relative to these issues, as well as the main risks relating to these issues associated with the activities of the Group	GRI 102-15 GRI 103-2	201
-	Measures adopted to prevent corruption and bribery	GRI 102-2 GRI 102-16 GRI 102-1 GRI 205-1 GRI 205-3	224
-	Measures to combat money laundering	GRI 102-2 GRI 102-16 GRI 102-1 GRI 205-1 GRI 205-3	227
-	Contributions to foundations and not-for-profit entities	GRI 102-13 GRI 201-1	230 and 236
General information on the Company			
-	**Management approach:** description and results of policies relative to these issues, as well as the main risks relating to these issues associated with the activities of the Group	GRI 102-15 GRI 103-2	201
Commitments of the Company with sustainable development			
-	Impact of the Company activity on local employment and development	GRI 103-2 GRI 204-1	202
-	The impact of the Company activity on local populations and the territory	GRI 413-1 GRI 413-2	202
-	The relations with local players of local communications and types of dialogue with them	GRI 102-43 GRI 413-1	202
-	Association or sponsorship actions	GRI 103-2	230 and 236
Subcontracting and suppliers			
-	Inclusion in the procurement policy of social, gender equality and environmental issues.	GRI 103-2	233
-	Consideration of social and environmental responsibility in relations with suppliers and subcontractors	GRI 102-9	233
-	Supervision and audits and their results	GRI 102-9 GRI 308-2 GRI 414-2	233
Consumers			
-	Measures for consumer health and safety	GRI 103-2	234
-	Systems for claims, complaints received and their resolution	GRI 103-2 GRI 418-1	234

Tax information			
-	The profits obtained country by country	GRI 207-4	236
-	Income tax paid	GRI 207-4	236
-	Public grants received	GRI 201-4	235

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 Cash is a subsidiary of the Prosegur Group, which has been a member of the United Nations Global Compact since 2002.

Global Compact Principle	Chapter
Human Rights	
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights, within their scope of influence	5.4. Respect for Human Rights
Principle 2. Companies should make sure that they are not complicit in Human Rights abuses.	5.4. Respect for Human Rights
Labour laws	
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.2. Social and employment matters
Principle 4. Companies should support the elimination of all forms of forced and compulsory labour.	5.2. Social and employment matters 5.5.2. Suppliers
Principle 5. Companies should support the effective abolition of child labour.	5.2. Social and employment matters 5.5.2. Suppliers
Principle 6. Companies should support the elimination of discrimination in respect of employment and occupation.	5.2. Social and employment matters
Environment	
Principle 7. Businesses should support a precautionary approach to benefit environmental challenges.	5.1. Environmental matters
Principle 8. Companies should undertake initiatives to promote greater environmental responsibility.	5.1. Environmental matters
Principle 9. Companies should encourage the development and diffusion of environmentally friendly technologies.	5.1. Environmental matters
Anti-Corruption	
Principle 10. Businesses 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 Cash S.A.	-
102-2	Activities, trademarks, products and services	1.1. Business Model	-
102-3	Location of organisation headquarters	Calle Santa Sabina, 8, Madrid, Spain	-
102-4	Location of Operations	1. About Prosegur Cash	-
102-5	Ownership and legal nature	1.2.1. Ownership structure	-
102-6	Service markets	1. About Prosegur Cash	-
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 Chairman 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 approach - 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 structure	-
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 structure	-
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.prosegurcash.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.prosegurcash.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 structure	-
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 organisational structure Annual Corporate Governance Report Available at www.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.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.prosegurcash.com	-
102-35	Describe the remuneration policies for the Board of Directors and Senior Management	Annual Corporate Governance Report Available at www.prosegurcash.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.prosegurcash.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 2019 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.prosegurcash.com Director remuneration report Available at www.prosegurcash.com	-
102-39	Ratio of the percentage increase of total annual compensation	Annual Corporate Governance Report Available at www.prosegurcash.com Director remuneration report Available at www.prosegurcash.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	5. Statement of Non-financial Information	-

	by the organisation, by means of its annual report among other aspects. Specify which stakeholders raised each of the key topics and problems		
REPORTING PRACTICE			
102-45	Entities included in the Consolidated Annual Accounts	2019 Consolidated Annual Accounts Report Available at www.prosegurcash.com 1. About Prosegur Cash	-
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 re-stated	-
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)	2019	-
102-51	Date of the last report (if appropriate)	2018	-
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	accionistascash@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 2019 Consolidated Directors' Report, has been audited by KPMG.	-
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	N/A. There is no benefit plan for employees	-

	programmes		
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 approach - 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			
EMPLOY			
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 approach - 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	5.2. Social and employment matters	-

	occupational accident or illness		
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 approach - 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
PRODUCT RESPONSIBILITY			
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	-

KPMG Asesores S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Prosegur Compañía de Seguridad, S.A. and subsidiaries for the year 2019

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Prosegur Compañía de Seguridad, S.A.

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 31 December 2019, of Prosegur Compañía de Seguridad, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group) which forms part of the Group's 2019 Consolidated Directors' Report.

The Directors' Report includes additional information to that required by prevailing mercantile legislation governing non-financial information that has not been the subject of our assurance work. In this regard, our work was limited only to providing assurance on the information contained in the "Table contents Act" of the accompanying Consolidated Directors' Report.

Directors' responsibilities

The Board of Directors of the Parent Company is responsible for the contents and the authorisation for issue of the NFIS included in the Group's Consolidated Directors' Report, which has been prepared in accordance with the contents required by prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in accordance with each subject area in the "Table contents Act" of the aforementioned Consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the Report is free from material misstatement, whether due to fraud or error.

The directors of the Parent Company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with International Standard on Assurance Engagements, "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 with the Performance Guide on assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of Management, as well as of the different units of the Parent Company that participated in the preparation of the Report, in the review of the processes for compiling and validating the information presented in the Report and in the application of certain analytical procedures and sample review testing described below:

- Meetings with Parent Company personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2019 based on the materiality analysis performed by the Parent Company and described in the section "5. Statement of Non-financial Information. Introduction" of the accompanying Consolidated Directors' Report, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2019.
- Review of the information relating to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2019.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2019 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Prosegur Compañía de Seguridad, S.A. and subsidiaries for the year ended 31 December 2019 has not been prepared, in all material respects, in accordance with the contents included in prevailing mercantile legislation and with the GRI Standards selected, in accordance with each subject area in the "Table contents Act" of the aforementioned Consolidated Directors' Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

27 February 2020

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT OF 2019

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 and Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and subsidiaries for 2019, authorised for issue by the board of directors at the meeting held on 27 February 2020 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 individual and consolidated directors’ reports provide 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, 27 February 2020.

Ms Helena Irene Revoredo Delvecchio
Chair

Mr Isidro Fernández Barreiro
Vice-chairman

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 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 2019. 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 annual 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

Prosegur Compañía de Seguridad, S.A.

Annual Accounts

31 December 2019

Directors' Report

2019

(With Independent Auditor's Report Thereon)

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

KPMG Auditores, S.L.
Pº de la Castellana, 259C
28046 Madrid

Independent Auditor's Report on the Annual Accounts

(Translation from the original 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 at 31 December 2019, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

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 at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts 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 regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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 judgement, were of most significance in the 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 opinion thereon, and we do not provide a separate opinion on these matters.

Tax provisions and contingencies See notes 14 and 16	
Key audit matter	*How the matter was addressed in our audit*
As the head of the Spanish tax group of the Prosegur Group, the Company is exposed to possible tax claims. Assessing and monitoring lawsuits, including contingencies and, where applicable, the related provisions, is a complex process that entails evaluating future developments in these proceedings. Furthermore, these proceedings may be ongoing for a long period of time, which further complicates evaluation of these processes. The Company also has contingencies for contested tax assessments amounting to Euros 24 million for which no provision has been recognised. Due to the judgement inherent in assessing these different matters, the uncertainty associated with the estimates relating to the ongoing tax proceedings, and because changes therein could give rise to material differences with respect to the amounts recognised to date, this has been considered a key audit matter of the current period.	Our audit procedures included the following: • Obtaining representations from lawyers outside the Company regarding the status of these matters, their probability and, where applicable, possible outflows of resources for the Company. • Assessing the underlying events and circumstances deemed relevant by the legal advisors to establish their conclusions and evaluating the Company's best estimate. • Evaluating whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Recoverable amount of investments in Group companies See notes 9 and 25.4	
Key audit matter	*How the matter was addressed in our audit*
The Company has investments in Group companies amounting to Euros 1.328 million. In 2019 the Company did not recognise any impairment of these investments. There is a risk that the carrying amount of the investments in Group companies may exceed their recoverable amount in entities whose financial position has declined. As required under the applicable financial reporting framework, the Company performs an annual assessment of whether there are indications of impairment of the investments in Group companies and estimates the recoverable amount at the reporting date of the entities which present indications of impairment. The recoverable amount of each entity has been determined considering their value in use in the case of Cash and Surveillance business companies and based on their fair value in the case of those in the Alarms business. To estimate this value, the Company used valuation techniques that require the Directors to exercise judgement and make assumptions and estimates. Due to the uncertainty associated with these estimates and the significance of the carrying amount of the investments in Group companies, this has been considered a key audit matter of the current period.	Our audit procedures included the following: • Assessing the design and implementation of the controls associated with the process of identifying indications of impairment and estimating the recoverable amount of investments in Group companies. • Analysing the indications of impairment of the investments in Group companies identified by the Company. • When estimating the value in use of the Cash and Surveillance businesses: – Evaluating the reasonableness of the method used to calculate value in use and the main assumptions considered, with the involvement of our valuation specialists. – Contrasting the consistency of the estimated growth in future cash flows of each investment used in the calculation of value in use with the business plans approved by the Company's governing bodies. – Contrasting the cash flow forecasts of the entities estimated in prior years with the actual cash flows obtained. • When estimating the fair value of companies in the Alarms business: – Assessing, with the involvement of our valuation specialists, the reasonableness of the estimated fair value of the companies in the Alarms business, which was calculated by applying market multiples to recurrent monthly revenues per connection, obtained on the basis of the latest transactions observed. – Contrasting the consistency of the multiple used to calculate this value with the market reports on the latest transactions observed. • Analysing the sensitivity of the estimated recoverable amounts to changes in the relevant assumptions and judgements, such as the discount rate, the future growth rate or the EBITDA used when calculating the value in use of companies in the Cash and Surveillance businesses and the recurrent monthly revenues per connection and the multiplier when estimating the fair value of the companies in the Alarms business.

Recoverable amount of investments in Group companies See notes 9 and 25.4	
Key audit matter	*How the matter was addressed in our audit*
	• Evaluating whether the information disclosed in the annual accounts meets the requirements of the financial reporting framework applicable to the Company.

Other Information. Directors’ Report

Other information solely comprises the 2019 Directors' Report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility as regards the content of the directors' report is defined in the legislation regulating the audit of accounts, which establishes two different levels:

a) A specific level applicable to certain information included in the Annual Corporate Governance Report, as defined in article 35.2. b) of Audit Law 22/2015, which consists solely of verifying that the aforementioned information has been provided in the directors' report, and if not, to report on this matter.

b) A general level applicable to the rest of the information included in the directors' report, which consists of assessing and reporting on the consistency of this information with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned accounts and without including any information other than that obtained as evidence during the audit. Also, assessing and reporting on whether the content and presentation of this part of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above has been provided in the directors' report, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2019, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, 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 have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

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 legislation regulating the audit of accounts 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 economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 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 a true and fair view.

We communicate with the audit committee of Prosegur Compañía de Seguridad, S.A. 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 entity's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding 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 to the audit committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which 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 report is consistent with our additional report to the Company's audit committee dated 27 February 2020.

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 4 June 2019 for a period of one year, specifically for the year ended 31 December 2019.

Previously, we were appointed by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2010.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(*Signed on original in Spanish*)

María Lacarra
On the Spanish Official Register of Auditors ("ROAC") with No. 20,411

27 February 2020

Annual Accounts and Directors' Report at 31 December 2019

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

Prosegur Compañía de Seguridad, S.A.

Table of contents

I. INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Expressed in thousands of EUR)

	Notes	2019	2018
Net turnover	**3**	**108,595**	**130,653**
Dividend received	**3 and 19**	80,440	95,255
Loan interest income	**3 and 19**	2,131	2,570
Provision of services	**3 and 19**	26,024	32,828
Supplies		**(18)**	**(22)**
Consumption of raw materials and other consumables		(18)	(22)
Other operating income		**610**	**4,776**
Non-core and other operating revenues		610	4,776
Personnel Expenses	**3**	**(783)**	**(3,922)**
Wages, salaries and similar charges		(580)	(3,452)
Social security obligations		(203)	(470)
Other operating expenses		**(12,248)**	**(11,238)**
External services	**3**	(8,618)	(7,057)
Taxes		(193)	(134)
Losses, impairment and changes in commercial provisions		-	(19)
Other ordinary expenses		(3,437)	(4,028)
Fixed assets deterioration	**6 and 7**	**(4,617)**	**(4,644)**
Other profit/(loss)		**-**	**(38)**
EBIT		**91,539**	**115,565**
Financial income	**4**	**498**	**1,325**
2) Third parties		498	1,325
Finance expenses	**4**	**(9,996)**	**(12,013)**
From payables to Group companies and associates	**4 and 19**	(927)	(821)
From payables to third parties		(9,069)	(11,192)
Variation in fair value of financial instruments		**354**	**(732)**
Variation in fair value of financial instruments		354	(732)
Exchange differences	**4**	**122**	**(91)**
NET FINANCE INCOME		**(9,022)**	**(11,511)**
PROFIT BEFORE TAX		**82,517**	**104,054**
Income tax	**16**	(643)	(1,069)
PROFIT/(LOSS) FOR THE YEAR	**5**	**81,874**	**102,985**

The accompanying notes form an integral part of the Annual Accounts for 2019.

II. BALANCE SHEET AT 31 DECEMBER 2019 AND 2018

(Expressed in thousands of EUR)

ASSETS	Note	2019	2018
NON-CURRENT ASSETS		**1,452,791**	**1,015,010**
Intangible assets	**6**	**28,260**	**32,179**
Patents, licences, trademarks and others		28,257	32,162
Computer software		3	8
Other intangible assets		-	9
Property, Plant and Equipment	**7**	**11,795**	**12,480**
Technical facilities and other property, plant and equipment		11,795	12,480
Long-term investments in Group companies and associates		**1,401,311**	**956,552**
Equity instrument	**9**	1,328,311	956,552
Loans to companies	**8 and 11**	73,000	-
Long-term financial investments	**8 and 11**	**2,943**	**2,943**
Equity instrument		2,650	2,650
Other financial assets		293	293
Deferred tax assets	**16**	**8,482**	**10,856**
CURRENT ASSETS		**625,065**	**1,132,622**
Trade and other receivables		**92,497**	**53,205**
Clients' receivables for sales and services	**8**	192	348
Clients, Group companies and associates	**8, 11 and 19**	42,285	13,512
Miscellaneous receivables	**8 and 11**	6	285
Personnel	**8 and 11**	1	1
Current tax assets	**16**	50,008	39,052
Public entities, other receivables	**16**	5	7
Short-term investments in Group companies and associates	**8, 11 and 19**	**161,256**	**450,666**
Loans to companies		62,790	366,305
Other financial assets		98,466	84,361
Short-term financial investments	**8 and 11**	**320,289**	**489,936**
Loans to companies		348	348
Debt securities		319,621	489,268
Other financial assets		320	320
Short-term deferrals		**1,144**	**552**
Cash and cash equivalents	**12**	**49,879**	**138,263**
Cash and other cash equivalents		49,879	138,263
TOTAL ASSETS		**2,077,856**	**2,147,632**

The accompanying notes form an integral part of the Annual Accounts for 2019.

(Expressed in thousands of EUR)

NET EQUITY AND LIABILITIES	Notes	2019	2018
EQUITY		**1,033,718**	**1,136,296**
Shareholders' equity		**1,033,718**	**1,136,296**
Subscribed capital	**13**	**35,921**	**37,027**
Registered capital		35,921	37,027
Share premium	**13**	**25,472**	**25,472**
Reserves	**13**	**1,077,404**	**1,115,106**
Legal and statutory reserves		7,406	7,406
Other reserves		1,069,998	1,107,700
(Own shares and equity holdings)	**13**	**(107,927)**	**(65,240)**
Profit/(loss) for the year	**5**	**81,874**	**102,985**
(Dividend on account)	**5**	**(79,026)**	**(79,054)**
NON-CURRENT LIABILITIES		**720,990**	**720,101**
Non-current provisions	**14**	**1,413**	**1,649**
Obligations for long-term personnel benefits		1,412	1,648
Other provisions		1	1
Long-term debts	**8 and 15**	**698,054**	**696,877**
Debentures and other negotiable securities		696,203	694,932
Other financial liabilities		1,851	1,945
Deferred tax liabilities	**16**	**21,523**	**21,575**
CURRENT LIABILITIES		**323,148**	**291,235**
Short-term debts	**8 and 15**	**94,978**	**88,999**
Debentures and other negotiable securities		6,252	6,252
Debts with credit institutions		6,020	-
Other financial liabilities		82,706	82,747
Short-term payables to Group companies and associates	**8 and 19**	**214,913**	**184,198**
Trade and other payables		**13,257**	**18,038**
Suppliers, Group companies and associates	**8, 15 and 19**	5,593	7,143
Sundry accounts payable	**8 and 15**	1,774	1,680
Personnel (salaries payable)	**8 and 15**	950	4,083
Public entities, other payables	**16**	4,940	5,132
TOTAL EQUITY AND LIABILITIES		**2,077,856**	**2,147,632**

The accompanying notes form an integral part of the Annual Accounts for 2019.

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

A) STATEMENTS OF RECOGNISED INCOME AND EXPENSE

(Expressed in thousands of EUR)

	Note	2019	2018
Profit/(losses) in the income statement	5	81,874	102,985
Total comprehensive income		81,874	102,985

The accompanying notes form an integral part of the Annual Accounts for 2019.

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	(Dividend on account)	TOTAL
	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Note 13 c)	(Note 5)	(Note 5)	
START OF FINANCIAL YEAR 2018	**37,027**	**25,472**	**7,406**	**632,637**	**(65,542)**	**830,334**	**(351,878)**	**1,115,456**
Recognised income and expense	**-**	**-**	**-**	**-**	**-**	**102,985**	**-**	**102,985**
Operations with partners or owners	**-**	**-**	**-**	**480,803**	**302**	**(830,334)**	**272,824**	**(76,405)**
Operations with own stocks or shares (net)	-	-	-	182	-	-	-	182
Accrued share-based incentives	-	-	-	-	302	-	-	302
Other operations with partners or owners	-	-	-	480,621	-	(830,334)	351,878	2,165
Dividend on account	-	-	-	-	-	-	(79,054)	(79,054)
Other changes in equity.	**-**	**-**	**-**	**(5,740)**	**-**	**-**	**-**	**(5,740)**
Other changes	-	-	-	(5,740)	-	-	-	(5,740)
BALANCE AT YEAR END 2018	**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 or 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
Dividend on account	-	-	-	-	-	-	(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**

The accompanying notes form an integral part of the Annual Accounts for 2019.

IV. CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Expressed in thousands of EUR)

	Note	2019	2018
Pre-tax financial year profit		**82,517**	**104,054**
Adjustments made to results		**(65,964)**	**(79,112)**
Fixed assets depreciation (+)	6 and 7	4,617	4,644
Change in provisions (+/-)	14	129	(50)
Results from fixed asset disposals and sale		-	38
Financial income (-)	4	(498)	(1,325)
Dividend received (-)	3	(80,440)	(95,255)
Finance expenses (+)	4	9,996	12,745
Exchange differences (+/-)	4	(122)	91
Variation in fair value of financial instruments (+/-)		354	-
Changes in current capital		**(27,259)**	**(22,579)**
Clients and other receivables (+/-)		(28,338)	(7,492)
Other current assets (+/-)		5,968	3,242
Trade and other payables (+/-)		(1,429)	(18,329)
Other current liabilities (+/-)		(3,366)	-
Other non-current assets and liabilities (+/-)		(94)	-
Other cash flows from operating activities		**59,141**	**23,646**
Interest payments (-)		(573)	(11,378)
Dividend collection (+)		75,053	49,127
Interest collection (+)		647	1,325
Income tax received/(paid) (+/-)		(15,245)	(15,428)
Other payments (receipts) (+/-)		(741)	-
Cash flows from operating activities		**48,436**	**26,009**
Payments for investments (-)		**(149,765)**	**(130,328)**
Group companies and associates		(149,751)	(130,214)
Intangible assets	6	(3)	(3)
Property, Plant and Equipment	7	(11)	(111)
Collections from disposal of investments (+)		**-**	**29,434**
Group companies and associates		-	29,434
Cash flows from investing activities		**(149,765)**	**(100,894)**
Collections and payments for equity instruments	13	**(107,286)**	**-**
Purchase of instruments (-)		(107,937)	-
Sale of equity instruments (+)		651	-
Collections and payments for liability instruments		**197,425**	**180,164**
Issue		197,425	760,897
Debentures and similar securities (+)		160,690	694,932
Debts with credit institutions (+)		6,020	-
Loans to Group companies and associates (+)		30,715	65,965
Repayment and amortisation of		-	(580,733)
Debentures and similar securities (-)		-	(500,000)
Debts with credit institutions (-)		-	(80,639)
Other payables (-)		-	(94)
Dividends payable and remunerations from other equity instruments		**(77,194)**	**(71,882)**
Dividends (-)		(77,194)	(71,882)
Cash flows from financing activities		**12,945**	**108,282**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(88,384)**	**33,397**
Cash and equivalents at the beginning of the year	12	138,263	104,866
Cash and equivalents at the end of the year	12	49,879	138,263

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 into the following business lines:
- Security.
- Cash.
- Alarms.

From 2013 the Company segregated the private security branch of activity 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 is controlled by Gubel, S.L., a company incorporated in Madrid which, after the capital reduction approved in the General Shareholders Meeting held on 4 June 2019, owns 51.618% of the shares of Prosegur Compañía de Seguridad, S.A.,

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 2019. The consolidated Annual Accounts were drawn up by the Board of Directors, together with these Individual Annual Accounts, on 27 February 2020 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Companies Register of Madrid.

The Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for 2019 present consolidated profit of EUR 160,226 thousand and consolidated equity of EUR 898,340 thousand (EUR 180,006 thousand and EUR 1,066.457 thousand respectively in 2018).

2. Basis of 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 2019, the Annual Accounts show those pertaining to the previous year, those of 2018, approved by the General Shareholders' Meeting at 4 June 2019.

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		Row		LatAm		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dividend received:										
- Group companies and associates	80,440	95,255	-	-	-	-	-	-	80,440	95,255
Loan interest income	266	2,262	-	72	1,573	23	292	213	2,131	2,570
Provision of services:										
- General services	28,180	28,255	560	112	36	(367)	(2,752)	4,828	26,024	32,828
Total	**108,886**	**125,772**	**560**	**184**	**1,609**	**(344)**	**(2,460)**	**5,041**	**108,595**	**130,653**

Negative amounts correspond to credits associated with brand use transfer services.

Of the total dividend income, an amount of 44,447 thousand euros corresponds to the Cash business while an amount of 35,993 thousand euros corresponds to the asset management business.

b) Personnel Expenses

Details of the employee benefits expense are as follows:

	Thousands of euros	
	2019	**2018**
Salaries and wages	536	3,452
Social security obligations	189	391
Other employee benefits expenses	58	79
Total	**783**	**3,922**

The 2017 and 2020 long-term incentive plans 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 2019 commitment amounting to EUR 712 thousand (EUR 2,855 thousand in 2018).

Additionally, the salary and salaries heading includes a reversal during 2019 of the provision of said incentive, for an amount of 4,742 thousand euros.

c) External Services

Details of external services are as follows:

	Thousands of euros	
	2019	**2018**
Leases and levies	290	262
Independent professional services	5,473	5,085
Transport	2	1
Insurance premiums	40	203
Banking and similar services	422	355
Advertising and supplies	1,687	783
Other services	704	368
Total	**8,618**	**7,057**

d) Sale of Fixed Assets

In 2019 and 2018, there were no significant sales of property, plant and equipment.

4. Net Finance Income

Details of financial income and costs are as follows:

	Thousands of euros	
	2019	**2018**
Financial income	**852**	**593**
Third parties	498	1,325
Short-term financial income	354	(732)
Finance expenses	**(9,996)**	**(12,013)**
From payables to Group companies (Note 19)	(927)	(821)
From payables to third parties	(9,069)	(11,192)
Exchange differences	**122**	**(91)**
NET FINANCE INCOME	**(9,022)**	**(11,511)**

Finance income and costs

Finance costs in relation to Group companies reflect interest earned on current loans to Group companies (Note 19).

The interest for debts with third parties correspond to the accrued interest for uncovered bonds issued in 2013 and 2018 (Note 15).

The financial income amounting to EUR 498 thousand (EUR 640 thousand in 2018) corresponds to the interest generated by the investments in time deposits (Note 8).

Exchange profit/losses

The main currency conversion difference items are the following:

		Thousands of euros	
	Currency	**2019**	**2018**
Barclays bank loan	South African Rand	-	(324)
Debt due to acquisition of Martom	Brazilian Real	-	7
Debt due to acquisition of Beloura Investment	Colombian Peso	(21)	76
Other items		143	150
		122	**(91)**

5. Profit/(loss) for the year

a) Distribution of profit

On the date these Annual Accounts are authorised for issue, the Directors will propose to the shareholders at their general meeting that profit for the year be distributed as follows.

	Thousands of euros	
	2019	**2018**
Basis of allocation		
Profit/(loss) for the year	81,874	102,985
Total	**81,874**	**102,985**
Allocation		
Voluntary reserves	2,848	(21,069)
Capitalisation Reserve	-	45,000
Dividend on account	79,026	79,054
Total	**81,874**	**102,985**

The distribution of the profit for 2018 was approved on 29 May 2019:

On 19 December 2019 the Board of Directors approved the distribution of a regular dividend of EUR 0.132 per share on account of the 2019 profits, or a total maximum dividend of EUR 79,026 thousand (considering that the share capital is currently represented by 598,679,362 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2020. Each payment is calculated as EUR 0.0330 per outstanding share at the payment date.

At 31 December 2019 dividends payable of EUR 79,026 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 2018 is reflected in the item of "Other operations with partners or owners" of the statement of changes in equity for the amount of EUR 2,060 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 19,756 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:

	Thousands of euros 2019
1. Initial cash on hand (before the interim dividend)	(43,882)
2. Group current bank account balances	422,863
3. Proceeds pending	57,067
4. Temporary financial investments	689,998
5. Payments for Current Operations	(3,807)
6. Payments for Financial Transactions	(8,725)
7. Extraordinary Payments	(962)
Forecast Cash	**1,112,552**
Less dividend payments according to the proposal	(79,026)
Final cash after dividends	**1,033,526**

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:

EUR thousand	Licences	Trademarks and similar	Computer software	Other intangible assets	Total
Cost					
Balance at 01 January 2018	**5**	**39,068**	**26**	**362**	**39,461**
Additions	3	-	-	-	3
Balance at 31 December 2018	**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**
Depreciation and amortisation					
Balance at 01 January 2018	**(1)**	**(3,005)**	**(14)**	**(317)**	**(3,337)**
Amortisation for the year	(1)	(3,907)	(4)	(36)	(3,948)
Balance at 31 December 2018	**(2)**	**(6,912)**	**(18)**	**(353)**	**(7,285)**
Amortisation for the year	(1)	(3,907)	(4)	(9)	(3,921)
Balance at 31 December 2019	**(3)**	**(10,819)**	**(22)**	**(362)**	**(11,206)**
Carrying amount					
At 01 January 2018	**4**	**36,063**	**12**	**45**	**36,124**
At 31 December 2018	**6**	**32,156**	**8**	**9**	**32,179**
At 31 December 2019	**8**	**28,249**	**3**	**-**	**28,260**

a) Description of the main movements

In 2019, the additions correspond to the acquisition of Microsoft Software licences for EUR 3 thousand (EUR 3 thousand in 2018).

There are no significant disposals of property, plant and equipment in 2019 nor in 2018.

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 year end are as follows:

			Thousands of euros			
			2019			
Description and operation	Expiry date	Depreciation period (Note 25.1)	Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
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**

			Thousands of euros			
			2018			
Description and operation	Expiry date	Amortisation period	Amortisation for the year	Cost	Accumulated amortisation	Carrying amount
Licences - Software	2026	10 years	-	1	1	-
Licences - Software	2027	10 years	1	4	1	3
Licences - Software	2028	10 years	-	3	-	3
			1	**8**	**2**	**6**

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	
	2019	**2018**
Computer software	2	2
Other intangible assets	362	-
	364	**2**

d) Assets subject to guarantees and title restrictions

At 31 December 2019 and 2018 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 equipment	Total
Cost			
Balance at 01 January 2018	**310**	**13,366**	**13,676**
Additions	103	8	111
Disposals	(35)	(2)	(37)
Balance at 31 December 2018	**378**	**13,372**	**13,750**
Additions	-	11	11
Balance at 31 December 2019	**378**	**13,383**	**13,761**
Depreciation and amortisation			
Balance at 01 January 2018	**(256)**	**(355)**	**(611)**
Disposals	35	2	**37**
Amortisation for the year	(34)	(662)	**(696)**
Balance at 31 December 2018	**(255)**	**(1,015)**	**(1,270)**
Amortisation for the year	(31)	(665)	(696)
Balance at 31 December 2019	**(286)**	**(1,680)**	**(1,966)**
Carrying amount			
At 01 January 2018	**54**	**13,011**	**13,065**
At 31 December 2018	**123**	**12,357**	**12,480**
At 31 December 2019	**92**	**11,703**	**11,795**

a) Description of the main movements

In the 2019 financial year, the most significant additions correspond to information processing equipment for EUR 10 thousand and telephony for EUR 1 thousand.

There were no disposals in the 2019 financial year.

In 2018, the most significant additions in property, plant and equipment corresponded to the installation of security systems for EUR 103 thousand, to the purchase of information equipment for EUR 6 thousand and telephony for EUR 2 thousand.

The most significant disposals in property, plant and equipment in 2018 corresponded to furniture for EUR 35 thousand and another PPE for EUR 2 thousand.

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	
	2019	**2018**
Other installations, equipment and furniture	131	23
Other property, plant and equipment	187	185
	318	**208**

c) Property, plant and equipment pledged as collateral

At 31 December 2019 and 2018 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	
	2019	**2018**
Lease expenses	290	262
	290	**262**

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	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 (Note 11)	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**

Thousands of euros	2018			
	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
	-	**-**	**2,943**	**2,943**
Current				
Loans and Receivables (Note 11)	366,305	14,146	84,709	465,160
Other financial assets (Note 11)	-	-	489,588	489,588
	366,305	**14,146**	**574,297**	**954,748**
Total	**366,305**	**14,146**	**577,240**	**957,691**

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	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**	**1,016,262**

Thousands of euros	2018				
	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)	694,932	-	-	1,945	696,877
	694,932	**-**	**-**	**1,945**	**696,877**
Current					
Debts and payables (Note 15)	6,252	-	12,906	266,945	286,103
	6,252	**-**	**12,906**	**266,945**	**286,103**
Total	**701,184**	**-**	**12,906**	**268,890**	**982,980**

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:

	2019					
	Financial assets					
Thousands of euros	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**

	2018					
	Financial assets					
Thousands of euros	2019	2020	2021	2022	Subsequent years	TOTAL
Investments in Group companies and associates:						
- Loans to companies (Note 19)	366,305	-	-	-	-	**366,305**
- Other financial assets	84,361	-	-	-	-	**84,361**
	450,666	**-**	**-**	**-**	**-**	**450,666**
Financial Investments:						
- Equity instruments	-	-	-	-	2,650	**2,650**
- Loans to companies	348	-	-	-	-	**348**
- Other financial assets	489,588	-	-	-	293	**489,881**
	489,936	**-**	**-**	**-**	**2,943**	**492,879**
Trade and other receivables:						
- Clients from sales and other	348	-	-		-	**348**
- Clients, Group companies and assoc.	13,512	-	-	-	-	**13,512**
- Sundry Debtors	285	-	-	-	-	**285**
- Personnel	1	-	-	-	-	**1**
	14,146	**-**	**-**	**-**	**-**	**14,146**
Total	**954,748**	**-**	**-**	**-**	**2,943**	**957,691**

Other financial assets include fixed-term deposits contracted with the following characteristics:

- On 7 April 2017, a fixed income investment fund was set up with Gesconsulting, S.A. for the amount of EUR 25,000 thousand with an annual interest rate of 0.14%. This fund of 6 November 2019 was written off for EUR 20,000 thousand.
- On 19 April 2017, a fixed income investment fund was set up with Gesconsulting, S.A. for the amount of EUR 25,000 thousand with an annual interest rate of 0.14%.
- On 22 June 2017, Repo was constituted for EUR 150,000 thousand in Citibank Global Markets, with an annual interest rate of 0.05%.
- On 15 March 2018, Repo was constituted for EUR 150,000 thousand in Citibank Global Markets, with an annual interest rate of 0.05%. This fund of 16 December 2019 was written off for EUR 150,000 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%.

b) Financial liabilities:

	2019					
	Financial liabilities					
Thousands of euros	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**

	2018					
	Financial liabilities					
Thousands of euros	2019	2020	2021	2022	Subsequent years	TOTAL
Debentures and other negotiable securities (Note 15)	6,252	-	-	-	694,932	**701,184**
Payables to Group companies (Note 19)	184,198	-	-	-	-	**184,198**
Suppliers, Group companies and associates (Note 15)	7,143	-	-	-	-	**7,143**
Sundry creditors (Note 15)	1,680	-	-	-	-	**1,680**
Personnel (Note 15)	4,083	-	-	-	-	**4,083**
Other financial liabilities (Note 15)	82,747	94	94	94	1,663	**84,692**
Total	**286,103**	**94**	**94**	**94**	**696,595**	**982,980**

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	
	2019	2018
Balance at 1 January	**956,552**	**960,254**
Investments	371,759	(3,702)
Additions	371,759	4,355
Disposals	-	(8,057)
Balance at 31 December	**1,328,311**	**956,552**

In 2019 the Company made a series of capital increases by capitalising loans in companies in which it had a holding in previous years (Note 8).

During 2018, the Company carried out a restructuring process to bring the companies of the cybersecurity business line into a single company, Prosegur Global Ciber Security, S.L.U. The following operations were therefore carried out in chronological order:

At the beginning of 2018, the Company acquired Prosegur Ciberseguridad Uruguay, S.A. for EUR three thousand, Dognaedis Limited SASU for EUR 1,700 thousand and Prosegur CIberseguridad Paraguay SA for EUR 335 thousand.

On March 2, 2018, the Company constituted Prosegur Global Ciber Security, S.L.U.

On 4 July 2018, the Company participated in the capital increase of Prosegur Global Ciber Security, S.L.U. by EUR 2,317 thousand through the non-monetary contributions of the following companies valued at the corresponding carrying amount in the Consolidated Annual Accounts on the date on which the operation is carried out:

- Prosegur Ciberseguridad Uruguay, S.A: loss of participation of EUR 3 thousand and contribution of EUR four thousand.
- Dognaedis Limited SASU: loss of participation of EUR 1,700 thousand and contribution of EUR 30 thousand.
- Prosegur Ciberseguridad Paraguay SA: loss of participation of EUR 335 thousand and contribution of EUR one.
- Dognaedis Lda: loss of participation of EUR 2,760 thousand and contribution of EUR 2,283 thousand.
- Prosegur Ciberseguridad SAS: loss of participation of EUR 15 thousand and contribution of EUR 1.
- Prosegur Ciberseguridad Spain, S.L: loss of participation of EUR 3,244 thousand and contribution of EUR 1.

As a result of the contributions made, the Company added an amount of EUR 2,317 thousand in Prosegur Global Ciber Security, S.L.U. and recognised a negative impact on reserves amounting to EUR 5,740 thousand (Note 13), which corresponds to the difference between the cost of the derecognised participation (EUR 8,057 thousand) and the carrying amount of the companies added in the Consolidated Annual Accounts (EUR 2,317 thousand).

a) Additions

Increases in investments in Group companies, jointly controlled companies and associates in 2019 and 2018 are as follows:

		Thousands of euros	
		2019	2018
Prosegur Global Ciber Security, S.L.U.	(1)	28,853	2,317
Prosegur Gestion de Activos, S.L.U.	(2)	85,500	-
Prosegur Global SIS ROW, S.L.U.	(3)	3,900	-
Prosegur Global Alarmas ROW, S.L.U.	(4)	10,000	-
Prosegur Global Alarmas, S.L.U.	(5)	78,800	-
Prosegur Global SIS, S.L.	(6)	164,700	-
Prosegur Finance, S.L.	(7)	3	-
Prosegur ODH, S.L.	(8)	3	-
Prosegur Ciberseguridad Uruguay, S.A.	(9)	-	3
Dognaedis Limited SASU	(10)	-	1,700
Prosegur Ciberseguridad Paraguay SA	(11)	-	335
Total		**371,759**	**4,355**

Increases in investments in Group companies, jointly controlled companies and associates in 2019 and 2018 are as follows:

(1) Prosegur Global Cyber Security, S.L.:

- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosegur Global Cyber Security, S.L., by capitalising loan rights for a total EUR 28,853 thousand.
- On 2 March 2018, the Company constituted the Spanish Prosegur Global Cyber Security, S.L., with a capital of EUR 3 thousand, which remain outstanding, disbursed in 2019.
- On 4 July 2018, the Company increased the capital through the non-monetary contribution of 100% of the participations of the Colombian Prosegur Ciberseguridad, SAS for the amount of EUR 1; 100% of the participations of the Uruguayan Prosegur Ciberseguridad Uruguay, S.A. (formerly Loredat, S.A.) for EUR 4 thousand; 100% of the participations of the British company Dognaedis Limited, for EUR 30 thousand; 90% of the participations of the Paraguayan company Prosegur Ciberseguridad, S.A. for the amount of EUR 1; and 100% of the participations of the Portuguese Dognaedis Lda. for EUR 2,283 thousand and 100% of the participations in the Spanish company Prosegur Ciberseguridad, S.L. for EUR 1.

(2) Prosegur Gestión de Activos, S.L.U

- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosegur 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 Prosegur Gestión de Activos, S.L.U. by capitalising loan rights for a total EUR 17,500 thousand.

(3) Prosegur Global SIS ROW, S.L.U.

- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosegur Global SIS ROW, S.L.U., by capitalising loan rights for a total EUR 3,900 thousand.

(4) Prosegur Global Alarmas ROW, S.L.U.

- On 1 January 2019, the Company subscribed the capital increase of the Spanish company Prosegur 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 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 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 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 January 2019, the Company acquired 100% of the Spanish company Prosegur ODH, S.L. through a monetary contribution of EUR 3 thousand.

(9) Prosegur Ciberseguridad Uruguay, S.A.:

- On 10 January 2018, the Company acquired 100% of the Uruguayan company for EUR 3 thousand.

(10) Dognaedis Limited SASU:

- On 12 January 2018, the Company acquired 100% of the British company for EUR 1,700 thousand.

b) Disposals

In 2019 there were no decreases in investments in Group, multi-group and associated companies.

Decreases in investments in Group companies, jointly controlled companies and associates in 2018 were as follows:

		Thousands of euros	
		2019	2018
Cost			
Prosegur Ciberseguridad Uruguay, S.A.	(9)	-	(3)
Dognaedis Limited SASU	(10)	-	(1,700)
Prosegur Ciberseguridad Paraguay SA	(11)	-	(335)
Dognaedis Lda	(12)	-	(2,760)
Prosegur Ciberseguridad SAS	(13)	-	(15)
Prosegur Ciberseguridad España, S.L.	(14)		(3,244)
Total Cost		**-**	**(8,057)**

(9) Prosegur Ciberseguridad Uruguay, S.A.:

- On 4 July 2018, the Company participated in the capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Prosegur Ciberseguridad Uruguay, S.A. (point 2). The amounts derecognised amounted to EUR 3 thousand corresponding to the carrying amount of the investment and had a positive impact on reserves amounting to EUR 1 thousand (Note 13).

(10) Dognaedis Limited SASU:

- On 4 July 2018, the Company participated in the capital increase of the Spanish company Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Dognaedis Limited SASU. The amounts written off amounted to EUR 1,700 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 1,670 thousand (Note 13).

(11) Prosegur Ciberseguridad Paraguay, S.A.:

- On 4 July 2018, the Company participated in the capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 90% of the shares of Prosegur Ciberseguridad España, S.A. The amounts written off amounted to EUR 335 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 335 thousand (Note 13).

(12) Dognaedis Lda:

- On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Dognaedis Lda. The amounts derecognised amounted to EUR 2,760 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 478 thousand (Note 13).

(13) Prosegur Ciberseguridad SAS:

- On 4 July 2018, the Company participated in capital increase of the Spanish Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Prosegur Ciberseguridad SAS. The amounts derecognised amounted to EUR 15 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 15 thousand (Note 13).

(14) Prosegur Ciberseguridad España, S.L:

- On 4 July 2018, the Company participated in the capital increase of the Spanish company Prosegur Global Cyber Security, S.L. through the non-monetary contribution of 100% of the shares of Prosegur Ciberseguridad España, S.L. The amounts written off amounted to EUR 3,244 thousand corresponding to the carrying amount of the investment and produced a negative impact on reserves amounting to EUR 3,244 thousand (Note 13).

Impairment losses and profit/(losses) on disposal of financial instruments

In 2019 and 2018 there were no impairment losses due to investment impairment.

The impairment losses on investments in the following Group companies, jointly controlled companies and associates at the end of the year:

	Thousands of euros	
	2019	**2018**
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.	27	27
Prosegur Tecnologia Chile Ltda.	1	1
Total	8,648	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 for the Cash and Surveillance businesses and based on the fair value for the companies of the alarm business. Based on the analysis made, the Company did not record any valuation adjustments for stock impairment during 2019.

c) 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

There were no movements in non-current financial assets, either in 2019 or 2018.

Details of available-for-sale equity instruments are as follows:

	Thousands of euros		
	2019		
Name	Recoverable amount	% ownership	Investment
Equity shares not officially listed			
Euroforum Escorial, S. A.	2,595	8%	2,595
Others	55		-
Total	**2,650**		

	Thousands of euros		
	2018		
Name	Recoverable amount	% ownership	Investment
Equity shares not officially listed			
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 2019 and 2018 are as follows:

	Thousands of euros	
	2019	**2018**
Loans and receivables - non-current		
- Loans to companies (Note 19)	73,000	-
- Other financial assets	293	293
	73,293	**293**
Loans and receivables - current		
- Loans to Group companies (Note 19)	62,790	366,305
- Clients' receivables for sales and services	192	348
- Clients, Group companies and associates (Note 19)	42,285	13,512
- Other financial assets (Note 19)	98,466	84,361
- Sundry Debtors	6	286
- Personnel	1	-
- Loans to companies	348	348
- Debt securities (Note 8)	319,621	489,268
- Other financial assets	320	320
Total	**597,322**	**955,041**

There is no concentration of credit risk with respect to trade receivables, given that these are with Group companies (Note 19).

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	
	2019	**2018**
Euros	595,057	951,353
US Dollar	2,261	-
Australian Dollar	4	-
Mexican Pesos	-	348
South African Rand	-	3,340
Total	**597,322**	**955,041**

Impaired receivables are usually written off when the Company does not expect to recover any further amount.

Loans and receivables have not been impaired in 2019 and 2018.

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.

There was no movement of other financial assets during the 2019 and 2018 financial years. Under this heading, 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	
	2019	2018
Cash in hand and at banks	49,879	138,263
Total	**49,879**	**138,263**

The effective interest rate on current bank deposits is 0.1%.

Cash in hand and at banks essentially reflects cash 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 2019, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 35,921 thousand (2018: EUR 37,027 thousand) and is represented by 598,679,362 shares with a par value of EUR 0.06 each (2018: 617,124,640 shares with a par value of EUR 0.06 each), fully subscribed and paid. These shares are listed on the Madrid, Valencia, Bilbao and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (electronic trading 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 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).

These shares are freely transferable.

Details of the Company's shareholders are as follows:

Shareholders	Number of shares 2019	2018
Ms Helena Revoredo Delvecchio [1]	309,240,330	309,240,330
FMR LLC [2]	37,089,806	30,970,374
Ms Mirta Giesso Cazenave [3]	34,778,187	34,778,187
Invesco Limited [4]	21,318,944	-
Oppenheimer Acquisition Corporation [4]	-	34,957,437
Others	196,252,095	207,178,312
Total	**598,679,362**	**617,124,640**

(1) Through Gubel, S.L. and Prorevosa, S.L.U.
(2) Investstment through various managed funds
(3) Both directly and through AS Inversiones, S.L.
(4) Investment through various managed funds

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

At 31 December 2019 and 2018, the members of the Board of Directors, either directly or through companies over which they exercise control, hold 310,131,060 shares (310,125,760 shares in 2018), representing 51.80% of the Company's share capital (50.25% in 2018).

b) Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2019 or 2018.

c) Own shares and equity holdings

Details of movements in own shares are as follows:

	Number of shares	Thousands of euros
Balance at 01 January 2018	**18,627,835**	**65,542**
Other awards	(85,829)	(302)
Balance at 31 December 2018	**18,542,006**	**65,240**
Purchase of shares	30,083,417	107,937
Shares sale	(18,445,278)	(64,901)
Other awards	(99,185)	(349)
Balance at 31 December 2019	**30,080,960**	**107,927**

At the 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 regulated market 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.

No purchase or sale transactions took place in 2018 with treasury stock.

Prosegur Compañía de Seguridad holds 5.02% (3.00% in 2018) of treasury stock deemed strategic to satisfy possible future corporate transactions.

In 2019 and 2018, "Other awards" reflects the delivery of shares to employees at market value.

d) Reserves

Details of reserves are as follows:

	Thousands of euros	
	2019	**2018**
Legal reserve		
Legal reserve	7,406	7,406
Total	**7,406**	**7,406**
Other reserves		
Voluntary reserves	1,014,833	1,097,535
Reserves due to revised Budget Act of 1983	104	104
Capitalisation reserve	55,000	10,000
Differences on translation of share capital to EUR	61	61
Total	**1,069,998**	**1,107,700**

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	
	2019	**2018**
Opening balance	**1,107,700**	**632,637**
Investment contributions (Note 9)	**-**	**(5,740)**
Prosegur Ciberseguridad, S.L. (Spain)	-	(3,243)
Prosegur Ciberseguridad, SAS (Colombia)	-	(15)
Prosegur Ciberseguridad Uruguay, SA	-	1
Prosegur Ciberseguridad Paraguay, S.L.	-	(335)
Dognaedis Limited SASU (United Kingdom)	-	(1,670)
Dognaedis Lda (Portugal)	-	(478)
Extraordinary dividend share-out (Note 5)	-	**468,456**
Own dividend refund (Note 5)	**2,060**	**2,165**
Distribution of result of last year (Note 5)	**(21,069)**	**-**
Capitalisation Reserve (Note 5)	**45,000**	**10,000**
(-) Capital reductions	**(63,693)**	**182**
Closing balance	**1,069,998**	**1,107,700**

The dividends approved by the General Shareholders' Meeting and the Board of Directors of the Company are described in Note 5.

On June, 2019, a reduction share capital has been carried out through the amortization of 18,445,278.

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 2018).

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 2018).

Capitalisation reserves

The General Shareholders' Meeting held on 4 June 2019, agreed to endow a capitalisation reserve charged to the profits of the year 2018. This reserve amounts to EUR 55,000 thousand.

14. Non-current provisions

Details of provisions and movement are as follows:

	Thousands of euros		
	Accruals with personnel	**Other provisions**	**TOTAL**
Balance at 01 January 2018	**-**	**51**	**51**
Applications	-	(45)	(45)
Provisions	1,648	-	1,648
Reversals	-	(5)	(5)
Balance at 01 January 2019	**1,648**	**1**	**1,649**
Applications	(365)	-	(365)
Provisions	712	-	712
Reversals	(583)	-	(583)
Balance at 31 December 2019	**1,412**	**1**	**1,413**

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 close of the period or at the payment time.

15. Debts and payables

Details of debts and payables are as follows:

	Thousands of euros	
	2019	2018
Non-current		
- Debentures and other negotiable securities	696,203	694,932
- Other financial liabilities	1,851	1,945
Total	**698,054**	**696,877**
Current		
- Debentures and other negotiable securities	6,252	6,252
- Bank borrowings	6,020	-
- Other financial liabilities	82,706	82,747
- Payables to Group companies (Note 19)	214,913	123,608
- Other financial liabilities with Group companies (Note 19)	-	60,590
- Loans to group companies (Note 19)	5,593	7,143
- Sundry accounts payable	1,774	1,680
- Other payables	950	4,083
Total	**318,208**	**286,103**

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	
	2019	2018
Between 6 and 12 months	220,933	123,608
Total	**220,933**	**123,608**

a) Debentures and other negotiable securities

On 2 April 2018 the uncovered bonds issued on 2 April 2013 for EUR 500,000 thousand were amortised on their due date. 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

In 2019 and 2018 the company has no bank borrowings.

Credit facilities

They correspond to the balances drawn from the credit facilities contracted with national and international banks with a limit of EUR 35,000 thousand (limit of EUR 35,000 thousand in 2018). As of 31 December 2019 and 2018, no amount of this credit facility has been drawn down.

The Company has the following unused credit facilities:

	Thousands of euros 2019	2018
Floating interest rate:		
maturing in less than 1 year (credit policies)	35,000	35,000
maturing in more than 1 year (syndicated loans)	200,000	200,000
	235,000	**235,000**

Credit facilities are subject to various interest rate reviews in 2019 and 2018.

c) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	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**

	Thousands of euros 2018							
	2019	**2020**	**2021**	**2022**	**2023**	**subsequent years**	**Total Non-current**	**Total**
Other financial liabilities	82,747	94	94	94	94	1,569	**1,945**	**84,692**

The most significant other financial liabilities at 31 December 2019 and 2018 are as follows:

- Non-current amounts at 31 December 2019 were EUR 1,851 thousand (EUR 1,945 thousand in 2018), corresponding mainly to a loan received from the Ministry of Industry under the Avanza I+D programme of EUR 470 thousand and the debt for the purchase of the Portuguese company Dognaedis Lda for EUR 1,381 thousand.
- The current amounts at 31 December 2019 amounted to EUR 82,706 thousand (EUR 82,747 thousand in 2018), the most significant correspond to the outstanding dividend for 2019 for EUR 79,026 thousand (EUR 79,054 thousand in 2018) (Note 5), which will be settled in January, April, July and October 2020 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 2019 amounts to EUR 708 thousand (EUR 785 thousand in 2018) and the amount recognised in the income statement for this item classified under the "Personnel Expenses" heading amounts to a EUR 773 thousand (negative EUR 2,886 thousand in 2018)

"Other debts" includes the accrued incentive, payable in cash, corresponding to the 2017 and 2020 Plans for EUR 1,412 thousand, as of 31 December 2019 (EUR 3,076 thousand as of 31 december 2018) (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 242 thousand (EUR 223 thousand in 2018).

e) Foreign currency

The carrying amount of the Company's financial liabilities is denominated in the following currencies:

	Thousands of euros	
	2019	2018
Euros	1,014,234	980,890
Argentine Peso	102	159
Colombian Peso	1,926	1,906
Brazilian Real	-	25
Total	**1,016,262**	**982,980**

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	
	2019	**2018**
	Days	**Days**
Average payment period to suppliers	73	62
Ratio of transactions paid	74	59
Ratio of transactions pending payment	61	103
	Amount (thousands of EUR)	
Total payments made	9,249	9,519
Total payments pending	564	706

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 2019 and 2018, 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			
	2019		2018	
	No Current	Current	No Current	Current
Assets				
Deferred tax assets	8,482	-	10,856	-
Current tax assets	-	50,008	-	39,052
Value added tax and similar liabilities	-	5	-	7
	8,482	**50,013**	**10,856**	**39,059**
Liabilities				
Deferred tax liabilities	21,523	-	21,575	-
Withholdings	-	4,889	-	5,076
Social Security	-	51	-	56
	21,523	**4,940**	**21,575**	**5,132**

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.

From 2001 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., (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: wound up). In 2012, the companies acquired in 2011 were incorporated: Seguridad Vigilada, S.A., STMEC, S.L., Salcer Servicios Auxiliares, S.L, and Beloura Investments, 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 Acquisitón, 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. Company name changes 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 Sevicios de Pago EP, S.L. were brought in. In the 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.

After the first listing of the shares of Prosegur Cash, S.A. on the stock market, the Company considered that Prosegur Cash, S.A. is still part of the tax group in Spain. 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 10 May 2016, the Company was notified of the beginning of a partial inspection for Corporate Income Tax on whether the freedom to amortise was appropriate due to the maintenance or creation of jobs in 2011 and on whether the remunerations made to the Directors for the years 2011 to 2014 are deductible.

Additionally, on the same date, the Company (absorbing entity) was informed of the beginning of inspection proceedings as successor of the merger by absorption of the companies Prosegur Transporte de Valores and Prosegur Activa España (both absorbed entities), for Corporate Income Tax and which partially affects the origin of the freedom to amortise for maintenance or creation of employment in 2011.

As a result of those inspections, the following records were signed:

- Record of acceptance relating to the freedom to amortise.
- Record of non-acceptance regarding the Directors' remunerations with a tax charge of EUR 390 thousand and interest of EUR 30 thousand.

In relation to the record of non-acceptance, on 9 March 2018, the Technical Office issued a Resolution for rectifying the settlement proposal contained in the record of non-acceptance, establishing the debt at the amount of EUR 1,344 thousand, of which EUR 1,195 thousand correspond to principal and EUR 149 thousand to late-payment interest. After the Company had filed its arguments for the defence, on 6 June 2018, the Technical Office issued a Resolution for settlement for the amount of EUR 1,355 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. That claim is awaiting a decision.

In addition, the Company has filed two lawsuits awaiting decision arising from two records of non-acceptance and for which no provision was made by the Spanish Administration. The first was brought in 2012, in relation to Corporate Income Tax for the years 2005, 2006 and 2007 and is for a tax liability of EUR 10,200 thousand, of which EUR 8,269 thousand are capital and EUR 1,931 thousand are late-payment interest. In relation to this first litigation, on 14 November 2019, the National Court issued a dismissal decision against which the Company has prepared a cassation appeal before the Supreme Court, which is pending admission. The second was brought in 2015 in relation to Corporate Income

Tax for the years 2008 and 2009 and is for a tax liability of EUR 20,041 thousand, of which EUR 16,088 thousand are capital and EUR 3,953 thousand are late-payment interest. That lawsuit is awaiting a decision by the National Court.

The Company has considered that the resolution of these disputes is considered possible but not probable.

Due to the different interpretations that could be made of the fiscal legislation in force, additional tax liabilities could arise in the event of inspection. 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 Annual Accounts.

A reconciliation of the accounting profit and taxable income is as follows:

	Thousands of euros	
	2019	**2018**
Account finance income before tax	**82,517**	**104,054**
Permanent differences	(78,422)	(93,228)
Timing differences:	(1,284)	(3,319)
- Originating in the current period	3,366	4,808
- Arising in previous years	(4,648)	(8,127)
Taxable base for tax consolidation	**2,811**	**7,507**
Tax rate	25%	25%
Resulting tax payable	**703**	**1,877**
Deductions:	(519)	(1,659)
- Double taxation	(242)	(595)
- Contributions made to Foundations	(275)	(633)
- Other deductions	(2)	(431)
Tax payable	**184**	**218**

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 permanent differences of the accounting profit for the year 2018 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 95,255 thousand (Note 19) and contributions to foundations for a positive amount of EUR 1,830 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 1,413 thousand (EUR 2,855 thousand in 2018).
- Other adjustments for EUR 1,953 thousand (EUR 1,953 thousand in 2018).

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 21 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 23 thousand in 2018).

- Impairment of stakes in Group companies amounting to EUR 1,272 thousand (EUR 1,272 thousand in 2018).

II. Negative:

- Reversal of provisions from previous years amounting to EUR 5,941 thousand (EUR 9,422 thousand in 2018).

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 fiscally deductible and that is pending reversal. Positive tax adjustments reflect the impairment of investees for accounting purposes recognised in the income statement.

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.

In 2018, the main deductions corresponded to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 595 thousand, deduction for donations to non-profit entities for EUR 633 thousand and deduction in technological innovation of EUR 431 thousand.

The amount payable by the Company of EUR 184 thousand (EUR 218 thousand in 2018) is recorded under “Current tax assets”. Current tax assets, reflected under “Trade and other receivables”, amounting to EUR 50,008 thousand (EUR 39,052 thousand in 2018), correspond to the net between the Tax Group payments on account of Corporate Income Tax for 2019 of EUR 15,245 thousand (EUR 44,710 thousand in 2018) and the payable fee of EUR 5,264 thousand (EUR 6,089 thousand in 2018) and the reimbursement of Corporate Income Tax from previous years of EUR 40,027 thousand (EUR 431 thousand in 2018), because, as the parent of the tax group, the Company 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	
	2019	**2018**
Deductions and tax credit rights	2,875	5,406
	2,875	**5,406**

Deductions recognised by the Group are as follows:

	Thousands of euros	
	2019	**2018**
International double taxation	2,864	4,582
Innovation Technology (IT)	11	824
	2,875	**5,406**

Details of the income tax expense for the year are as follows:

	Thousands of euros	
	2019	**2018**
Account finance income before tax	**82,517**	**104,054**
Permanent differences	(78,422)	(93,228)
Elimination of own shares transactions	(135)	(243)
Taxable base	**3,959**	**10,583**
Tax rate	25%	25%
Resulting tax payable	**990**	**2,646**
- Double taxation	(242)	(595)
- Contributions made to Foundations	(275)	(431)
- Other deductions	(2)	(633)
Expense (income) from tax on profit	**471**	**987**
- Withholdings at source and other	172	82
Final expense (income) from tax on profit	**643**	**1,069**

The corporate income tax expense is as follows:

	Thousands of euros	
	2019	**2018**
Current tax	184	218
Elimination of own shares transactions	(34)	(61)
Deferred tax	321	830
Provision outside the regime of fiscal neutrality and others	172	82
	643	**1,069**

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 2019 and 2018 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 2019 no corporate restructuring operation was carried out under the neutral tax regime. In 2018 the following operation was carried out: contribution of 100% of the shares and corporate stakes of Prosegur Ciberseguridad SAS, Loredat SA, Dognaedis Limited, Prosegur Ciberseguridad Paraguay, S.A., Dognaedis Lda and Prosegur Ciberseguridad, S.L. from Prosegur Compañía de Seguridad, S.A. to Prosegur Global Cyber Security, S.L.

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			
Deferred tax assets	**01/01/2019**	**Recognised in profit / loss**	**Other adjustments**	**31/12/2019**
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			
Deferred tax assets	**01/01/2018**	**Recognised in profit /**	**Other adjustments**	**31/12/2018**
Stock impairment	849	271	-	1,120
Provisions	2,865	(1,464)	(78)	1,323
Goodwill tax and portfolios	1,500	(177)	-	1,323
Amortisation and depreciation	409	487	-	896
Credits for deductions	8,003	-	(2,597)	5,406
Others	338	-	450	788
	13,964	**(883)**	**(2,225)**	**10,856**

	Thousands of euros			
Deferred tax liabilities	**01/01/2019**	**Recognised in profit / loss**	**Other adjustments**	**31/12/2019**
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)**

	Thousands of euros			
Deferred tax liabilities	**01/01/2018**	**Recognised in profit / loss**	**Other adjustments**	**31/12/2018**
Goodwill for tax purposes	(13)	-	-	(13)
Stock impairment	(141)	47	-	(94)
Freedom of Amortisation Act 4/2008	(12)	6	-	(6)
Others	(21,459)	-	(3)	(21,462)
	(21,625)	**53**	**(3)**	**(21,575)**

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	
	2019	**2018**
Commercial guarantees	40	63
Financial guarantees	73,842	72,827
	73,882	**72,890**

Financial guarantees essentially include those relating to litigations in process.

b) Contingent assets

At 31 December 2019 and 2018 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 ordered a fine of EUR 39,420 thousand to be imposed on Prosegur and its subsidiary.

On 13 January 2017, Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling and requested 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. On 6 September 2018, Prosegur filed the relevant appeal which at present remains pending resolution by the National Court in respect of the underlying matter.

With regard to the request for the interim measure, on 31 March 2017, the National Court agreed to it and suspended execution of the CNMC resolution in particular concerning payment of the fine by Prosegur, on the condition that, within a maximum of two months, Prosegur should provide surety or any other guarantee in the amount of the fine. On 9 June 2017, Prosegur presented the National Court with a bank guarantee amounting to EUR 39,420 thousand.

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.

18. Commitments

a) Purchase commitments for property, plant and equipment and intangible assets

Investments committed at year end but not recognised on the balance sheet are as follows:

	Thousands of euros	
	2019	**2018**
Property, Plant and Equipment	-	1
	-	**1**

b) Operating lease commitments

Future minimum payments under non-cancellable operating leases are as follows:

	Thousands of euros			
	2019		**2018**	
	Buildings	**Vehicles**	**Buildings**	**Vehicles**
Less than 1 year	197	122	89	96
1 to 5 years	807	132	440	73
	1,004	**254**	**529**	**169**

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 Activo 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 Activo 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 51.618% of the Company's share capital. The remaining 48.382% is held by various shareholders, including Invesco Limited with 3.561%, AS Inversiones S.L. with 5.492% and FMR LLC with 6.195% (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	2019					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Group companies in Spain						
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	-	2,743	4,836	(17,168)	(131)	-
Prosegur Gestion de Activos, S.L.U.	-	250	20,346	(5,137)	(67)	-
Prosegur Global Alarmas, S.L.U.	8,288	24	-	(395)		-
Compañia 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 SL	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 SL	-	-	-	(2)	-	-
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 SLU	-	-	-	(10)	-	-
Prosegur Colombia 2 SLU	-	-	-	(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)	Other financial liabilities (Note 15)
Subsidiaries abroad						
Prosegur Group in Abu Dhabi	711	60	-	-	-	-
Prosegur Group in Germany	-	-	-	-	-	-
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 China	-	-	-	-	-	-
Prosegur Group in Colombia	-	229	322	(3)	(21)	-
Prosegur Group in Denmark	-	-	-	-	-	-
Prosegur Group in the USA	502	1,563	5	-	-	-
Prosegur Group in France	-	58	-	(382)	(23)	-
Prosegur Group in Greece	-	-	-	-	-	-
Prosegur Group in India	-	280	-	(32)	-	-
Prosegur Group in Ireland	-	-	-	-	-	-
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 Romania	-	-	-	-	-	-
Prosegur Group in Singapore	-	-	-	-	-	-
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)**	**-**

Thousands of euros	2018					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Group companies in Spain						
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	10,422	19	3,496	-	(4,753)	(2,502)
Prosegur Compañia de Seguridad, S.A.	-	-	-	-	-	-
Prosegur Gestion de Activos, S.L.U.	68,014	1,056	7,546	-	(6)	(3,584)
Prosegur Global Alarmas, S.L.U.	60,840	-	40	-	-	(311)
Compañia Ridur, S.A.	-	-	-	(1,211)	-	(3)
Formación, Selección y Consultoría, S.A.	-	-	7	(1,742)	-	(1)
Prosegur Gestión de Activos International, S.L.U.	-	-	-	(325)	-	(2)
Prosegur International SIS, S.L.U.	27,377	-	17	-	-	(77)
Prosegur USAP International, S.L.U.	18	-	-	-	-	(6)
Prosegur International Alarmas, S.L.U.	18,498	-	12	-	-	(89)
Prosegur Soluciones, S.A.U.	-	-	-	(6,573)	-	(384)
MIV Gestión, S.A.	-	-	75	-	-	(29)
Prosegur Ciberseguridad, S.L.	1,752	1	2	-	-	(1,107)
Indiseg Evolium Group SL	435	-	-	-	-	(83)
Prosegur Assets Management, S.L.U.	-	-	18,788	(53,940)	-	(133)
Prosegur Global SIS, S.L.U.	129,763	-	85	-	(7)	(461)
Prosegur Servicios de Efectivo España, S.L.U.	-	87	6,448	-	(12)	(3,448)
Prosegur Alarmas España, S.L.U.	-	1	722	(33,488)	(15)	(122)
Prosegur Global CIT, S.L.U.	-	-	-	-	-	(1,694)
Prosegur Cash, S.A.	-	3,007	45,154	-	(12)	(9,847)
Prosegur Berlín, S.L.U.	-	-	-	-	-	-
Prosegur BPO España, S.L.U.	-	-	289	-	-	(219)
Armor Acquisition, S.A.	-	-	116	-	-	(1,641)
Juncadella Prosegur Internacional, S.A.	-	-	522	-	-	(32,118)
Prosegur International CIT 1, S.L.	-	-	-	-	-	(2)
Prosegur International CIT 2, S.L.U.	-	-	-	-	-	(4)
Prosegur Global Alarmas ROW, S.L.U.	11,762	-	17	-	-	(56)
Prosegur Global CIT ROW, S.L.U.	-	-	-	-	-	(163)
Prosegur Global SIS ROW, S.L.U.	3,998	-	4	-	(1,609)	(503)
ESC Servicios Generales, S.L.U.	3,067	2,480	-	-	-	(246)
Prosegur Global Cyber	3,668	-	2	-	-	(1)
Segtech Ventures	6,851	-	4	-	-	(33)
Integrum 2008	-	-	76	-	-	(43)
Contesta Teleservicios	-	-	280	-	-	(137)
Bloggers Brokers	-	-	23	-	-	(9)
Contesta Servicios Auxiliares	-	-	164	-	-	(75)
Prosegur Colombia 1 SLU	-	-	-	-	-	(1)
Prosegur Colombia 2 SLU	-	-	-	-	-	(1)
UTES	-	-	44	-	-	-
Total Spain	**346,465**	**6,651**	**83,933**	**(97,279)**	**(6,414)**	**(59,135)**

	Thousands of euros					
	2018					
	Financial assets			Financial liabilities		
	Current			Current		
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)	Other financial liabilities (Note 15)
Subsidiaries abroad						
Prosegur Group in Abu Dhabi	760	-	-	-	-	-
Prosegur Group in Germany	-	-	39	-	-	-
Prosegur Group in Argentina	4,128	4,206	-	-	(194)	(86)
Prosegur Group in Australia	-	36	-	-	-	-
Prosegur Group in Brazil	-	288	-	(3,229)	(63)	(513)
Prosegur Group in Chile	-	723	22	-	(257)	(117)
Prosegur Group in China	-	-	-	-	-	-
Prosegur Group in Colombia	-	155	276	-	(15)	(3)
Prosegur Group in the USA	14,952	14	28	-	-	-
Prosegur Group in France	-	36	-	(11,169)	-	(4)
Prosegur Group in India	-	244	-	-	-	(32)
Prosegur Group in Luxembourg	-	-	-	(10,922)	-	-
Prosegur Group in Mexico	-	14	20	-	(75)	(149)
Prosegur Group in Paraguay	-	-	-	-	(120)	(335)
Prosegur Group in Peru	-	637	43	-	-	(212)
Prosegur Group in Portugal	-	5	-	(1,009)	-	-
Prosegur Group in Uruguay	-	503	-	-	(5)	(4)
Total Foreign	**19,840**	**6,861**	**428**	**(26,329)**	**(729)**	**(1,455)**
Total	**366,305**	**13,512**	**84,361**	**(123,608)**	**(7,143)**	**(60,590)**

Financial assets - Non-current loans correspond to a loan granted to Prosegur Global SIS ROW S.L.U that has been classified in the long term as it is expected to be capitalized.

Financial assets - the 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 0.75% in Spain, of 1.5 % in France and 1.25% in Germany. We also found short-term loans granted to subsidiaries in Abu Dhabi and Argentina, denominated in EUR and accruing annual interest of 1.5 % in Abu Dhabi and of 9 % and 7.5% in Argentina (1.75% in Spain, 6.75% in France, 1% in Hong Kong, 6.25% in Argentina, 5.75%, in 2018). Interest accrued in 2019 amounted to EUR 2,131 thousand (EUR 2,569 thousand in 2018).

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 EUR, accruing annual interest of 0.75% in Spain, 0.75% in Portugal and 2% in France. We also found short-term loans granted to the Company mainly by subsidiaries in Luxembourg, denominated in EUR and accruing annual interest of 0.75% (0.75% in Spain, 0.75% in Portugal in 2018). Interest accrued amounted to EUR 927 thousand in 2019 (EUR 821 thousand in 2018).

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					
	2019			2018		
	Other payments/receipts	Corporate Income Tax	Receivable/ (payable)	Other payments/ receipts	Corporate Income Tax	Receivable/ (payable)
Prosegur Global CIT, S.L.U.	-	(2,642)	(2,642)	-	(1,694)	(1,694)
Prosegur Global CIT ROW, S.L.U.	-	(292)	(292)	-	(163)	(163)
JUNCADELLA Prosegur INT., S.A.	-	(37,708)	(37,708)	-	(31,596)	(31,596)
Prosegur Gestion de Activos, S.L.U.	(1)	4,824	4,823	46	3,915	3,961
Prosegur Servicios de Efectivo España, S.L.U.	168	3,708	3,876	(182)	3,182	3,000
Prosegur International SIS, S.L.U.	-	(90)	(90)	17	(77)	(60)
Prosegur Soluciones, S.A.	-	743	743	(5)	(380)	(385)
ARMOR ACQUISITION, S.A.	-	(1,568)	(1,568)	-	(1,525)	(1,525)
Prosegur International Alarmas, S.L.U.	-	(119)	(119)	12	(89)	(77)
Prosegur Global Alarmas ROW, SL	-	49	49	10	(50)	(40)
Formación, Selección y Consultoría	-	(6)	(6)	-	7	7
Prosegur Global SIS, S.L.U.	4,068	346	4,414	86	(461)	(375)
Prosegur SIS España, S.L.U.	(87)	2,104	2,017	(13)	1,007	994
ESC Servicios Generales, S.L.U.	-	(37)	(37)	(1)	(245)	(246)
Prosegur Gestión Activos Int., S.L.U.	(2)	(13)	(15)	(4)	(2)	(6)
Prosegur USAP International S.L.U.	-	(6)	(6)	-	(6)	(6)
Transportadora de Caudales	(11)	-	(11)	37	-	37
Prosegur Alarmas España, S.L.U.	222	386	608	(19)	619	600
Prosegur International CIT 1, S.L.U.	-	(34)	(34)	-	(2)	(2)
Prosegur International CIT 2, S.L.U.	-	(5)	(5)	-	(4)	(4)
Prosegur Global SIS ROW, S.L.U.	-	(4,167)	(4,167)	4	(503)	(499)
Prosegur Global Alarmas, S.L.U.	-	(395)	(395)	41	(311)	(270)
Compañia Ridur, S.A.	(9)	6	(3)	-	(2)	(2)
Prosegur Ciberseguridad, S.L.	-	(1,537)	(1,537)	2	(1,107)	(1,105)
Prosegur Assets Management, S.L.U.	-	(125)	(125)	(35)	(98)	(133)
Prosegur Cash, S.A.	-	(15,838)	(15,838)	(1,818)	(8,028)	(9,846)
MIV Gestión, S.A.	-	92	92	-	46	46
Indiseg Evolium Group SL	-	(120)	(120)	-	(83)	(83)
Prosegur SIS USA Inc.	-	-	-	27	-	27
Xiden SACI	(3)	-	(3)	(3)	-	(3)
Prosegur Tecnologia Argentina	(2)	-	(2)	(2)	-	(2)
General Industries Argentina	(8)	-	(8)	(8)	-	(8)
Prosegur Holding, S.A.	(7)	-	(7)	(7)	-	(7)
Prosegur Argentina, S.A.	2	-	2	2	-	2
Prosegur Brasil, S.A.	-	-	-	(230)	-	(230)
Prosegur Seguridad, S.A.	(17)	-	(17)	(17)	-	(17)
Prosegur Gestão de Efetivo	-	-	-	(44)	-	(44)
Prosegur Tecnologia	(237)	-	(237)	(238)	-	(238)
Compañía de Seguridad Peru	(187)	-	(187)	(180)	-	(180)
Proseguridad	20	-	20	20	-	20
Prosegur Cajeros S.A.	(32)	-	(32)	(32)	-	(32)
Prosegur Tecnología Peru	2	-	2	2	-	2
Orus, S.A.	14	-	14	14	-	14
Prosegur Activa Peru	7	-	7	7	-	7
Segtech Ventures	-	28	28	4	(33)	(29)
Prosegur Security Holding	-	-	-	(4)	-	(4)
SingPai India Private	(32)	-	(32)	(32)	-	(32)
Servicios de Seguridad	(116)	-	(116)	(116)	-	(116)
Empresa de Transportes Cia de Seguridad Chile	15	-	15	15	-	15
Prosegur Chile	7	-	7	7	-	7
Prosegur Seguridad Privada Logistica	9	-	9	6	-	6
Prosegur Seguridad Privada	6	-	6	11	-	11
Prosegur Consultoria	(141)	-	(141)	(141)	-	(141)
Prosegur Custodias	2	-	2	2	-	2
Grupo Mercurio de Transporte	(8)	-	(8)	(8)	-	(8)
Integrum 2008	-	38	38	-	33	33
Prosegur Ciberseguridad International	(302)	-	(302)	(335)	-	(335)
Bloggers Brokers	-	33	33	-	14	14
Contesta TeleServicios	-	76	76	-	143	143
Tellex	-	-	-	(48)	-	(48)
Prosegur Global Cyber	-	(107)	(107)	-	(1)	(1)
Contesta Servicios Auxiliares	-	227	227	-	90	90
Prosegur AVOS	-	(948)	(948)	-	70	70
Prosegur Colombia 2	-	(11)	(11)	-	(1)	(1)
Prosegur Colombia	-	(10)	(10)	273	-	273
Prosegur Colombia 3 SL	-	(2)	(2)	-	-	-
Prosegur Servicios de Pago	-	(112)	(112)	-	-	-
Risk Management Solutions, S.L.U.	-	96	96	-	-	-
Complioffficer, S.L.U,	-	52	52	-	-	-
Work4Data Lab, S.L.	-	(33)	(33)	-	-	-
Enclama, S.L.	-	(4)	(4)	-	-	-
Prosegur ODH, S.L.	-	(1)	-	-	-	-
Compañia Transportadora de Valores Prosegur de Colombia SA	129	-	-	-	-	-
Inversiones BIV SAS	144	-	-	-	-	-
Servimax Servicios Generales	40	-	-	-	-	-
Italy (EP)	(362)	-	-	-	-	-
United Kingdom (EP)	500	-	-	-	-	-
Others	51	-	(1)	36	-	36
Total	**3,842**	**(53,122)**	**(49,782)**	**(2,841)**	**(37,335)**	**(40,212)**

Transactions between the Company and Group companies are as follows:

	Thousands of euros					
	2019					
	Income			Expenses		
	Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)	Result due to impairment (Note 9)
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	2,358	-	-	(185)	(67)	-
Ridur	-	-	-	-	(9)	-
Prosegur Gestion 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 International, S.L.U.	-	-	-	-	(2)	-
Prosegur International 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)	-
Prosegur Global SIS ROW, S.L.U.	-	47	-	-	-	-
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 France	32	-	-	-	(18)	-
Prosegur Group in Colombia	81	-	-	-	-	-
Prosegur Group in Uruguay	(544)	-	-	-	-	-
Prosegur Group in Paraguay	(12)	-	-	-	-	-
Prosegur Group in Portugal	529	-	-	-	(8)	-
Prosegur Group in Mexico	-	1	-	-	-	-
Prosegur Group in Luxembourg	-	-	-	-	(85)	-
Prosegur Group in India	36	-	-	-	-	-
Prosegur Group in the USA	-	1,562	-	-	-	-
Total	**24,949**	**2,131**	**80,440**	**(752)**	**(927)**	**-**

	Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)	Result due to impairment (Note 9)
	Thousands of euros					
	2018					
	Income			Expenses		
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	(2,595)	92	-	(353)	-	-
Prosegur Gestion de Activos, S.L.U.	-	455	10,000	(733)	-	-
Prosegur Global Alarmas, S.L.U.	-	356	-	(16)	-	-
Compañia Ridur, S.A.	-	-	-	-	(9)	-
Formación, Selección y Consultoría, S.A.	-	-	-	(5)	(9)	-
Prosegur Gestión de Activos International, S.L.U.	-	-	-	-	(2)	-
Prosegur International SIS, S.L.U.	-	190	-	-	-	-
Prosegur International Alarmas, S.L.U.	-	97	-	-	-	-
Prosegur Soluciones, S.A.U.	-	-	-	(48)	(57)	-
Prosegur Ciberseguridad, S.L.	-	21	-	(6)	-	-
Indiseg Evolium Group, S.L.	-	4	-	-	-	-
Prosegur Assets Management, S.L.U.	-	-	25,050	(13)	(369)	-
Prosegur Global SIS, S.L.U.	-	849	-	(104)	-	-
Prosegur Servicios de Efectivo España, S.L.U.	-	-	-	(119)	-	-
Prosegur Alarmas España, S.L.U.	-	-	-	(44)	(266)	-
Prosegur Cash, S.A.	27,398	-	60,205	(84)	-	-
Prosegur Global Alarmas ROW, S.L.U.	-	117	-	(6)	-	-
Prosegur Global CIT ROW, S.L.U.	-	-	-	(283)	-	-
Prosegur Global SIS ROW, S.L.U.	-	-	-	(31)	-	-
ESC Servicios Generales, S.L.U.	2,027	62	-	(16)	(2)	-
Prosegur Global Cyber	-	3	-	-	-	-
Segtech Ventures, S.A.	-	17	-	-	-	-
Prosegur Foundation	-	-	-	(11)	-	-
Prosegur Group in Abu Dhabi	-	23	-	-	-	-
Prosegur Group in Argentina	2,167	137	-	(4)	-	-
Prosegur Group in Australia	-	-	-	(18)	-	-
Prosegur Group in Brazil	287	-	-	-	-	-
Prosegur Group in Peru	1,382	-	-	5	-	-
Prosegur Group in Chile	(253)	-	-	(8)	-	-
Prosegur Group in France	41	-	-	-	(4)	-
Prosegur Group in Colombia	33	-	-	-	-	-
Prosegur Group in Germany	-	72	-	(1)	-	-
Prosegur Group in Uruguay	1,287	-	-	-	-	-
Prosegur Group in Portugal	85	-	-	(2)	(8)	-
Prosegur Group in Mexico	(75)	29	-	-	-	-
Prosegur Group in Luxembourg	-	-	-	-	(95)	(38)
Prosegur Group in the USA	-	46	-	(76)	-	-
Total	**31,784**	**2,570**	**95,255**	**(1,981)**	**(821)**	**(38)**

Within the services provided and other income, the most significant are EUR 25,939 thousand (EUR 31,784 thousand in 2018) 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 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 chairman 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. In 2019 a disinvestment of EUR 20,000 thousand took place in the fixed income fund mentioned above.

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	
	2019	2018
Fixed remuneration	1,724	1,724
Variable remuneration	250	308
Remuneration for membership of the Board and Committee	160	160
Per diems	169	143
Life insurance premiums	73	67
Total	**2,376**	**2,402**

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	
	2019	2018
Fixed remuneration	669	563
Variable remuneration	1,017	664
Remuneration in kind	13	11
Life insurance premiums	2	2
Total	**1,701**	**1,240**

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 712 thousand (2,855 thousand in 2018) (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 2019 a sum of EUR 174 thousand was applied (EUR 374 thousand in 2018).

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.

Lastly, this provision was recognised as current provisions in an amount of EUR 1,412 thousand (EUR 3,076 thousand in 2018) since the maturity of this commitment will take place in the first half of 2019 regarding the Plan 2017.

c) Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Restated 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 2019.

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 2019, fees totalled EUR 161 thousand (EUR 70 thousand at 31 December 2018).

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.

	2019	2018
Indirect personnel	30	30
Total	**30**	**30**

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

	2019		2018	
	Female	Men	Women	Men
Indirect personnel	9	23	10	21
Total	**9**	**23**	**10**	**21**

The year-end (and average) distribution by gender of the Board of Directors and Senior Management personnel is as follows:

	2019		2018	
	Female	Men	Women	Men
Directors	2	6	2	5
Senior Management	-	8	-	9
Total	**2**	**14**	**2**	**14**

There are no employees in the Company with a disability rating of 33% or more.

22. Audit Fees

KPMG Auditores, S.L., the auditors of the Annual Accounts of the Company, have invoiced the following fees and expenses for professional services:

	Thousands of euros	
	2019	**2018**
Audit services	261	373
Other audit-related services	20	2
Total	**281**	**375**

Audit services detailed in the above table include the total fees for services rendered in 2019 and 2018, irrespective of the date of invoice.

Other services related to the audit 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. for the year ending 31 December 2019.

Additionally, other KPMG International affiliates have invoiced the Company the following fees for professional services during the year:

	Thousands of euros	
	2019	**2018**
Other services	15	30
Total	**15**	**30**

Under Other services, financial advisory services are included mainly in the evaluation of the takeover of businesses (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.

The Company uses hedges to mitigate certain risks. Risk management is controlled by the Company's Treasury Department, which identifies, proposes and carries out the hedging instructions approved by the Company's Executive Committee.

(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			
	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Euros	595,825	1,008,214	961,567	981,148
Argentine Peso	-	102	-	-
US Dollar	2,261	-	-	159
Peruvian Nuevo Sol	-	-	834	-
Australian Dollar	4	-	-	-
Brazilian Real	-	-	-	1,906
Chilean Peso	-	-	-	25
Colombian Peso	-	1,926	-	-
Mexican Peso	-	-	21	-
Total	**598,090**	**1,010,242**	**962,422**	**983,238**

(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 2019 and 2018 the Company's borrowings at variable interest rates were basically denominated in EUR.

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 variable 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 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**	**-**

	Thousands of euros 2018		
	Total debt	Hedged debt	Debt exposure
Non-current (Note 15)	696,566	696,566	-
Current (Note 15)	23,569	23,569	-
Total debt	**720,135**	**720,135**	**-**

(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 December 2019	-	23,776	698,054	-	721,830
31 December 2018	-	31,111	700,000	-	731,111

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

On 15 January 2020, the first payment was made of the dividend approved on 19 December 2018.

On 28 January 2020 and aside from the own share buyback programme (Note 22.1), 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 3.592 Euros per share, with a discount of 0.05 Euros per share.

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:

	Ratio (%)
Technical installations and machinery	10 to 25
Computer equipment	25
Transport elements	16
Other property, plant and equipment	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 the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (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 cumulative gain 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) Derecognition 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 or 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 probable 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 a Public Entity 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 share price of Prosegur shares - 2017 and 2020 Plan

At the general meeting held on 28 April 2015, the shareholders approved the 2017 Plan of long-term incentives for Prosegur’s Executive Director and Senior Management. The 2017 Plan is generally linked to value creation during the 2015-2017 period and foresees the payment of share-based incentives and/or cash-based incentives to the Executive Director and Senior Management.

At the general meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for Prosegur’s Executive Director and Senior Management. 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 listed 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.

The 2017 and 2020 long-term incentive plans for the Executive Director and Senior Management of Prosegur, within the “Salaries and wages” paragraph, have been included in the expense accrued during the year in relation to the 2019 commitment amounting to EUR 712 thousand (EUR 2,855 thousand in 2018) (Note 3).

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, EUR 4.88 share (EUR 4.42 share in 2018) 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 implicit obligations.

d) Senior 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 tacit) 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 present 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 25.17).

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 EUR 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.

VI. APPENDIX I – INVESTMENTS IN GROUP COMPANIES

Below is the information relating to shares held in Group companies:

					2019				
					Shareholding		Voting rights		
Obs.	Name	Registered offices		Asset.	Dir. %	Ind. %	Dir. %	Ind. %	Auditor
*	Prosegur Gestion 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 Asset 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%	22.5%	51%	22.5%	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	0%	100%	0%	100%	B
	Prosegur Gestão de Activos, Ltda.	Thomas Edison 813 Barra Funda	São Paulo	7	0%	100%	0%	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	0%	100%	0%	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

Obs: (*): These companies hold a share in other Group companies within their same geographical area.

Obs: (**): Company 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**: Inactive

Auditor: **A.** Audited by KPMG **B.** Not subject to audit **C.** Others

					2018				
					Shareholding		Voting rights		
Obs.	Name	Registered offices		Asset.	Dir. %	Ind. %	Dir. %	Ind. %	Auditor
*	Prosegur Gestion 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 Asset 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%	22.5%	51%	22.5%	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 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	0%	100%	0%	100%	B
	Prosegur Gestão de Activos, Ltda.	Thomas Edison 813 Barra Funda	São Paulo	7	0%	100%	0%	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	0%	100%	0%	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

Obs: (*): These companies hold a share in other Group companies within their same geographical area.

Obs: (**): Company 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**: Inactive

Auditor: **A.** Audited by KPMG **B.** Not subject to audit **C**. Others

Thousands of euros

Name	Country	Carrying amount	Share capital	Reserves	Other items	Total	Operating profit/(loss)	Profit/(Loss) for the Year	Dividends Received
		2019	NET EQUITY						
Companies in Spain:									
Prosegur Gestion de Activos, S.L.U.	Spain	248,526	29,953	4,131	133,073	415,683	928	2,575	16,256
Prosegur Global Alarmas, S.L.U.	Spain	179,285	2,000	81,974	(55,012)	208,248	2,857	(170)	-
Compañía Ridur S.A.	Spain	49,873	881	228	64	51,045	688	25	-
Prosegur Asset Management, S.L.	Spain	77,315	52,351	10,946	6,226	146,838	(631)	18,543	19,737
Prosegur Global SIS, S.L.	Spain	369,496	3	160,016	167,140	696,655	2,857	4,272	-
Prosegur Cash, S.A.	Spain	15,300	30,000	41,772	(88,696)	(1,624)	(2,842)	89,485	44,447
Prosegur Global Alarmas ROW, S.L.	Spain	63,565	3	11,045	52,482	127,095	(316)	8,339	-
Prosegur Global SIS ROW, S.L.	Spain	285,643	3	2,477	272,669	560,792	(1,799)	14,652	-
Prosegur Global Cyber Security, S.L.U.	Spain	31,170	3	28,850	2,314	62,337	(546)	(40)	-
Prosegur Finance, S.L.	Spain	3	3	-	-	6	(1)	(1)	-
Prosegur ODH, S.L.	Spain	3	3	-	-	6	(4)	(4)	-
Subsidiaries abroad:									
Prosegur Holding, S.A.	Argentina	1,755,301	645,285	44,870	7,702,578	10,148	(19,212)	473,203	-
Prosegur Inversiones, S.A.	Argentina	195,496	72,807	5,039	845,879	1,119	(19,050)	42,662	-
Prosegur Tecnologia Chile Ltda.	Chile	-	14,806,086	(1,976)	(11,167,151)	3,637	(1,546,610)	(1,725,520)	-
Prosegur Gestão de Activos, Ltda.	Brazil	-	22,291,575	2,362,727	8,422,455	33,077	1,418,319	1,164,388	-
Prosegur Tecnologia Peru, S.A.	Peru	5,698,011	581,921	39,242	51,778	6,371	342,414	138,312	-
Prosegur Activa Perú, S.A.	Peru	100,836	18,545,479	3,052,834	(9,168,371)	12,531	(5,461,916)	(1,971,694)	-
Prosegur Servicios Administrativos, S.A.	Peru	109,053	112,712	-	(115,870)	106	9,962	3,137	-
Prointrans, LLC	USA	274	311,554	-	101,428	687	(37,129)	236,570	-
Prosegur Technological Security Solutions LLC	Arab Emirates	-	60,453		(586,459)	(526)	(19,747)	(9,614)	-
TOTAL		**1,328,311**							**80,440**

Thousands of euros

Name	Country	2018							
			NET EQUITY						
		Carrying amount	Share capital	Reserves	Other items	Total	Operating profit/(loss)	Profit/(Loss) for the Year	Dividends Received
Companies in Spain:									
Prosegur Gestion de Activos, S.L.U.	Spain	163,026	29,953	2,420	129,047	161,420	29,299	21,993	10,000
Prosegur Global Alarmas, S.L.U.	Spain	100,485	2,000	3,175	55,761	60,936	(402)	(750)	-
Compañía Ridur S.A.	Spain	49,872	881	228	70	1,179	(17)	(6)	-
Prosegur Asset Management, S.L.	Spain	77,315	52,351	11,909	(87)	64,173	(760)	25,088	25,050
Prosegur Global SIS, S.L.	Spain	204,796	3	(4,684)	180,336	175,655	(1,694)	(4,362)	-
Prosegur Cash, S.A.	Spain	15,300	30,000	24,495	(119,993)	(65,498)	(4,506)	135,618	60,205
Prosegur Global Alarmas ROW, S.L.	Spain	53,566	3	1,045	52,387	53,435	(79)	95	-
Prosegur Global SIS ROW, S.L.	Spain	281,743	3	(1,423)	279,253	277,833	(2,823)	(2,284)	-
Prosegur Global Cyber Security, S.L.U.	Spain	2,317	3	-	2,317	2,320	(2)	(3)	-
Subsidiaries abroad:									
Prosegur Holding, S.A.	Argentina	1,755	1,006	70	10,724	11,801	(19)	416	-
Prosegur Inversiones, S.A.	Argentina	195	114	8	1,170	1,292	(5)	52	-
Prosegur Tecnologia Chile Ltda.	Chile	-	10,118	5,424	(10,978)	4,564	(759)	(745)	-
Prosegur Gestão de Activos, Ltda.	Brazil	-	23,152	1,588	8,748	33,488	1,146	866	-
Prosegur Tecnologia Peru, S.A.	Peru	5,698	560	38	39	637	(81)	11	-
Prosegur Activa Perú, S.A.	Peru	101	13,561	3,006	(5,148)	11,420	(2,662)	(3,679)	-
Prosegur Servicios Administrativos, S.A.	Peru	109	109	-	(113)	(5)	10	2	-
Prointrans, LLC	USA	274	306	-	124	430	(34)	(24)	-
Prosegur Technological Security Solutions LLC	Arab Emirates	-	59	-	(581)	(522)	8	8	-
TOTAL		**956,552**							**95,255**

PROSEGUR

Directors' Report for 2019

Prosegur Compañía de Seguridad, S.A. and subsidiaries

Table of contents

Directors' Report for 2019

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 provides private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, El Salvador, Spain, the United States, the Philippines, France, Guatemala, Honduras, India, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, Singapore, South Africa, Turkey 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.

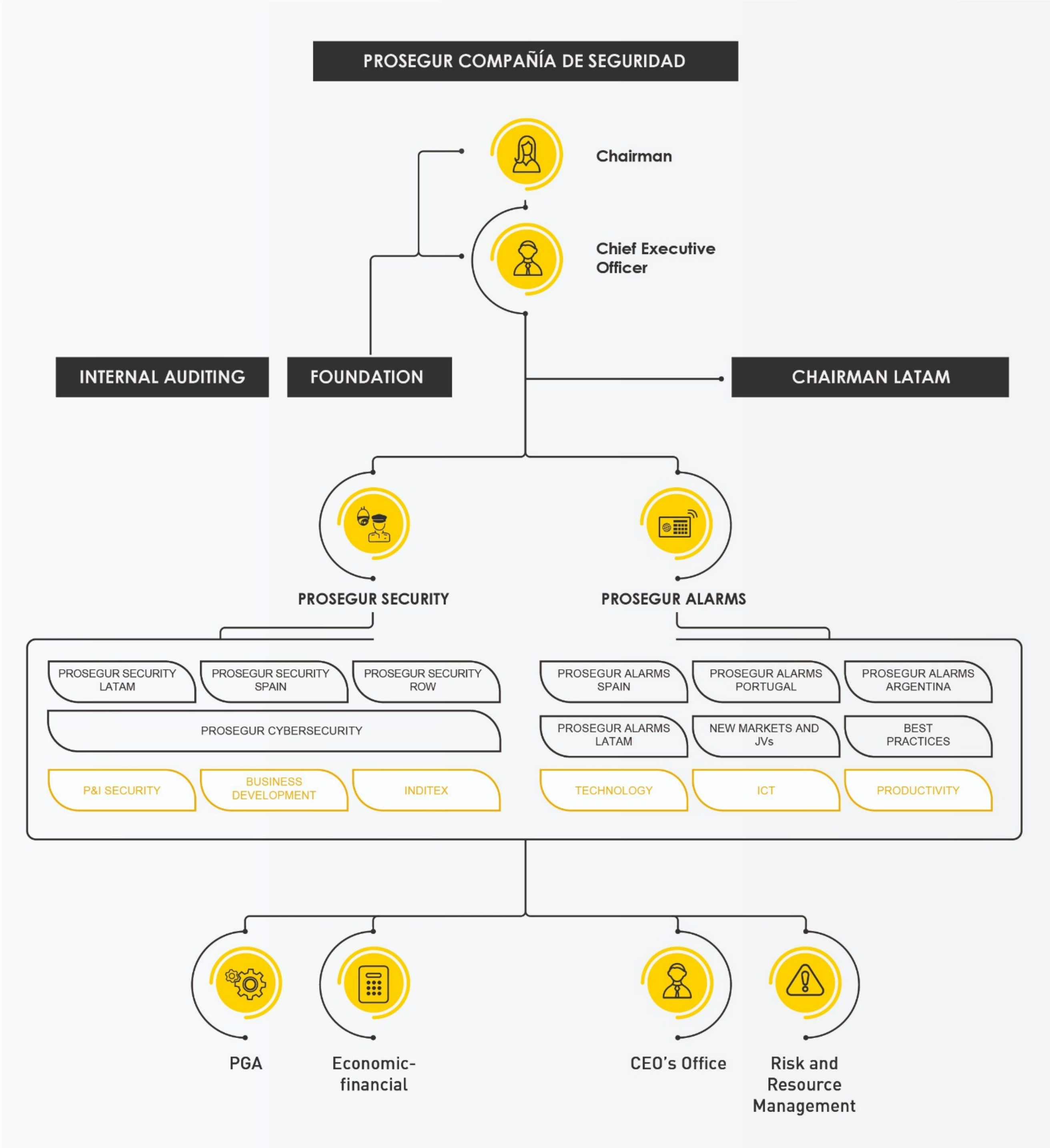
1.1. Organisational structure

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. In addition, it fosters transversal knowledge of business areas and it results in a closer approach to client needs.

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 (Seguridad, Cash and Alarms).

The corporate functions are supervised by the Global Support Divisions which cover the Financial-Economic department, Prosegur Gestión de Activos (Prosegur Asset 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 General Shareholders' Meeting or which are not included in the corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Appointments and Remuneration Committee. Among the Audit Committee's responsibilities are: propose the appointment of the auditor; review the Prosegur accounts; ensure compliance with legal requirements and application of accounting principles generally accepted. For its part, the duty of the 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.

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:

- Respond to clients' new needs, in line with market trends.
- Become their trusted strategic partner.
- Boost their value through efficiency in processes and by implementing increasingly technological services.

Prosegur is in the midst of a new Three-Year Strategic Plan 2018-2020. Our ambition to lead the transformation of the industry has led us to embark on a digital transformation of the company, hinging upon three basic pillars: Digitalise, Innovate and Grow.

Specific goals have been set in connection with each pillar and, after the second year of the plan, considerable progress has already been made.

Digitalise

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 the client experience.
- Reduce the weight of indirect costs.
- Attract, develop and retain the most highly-qualified professionals.

In 2019, the second year of the 2018-2020 Three-Year Plan, progress was made in the following areas:

- Advances in the process for digital transformation with regard to agility, scalability and operational excellence.
- The creation of a new area of Technology and Processes, focusing on the development of systems, processes and data governance.
- Agreement with Oracle to foster the digital transformation of operations, with emphasis on ERP Cloud.

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 2019:

- Increase in the weight of new products over total sales in all businesses.
- Definition of innovation methodology based on horizons and under ad hoc governance model.
- Incorporation of talent in innovation.
- Collaboration with Amazon on the challenges of digital innovation in Security, Cash and Prosegur Foundation.

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.

2019 has seen advances made in the following business lines:

- The solidity of the business model translated into a strong growth in local currency.
- Creation of a *joint venture* with Telefónica for development of the Alarms business in Spain.
- Consolidation of the entry of the Security business in the US market.
- Bolt-on acquisitions in traditional businesses and acceleration of new products, particularly in Cash and cybersecurity with Cipher.

2. Business performance and profit/(loss)

The Company has obtained positive results in 2019 of EUR 81.87 million derived from its income as a holding. The comparison with the results of the previous year are shown below:

(Millions of euros)	2019	2018	Variation
Sales	108,595.00	130,653.00	-17%
EBITDA	**96,155.00**	**120,209.00**	**-20%**
Margin	*88.54%*	*92.01%*	
PPE depreciation	-696	-696	0%
Amortisation of intangible assets	-3,921.00	-3,948.00	-1%
EBIT	**91,538.00**	**115,565.00**	**-21%**
Margin	*84.29%*	*88.45%*	
Financial results	-9,022.00	-11,511.00	-22%
Profit before tax	**82,516.00**	**104,054.00**	**-21%**
Margin	*75.99%*	*79.64%*	
Tax	-643	-1,069.00	-40%
Tax rate	*-0.78%*	*-1.03%*	
Net result	**81,873.00**	**102,985.00**	**-21%**

There are no substantial variations with respect to 2018.

The most significant events reflected in the income statement of 2019 are the following:

	Thousands of euros									
	National		Europe		Row		LatAm		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Dividend received:										
- Group companies and associates	80,440	95,255	-	-	-	-	-	-	80,440	95,255
Loan interest income	266	2,262	-	72	1,573	23	292	213	2,131	2,570
Provision of services:										
- General services	28,180	28,255	560	112	36	(367)	(2,752)	4,828	26,024	32,828
Total	**108,886**	**125,772**	**560**	**184**	**1,609**	**(344)**	**(2,460)**	**5,041**	**108,595**	**130,653**

2.1. Investment activity

The changes in the composition of the Prosegur Group, of which the Company is the parent, during 2019 were mainly due to the following acquisitions:

- Cash business combinations in LatAm: In 2019, in Latam Prosegur acquired a series of security companies and assets providing cash in transit and cash management services and conducting correspondent banking activities. 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 24,507 thousand, due in 2019 and 2020 and a deferred payment of EUR 9,776 thousand, due in 2020 and 2021.
- Cash Europe business combinations: During the 2019 financial year, in Europe Prosegur took over a software engineering company specialised in the development of technological solutions for the insurance industry implemented in open systems and platforms, and a company that provides cash management services related to digital software of the retail sector. The total purchase price was EUR 22,846 thousand, consisting of a cash payment of EUR 15,320 thousand, and a deferred contingent consideration for a total of EUR 7,526 thousand due for payment in 2020, 2021, 2022 and 2023.
- Cash business combinations in ROW: In 2019, Prosegur acquired a security company providing cash in transit and cash management 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.
- Alarma 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.
- Alarms Business combinations in LatAm: In 2019, Prosegur acquired in LatAm a security company 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 6,221 thousand, due in 2023 and 2024 and a deferred payment of EUR 1,004 thousand, due in 2021, 2022, 2023, 2024 and 2025.
- Security business combinations in Europe: During 2019, Prosegur acquired in Europe a security company 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 808 thousand, due in 2023 and 2024 and a deferred payment of EUR 130 thousand, due in 2021, 2022, 2023, 2024 and 2025.
- Security business combinations in ROW: During 2019, Prosegur acquired in ROW a number of security companies 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 10,295 thousand, due in 2019, 2022, 2023, and 2024 and a deferred payment of EUR 606 thousand, due in 2021, 2022, 2023, 2024 and 2025.

The following companies were incorporated or wound up in 2019:

- In March 2019, Prosegur Alpha3 Cashlabs S.L. was incorporated in Spain.
- In April 2019, Prosegur Pay Consultoria em Tecnologia da Informação Ltda. was incorporated in Brazil.

- In June 2019, Prosegur Serviços Aeroportuarios, Ltda. was wound up in Brazil.
- In July 2019, Prosegur Finance, S.L. was incorporated in Spain.
- In August 2019, Prosegur Technology International Incorporated was incorporated in the United States.
- In August 2019, Prointrans, LLC. was wound up in the United States.
- In September 2019, Prosegur STV 1 PTY Limited was incorporated in Australia.
- In October 2019, Prosegur ODH, S.L. was incorporated in Spain.
- In October 2019, Gelt Cash Transfer, S.L. was incorporated in Spain.
- In October 2019, Prosegur BSI Canada Limited was incorporated in Canada.
- In October 2019, Shangai Bigu Security Technology Co Ltd. was incorporated in China.
- In October 2019, Dopar Servicios, S.L. was wound up in Spain.
- In October 2019, Iberprofin, S.L. was wound up in Spain.
- In November 2019, Yellow RE SA. was incorporated in Luxembourg.

Furthermore, the following mergers took place between subsidiaries in 2019:

- In May 2019, Integra Security Systems SA, merged with and into Prosegur Seguridad Electrónica SAS in Colombia.
- In August 2019, the takeover merger of Tellex, S.A. by Transportadora de Caudales Juncadella, S.A. was formalised in Argentina.
- In November 2019, the takeover merger of Enclama, S.L. by Prosegur AVOS España, S.L. was formalised in Spain.

On 4 February 2019, Prosegur sold 100% of the German companies M Sicherheitstechnik Venwaltungs Gmbh, AC Alarm Verwaltungs Gmbh, M Sicherheitstechnik Gmbh & Co KG and AC Alarm Gmbh & Co KG for the total amount of EUR 559 thousand. The cash and cash equivalents that were sold with the company amounted to EUR 51 thousand. The net assets of the German companies at the time of sale amounted to EUR 65 thousand. The sale involved revenue for Prosegur of EUR 494 thousand.

Prosegur Cash exercised the put option on its 33.33% stake in SBV Services Propietary Limited on 4 June 2019.

Prosegur signed the sale agreement of 100% of the capital of Prosegur Cash Holding France to Loomis AB on 22 July 2019.

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 0.6 million are submitted to the Executive Committee for approval.

Amortisation and depreciation charges totalled EUR 4.6 million in 2019 (EUR 4.6 million in 2018). Of this total, EUR 0,7 millions were for property, plant and equipment (EUR 0.7 million in 2018), and EUR 3.9 million for intangible assets (EUR 3.9 million in 2018).

EUR 0.1 thousand was invested in property, plant and equipment in 2019 (EUR 111 thousand in 2018). Investments were made in intangible assets during 2019 for EUR 3 thousand (EUR 0 million in 2018).

2.3. Personnel

The workforce of the company at the end of 2019 was of 31 persons. At the close of 2018, the workforce of the company was 31 persons.

2.4. Environmental issues

At the end of 2019, 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

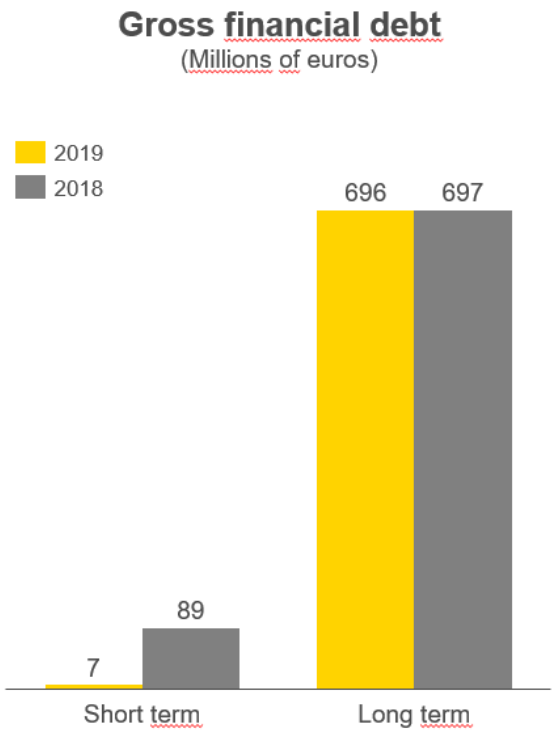
The structure of the financial debt is determined by the following contracts:

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 10 February 2017 Prosegur arranged a five-year syndicated credit financing facility of EUR 200,000 thousand to provide the company with long-term liquidity. At 31 December 2019, no amount of this credit facility has been drawn down.

Long-term gross financial debt totals EUR 695.7 million in 2019 (EUR 696.9 million in 2018).

The current and non-current maturities of gross financial debt are distributed as follows:



In 2019 financial debt had an average cost of 0.95% (1.22% in 2018).

The following table shows the maturities of the contractual obligations at 31 December 2019:

	Less tan 1 years	1 to 2 years	2 to 5 years	More tan 5 years	TOTAL
31.Dic.2019	7			696	702
31.Dic.2018	89			697	786

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 2019, 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 variable 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 2019 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 2019 was 73 days (49 days in 2018).

6. Important circumstances after the reporting period

On 15 January 2020, the first payment was made of the dividend for a maximum total of EUR 79,016 thousand.

On 28 January 2020 and aside from the own share buyback programme (Note 22.1), 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.

7. Information on the foreseeable performance of the entity

The general forecasts and estimates for 2020 point toward a potential stabilisation of the main macroeconomic aspects of the main regions of company operations. This may result in a decreased volatility of exchange rates, which could help refine a year in which the profitability growth rate increases.

Prosegur will nevertheless continue reinforcing its internal control procedures that ensure the efficiency in the various businesses. 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 will bring improvements and increases in cash generation in 2020, continuing with the path shown in previous years.

The levers for improvement, which are expected to show effectiveness in 2020, are mainly:

In Prosegur Seguridad, an increasing penetration of integrated and advanced security solutions. These solutions account for around 28% of the total sales of the division, and their margin continues to expand as the service becomes more sophisticated within the client. On the other hand, the consolidation of the brand and conclusion of the integration of the acquisitions made in the United States will be another relevant aspect. Likewise, the increasing demand for remote monitoring and cybersecurity services and, lastly, the improvement expected of Brazil.

In Prosegur Cash currencies of the countries of the LatAm region are expected to continue depreciating over the course of 2020, albeit less so than in the previous year. To this regard, the Company expects to be able to mitigate that impact as much as possible by capturing the natural growth of the markets in which it operates, shifting the increase of our costs to our clients while preserving and increasing margins and offering new solutions and services that allow us to expand our client base.

In addition, we expect the results of our regions in Europe and ROW will improve thanks to the sale of our operations in France and the progress of given initiatives of a commercial and operational nature implemented during 2019 in Australia.

Lastly, in the Alarms business, the main focus will be on the development and launch of the joint company with Telefónica in an endeavour to obtain the best growth rates of the market in the shortest time possible. In other regions, Prosegur Alarmas expects to maintain a growth trend similar to the one in 2019. Although it is expected to continue to be greater than the average global growth of the industry, the strategy will continue to focus more on healthy and long-term growth by means of the intensification of the client credit rating processes. With this strategy, the Company intends to improve the quality of the client portfolio, ensuring a lower drop-out rate than at present, and improving the global margin on each new connection, even at the expense of slightly detracting from the strong growth rate.

In addition, worthy of note is the significant wager of the company for digital transformation, which will also contribute to the growth and improved profitability of the group.

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

The important projects carried out in recent years have brought differentiation to the quality of the services offered by Prosegur and reflect the Company's commitment to innovation and excellence. Among the projects which have recently and successfully been completed or which are currently in progress, we shall highlight the following:

Prosegur Security

The developments in innovation are closely linked to the security needs and requirements posed by customers. Therefore, various environments have been designed in which to collaborate and explore the search for new solutions together. In addition, the business unit has developed an Ecosystem of Partners to which to add in the different activities.

The main initiatives carried out in 2019 have been developed in the field of internet of things (IoT) and artificial intelligence. They are diverse projects to which the company continuously monitors them and that would, according to their degree of progress, be integrated into a single larger project.

In addition, Prosegur Security has brought to the market a pioneering initiative called POPS, Prosegur Security Operating Platform. A perfect example of how the company is aligning its R&D effort with the global strategy focused on the development of comprehensive security solutions to and from the customer.

Finally, it is worth highlighting the implementation of virtual and augmented reality in support of the operational teams in the client. Its applications are very diverse and it is already being used in surveillance and maintenance. The next step will be to incorporate it into the formation and training processes.

Prosegur Cash

In 2019, Prosegur Cash has focused on working agilely so that processes and services are continuously improved. The creation of different lines of action has allowed concentrating efforts and, consequently, accelerating innovation.

In the traditional business, the company has launched a series of initiatives with a high impact on productivity and efficiency aimed at reducing operating costs. In addition, in the business of collecting cash in retail, Prosegur Cash has worked to improve, expand and strengthen the range of Smart Cash services with innovations that complement the value offer.

Finally, one of the open lines of action has focused on opening a new area of B2C business development 'mobile first' with global aspiration, which complement and reinforce the leadership of the main business.

Prosegur Alarms

In 2019, Prosegur Alarms has continued working to get to know the customer better. The objective is to understand how and how the user wants to protect himself. Among other initiatives, new predictive models such as the use of the alarm or the discharge qualification model have been developed. In this way, the company can anticipate customer behavior and design the launch of linkage and retention initiatives to reduce the dropout rate at the total connection base (BTC).

Another priority area of work has been the continuous improvement of the Prosegur Smart platform. Throughout the exercise, new features have been added that improve the user experience. The results are very positive since the number of frequent users has doubled and about 70% of the new Alarms customers are users of the application.

9. Acquisition and disposal of own shares

At 31 December 2019 the Company held 12,186,707 own shares (18,627,835 shares in 2018), which represent 5.02% of the share capital (3.00% in 2018) and have a value of EUR 107.9 million (EUR 65.2 million in 2018).

10. Alternative performance measures

In order to comply with ESMA Guidelines on APM's, 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 IT applications 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 income 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 non-bank payable 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 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 the amortisation of intangible assets, but including the depreciation of IT applications.	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, finance 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 Euro)	31.12.2019	31.12.2018
Other installations and furniture	0	111
Other assets	11	0
Subtotal: Property, Plant and Equipment additions	0	111
Software additions	11	0
Total **CAPEX**	11	111

EBIT margin (In thousands of Euro)	31.12.2019	31.12.2018
EBIT	91,538.00	115,565.00
Revenues	108,595.00	130,653.00
Margen EBIT	84.29%	88.45%

Financial liabilities	31.12.2019	31.12.2018
Financial liabilities **(A)**	787,012.00	785,876.00
Cash and cash equivalents (B)	-43,859.00	-138,263.00
Less: other financial current assets **(C)**	-319,621.00	-489,268.00
Total Net Financial Debt **(A+B+C)**	423,532.00	158,345.00
Less. Other non banking debts **(D)**	-84,557.00	-84,692.00
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payments for M&A acquisitions) **(A+B+C+D)**	338,975.00	73,653.00

EBITA (In thousands of Euro)	31.12.2019	31.12.2018
Profit of the year	81,873.00	102,985.00
Income tax	643	1,069.00
Financial costs	9,022.00	11,511.00
Amortisation	4,617.00	3,900.00
EBITA	96,155.00	119,465.00

EBITDA (In thousands of Euro)	31.12.2019	31.12.2018
Profit of the year	81,873.00	102,985.00
Income tax	643.00	1,069.00
Financial costs	9,022.00	11,511.00
Depreciation and amortization	4,617.00	4,644.00
EBITDA	96,155.00	120,209.00

11. Other significant information

Stock market information

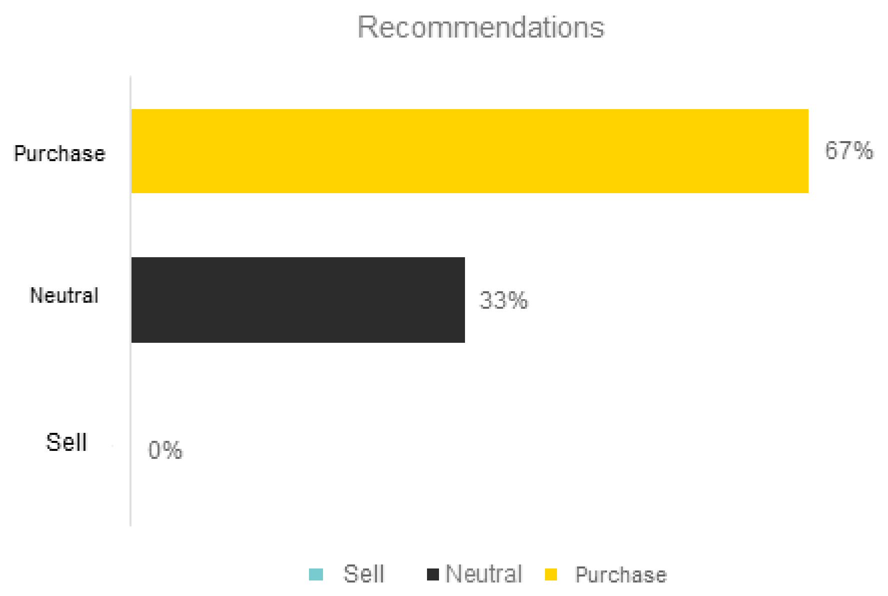
Prosegur focuses its efforts in the creation of value for its shareholders. Improving profit/(loss) and transparency, as well as rigour and credibility, are what guides the company's actions.

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.

In order to meet this transparency commitment, Prosegur uses multiple communication channels such as the webcast held every quarter to report results or the creation of the Investors Newsletter, added to the publication of other information bulletins with specific content of interest to the investment community.

Analysts coverage

At the close of the market in 2019, of a total of 18 analysts covering Prosegur's equity stock, most of them had a positive perception of the company, although somewhat more conservative than in 2018 due to the negative effect of the currencies. In this manner, six of them maintain a neutral recommendation (seven in 2018), twelve recommend purchasing (ten in 2018) and none of them had a negative rating or recommendation to sell.



Prosegur's shares started 2019 listed at EUR 4.29 per share, and at close, on 31 December at EUR 3.68 per share. During the year, the Company's share price went down by 14.26% mainly caused by the sharp adjustment that the market applied from the end of August to shares with high exposure to the LatAm region and to emerging countries in general.

Main shareholders

The shareholding structure of Prosegur reflects its solidity and stability.

At 31 December 2019, 67.22% of the capital of the Company is in the hands of significant shareholders. 5.02% were own shares and the remaining 27.76 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.

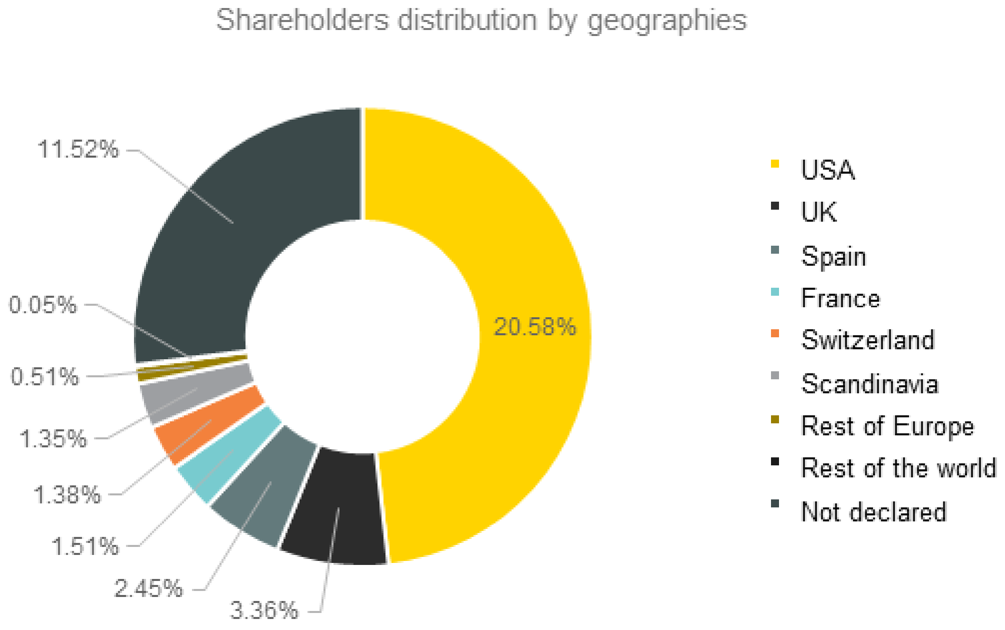
Geographical distribution of free float

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 2019 there was a significant increase in participation in the United States, attaining 20.58% of the shareholding structure identified with an increase of 258 basis points with respect to the 18.44% in 2018.

For yet another year, worthy of significant mention is the positive rotation of 4% in the total number of Prosegur shares purchased in the United States and Canada market with respect to 2018. This is a clear indicator of a more long-term approach of the investors in that market, that see Prosegur as more of an opportunity.

On the other hand, the negative rotation in the European market stands out, probably due to the exposure by Prosegur to the LatAm region. To this regard, the capital from the United Kingdom has decreased its stake slightly with respect to 2018, to 3.36% of the shareholding structure. Scandinavian investors have also chosen to decrease their percentage to 1.35%. Capital from France, Spain and Switzerland have decreased their presence in the Prosegur shareholding structure to 1.51%, 2.45% and 1.38% respectively.



12. Statement of Non-financial Information

The Statement of Non-financial Information of Prosegur Compañía de Seguridad, S.A. is described in Note 12 of the Consolidated Directors' Report of Prosegur Compañía de Seguridad.

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT OF 2019

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 2019, authorised for issue by the Board of Directors at the meeting held on 27 February 2020 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.

In Madrid, 27 February 2020.

Ms Helena Irene Revoredo Delvecchio
Chair

Mr Isidro Fernández Barreiro
Vice-chairman

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 2019. 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 annual 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

PROSEGUR

www.prosegur.com

PROSEGUR

www.prosegur.com