PROSEGUR CASH, S.A. AND SUBSIDIARIES

Condensed interim consolidated financial statements for the six-month period ended 30 June 2020

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

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I. CONSOLIDATED INCOME STATEMENT – EXPENSE BY FUNCTION

(In thousands of Euros)	Note	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
Revenue	9	771,767	888,423
Costs to sell	5, 6	(522,236)	(588,217)
Gross profit		**249,531**	**300,206**
Other income	7	4,951	12,013
Sale and administrative expenses	5, 6	(183,885)	(174,233)
Other expenses	7	(4,142)	(515)
Investments accounted for using the equity method	12	(900)	(735)
Operating profit/(loss) (EBIT)		**65,555**	**136,736**
Finance income	8	4,029	4,757
Finance expenses	8	(27,318)	(22,247)
Net financial costs		(23,289)	(17,490)
Profit before tax		**42,266**	**119,246**
Income tax	18	(20,900)	(38,523)
Post-tax profit from continuing operations		**21,366**	**80,723**
Consolidated profit for the period		**21,366**	**80,723**
Attributable to:			
Owners of the Parent		21,633	80,739
Non-controlling interests		(267)	(16)
Earnings per share from continuing operations attributable to the owners of the Parent (Euros per share)			
- Basic	15.4	0.01	0.05
- Diluted	15.4	0.01	0.05

The Notes on pages 10 to 48 form an integral part of these condensed interim consolidated financial statements

II. CONSOLIDATED STATEMENT OF COMPRHENSIVE INCOME

(In thousands of Euros)	Six-month period ended 30 June	
	2020	**2019**
Result for the period	**21,366**	**80,723**
Items which are reclassified to profit and loss		
Translation differences of financial statements of foreign operations	(127,919)	5,407
	(127,919)	**5,407**
Total comprehensive income for the period, net of tax	**(106,553)**	**86,130**
Attributable to:		
- Owners of the parent	(106,286)	86,146
- Non-controlling interests	(267)	(16)
	(106,553)	**86,130**

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III. CONSOLIDATED STATEMENT OF FINANCIAL POSITON

(In thousands of Euros)	Note	30 June 2020	31 December 2019
ASSETS			
Property, Plant and Equipment	10	320,032	345,382
Goodwill	10	402,843	375,467
Rights of use	10	79,146	91,603
Other intangible assets	10	198,997	216,694
Investments accounted for using the equity method	12	6,262	7,510
Non-current financial assets		4,934	4,714
Deferred tax assets		52,068	47,871
Non-current assets		**1,064,282**	**1,089,241**
Inventory	14	12,535	14,099
Clients and other receivables		300,544	381,070
Accounts receivable with Prosegur Group	21	33,321	67,692
Current tax assets		53,316	73,411
Other financial assets		-	1,379
Cash and cash equivalents	13	512,835	307,423
Current assets		**912,551**	**845,074**
Total assets		**1,976,833**	**1,934,315**
EQUITY			
Share capital	15	30,421	30,000
Treasury Stock	15	16,382	-
Own shares	15	(3,630)	(1,546)
Translation differences		(673,419)	(167,215)
Retained earnings and other reserves		782,232	382,101
Equity attributable to equity holders of the Parent		**151,986**	**243,340**
Non-controlling interests		(74)	293
Total equity		**151,912**	**243,633**
LIABILITIES			
Financial liabilities	17	978,831	646,566
Long term lease liabilities	10	63,373	74,080
Deferred tax liabilities		39,647	37,588
Provisions	16	137,372	144,609
Non-current liabilities		**1,219,223**	**902,843**
Trade and other payables		272,280	346,790
Current tax liabilities		62,352	93,865
Financial liabilities	17	182,301	210,524
Short term lease liabilities	10	27,974	31,375
Accounts payable with Prosegur Group	21	43,904	95,729
Provisions	16	3,879	1,449
Other Current Liabilities		13,008	8,107
Current liabilities		**605,698**	**787,839**
Total liabilities		**1,824,921**	**1,690,682**
Total equity and liabilities		**1,976,833**	**1,934,315**

The Notes on pages 10 to 48 form an integral part of these condensed interim consolidated financial statements

IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

PERIOD ENDED 30 JUNE 2020

(In thousands of Euros)	Equity attributable to equity holders of the Parent							
	Share capital (Note 15)	Share premium (Note 15)	Own shares (Note 15)	Translation differences	Retained earnings and other reserves	Total	Minority interests	Total equity
Balance at 31 December 2019	**30,000**	**-**	**(1,546)**	**(167,215)**	**382,101**	**243,340**	**293**	**243,633**
Reclassification of retained earnings to translation differences (Note 2)	-	-	-	(378,285)	378,285	-	-	-
Balance at 1 January 2020	**30,000**	**-**	**(1,546)**	**(545,500)**	**760,386**	**243,340**	**293**	**243,633**
Total comprehensive income for the period ended 30 June 2020	-	-	-	(127,919)	21,633	(106,286)	(267)	**(106,553)**
Accrued share incentives	-	-	(98)	-	-	(98)	-	**(98)**
Acquisition/sale of own shares	-	-	(1,986)	-	-	(1,986)	-	**(1,986)**
Capital increase	421	16,382	-	-	-	16,803	-	**16,803**
Other changes	-	-	-	-	213	213	(100)	**113**
Balance at 30 June 2020	**30,421**	**16,382**	**(3,630)**	**(673,419)**	**782,232**	**151,986**	**(74)**	**151,912**

The Notes on pages 10 to 48 form an integral part of these condensed interim consolidated financial statements

PERIOD ENDED 30 JUNE 2020

(In thousands of Euros)	Equity attributable to equity holders of the Parent							
	Share capital (Note 15)	Share premium (Note 15)	Own shares (Note 15)	Translation differences	Retained earnings and other reserves	Total	Minority interests	Total equity
Balance at 31 December 2018	**30,000**	**-**	**(1,943)**	**(156,546)**	**366,474**	**237,985**	**6**	**237,991**
Transition adjustments	-	-	-	-	(37,247)	(37,247)	-	**(37,247)**
Balance at 1 January 2019	**30,000**	**-**	**(1,943)**	**(156,546)**	**329,227**	**200,738**	**6**	**200,744**
Total comprehensive income for the period ended 30 June 2019	-	-	-	5,407	80,739	86,146	(16)	**86,130**
Adjustment for Hyperinflation	-	-	-	-	(7,617)	(7,617)	-	**(7,617)**
Acquisition/sale of own shares	-	-	398	-	-	398	-	**398**
Other changes	-	-	-	-	-	-	967	**967**
Balance at 30 June 2019	**30,000**	**-**	**(1,545)**	**(151,139)**	**402,349**	**279,665**	**957**	**280,622**

The Notes on pages 10 to 48 form an integral part of these condensed interim consolidated financial statements

V. CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows

(In thousands of Euros)	Note	Six-month period ended 30 June 2020	Six-month period ended 30 June 2019
Cash flows from operating activities			
Profit/(loss) for the period		**21.634**	**80.723**
Adjustments for:			
Amortisations	5, 10	54.106	50.120
Impairment losses on trade receivables and inventory	7	1.744	537
Investments accounted for using the equity method		900	735
Change in provisions	16	9.710	6.594
Finance income	8	(4.030)	(13.251)
Finance expenses	8	27.319	22.247
Income tax	18	20.900	38.523
Changes in working capital, net of the effect of acquisitions and translation differences			
Inventory		566	(1.851)
Clients and other receivables		36.795	(14.925)
Trade and other payables		(44.822)	(14.059)
Payment of provisions	16	(9.244)	(12.843)
Other liabilities		(585)	10.752
Cash from operating activities			
Interest paid		(16.472)	(11.481)
Income tax paid		(8.375)	(48.359)
Net cash from operating activities		**90.146**	**93.462**
Cash flows from investing activities			
Interest collection		510	2.975
Acquisition of subsidiaries, net of cash and cash equivalents		(11.333)	(3.993)
Acquisition of property, plant and equipment	10	(27.755)	(43.010)
Acquisition of intangible assets	10	(2.495)	(3.822)
Net cash from investing activities		**(41.073)**	**(47.850)**
Cash flows from financing activities			
Payments from the issue of own shares and equity instruments	15	(2.084)	398
Proceeds from loans and borrowings		470.531	40.000
Payments for loans and borrowings		(157.538)	(40.574)
Payments from debts with group companies		(69.972)	(5.922)
Payments from the financial leases		(14.474)	(16.471)
Dividends paid	4 and 15	(26.838)	(58.914)
Net cash from financing activities		**199.625**	**(81.483)**
Net increase/(decrease) in cash and cash equivalents		248.698	(35.871)
Cash and cash equivalents at the beginning of year		307.423	273.756
Effect of exchange differences		(43.286)	(3.570)
Cash and cash equivalents at the end of the period		**512.835**	**234.315**
Cash and cash equivalents at the the end of period for continued operations		512.835	232.435
Cash and cash equivalents at the the end of period for Non current assets hedl for sale		-	1.880

The Notes on pages 10 to 48 form an integral part of these condensed interim consolidated financial statements

VI. EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

Prosegur CASH is a business group made up of Prosegur CASH, S.A. (hereinafter "the Company") and its subsidiaries (together, Prosegur CASH) which provides securities logistics, CASH in transit and other value-added services in the following countries: Spain, Portugal, Germany, Argentina, Brazil, Chile, Peru, Uruguay, Paraguay, Colombia, Nicaragua, Honduras, El Salvador, Guatemala, Costa Rica, Ecuador, The Philippines, Indonesia, India and Australia.

Prosegur CASH is organised into the following geographical areas:

- Europe.
- Ibero-America.
- Rest of the world (AOA).

The services provided by Prosegur CASH are distributed into the following business lines:

- Transport
- CASH in Transit
- New Products

Prosegur CASH, S.A. is a subsidiary controlled by the Spanish company Prosegur Compañía de Seguridad, S.A. (hereinafter, Prosegur or the Prosegur Group), which currently owns 51.76% of its shares, indirectly controlling another 21.59% via its 100%-owned investee Prosegur Assets Management, S.L.U. Accordingly, the Prosegur Group consolidates the Prosegur CASH Group in its financial statements. The registered offices of Prosegur CASH, S.A. are at Calle Santa Sabina, 8, Madrid (Spain).

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid and holds 52.479% of the shares of Prosegur Compañía de Seguridad, S.A., which consolidates Prosegur in its consolidated financial statements.

The corporate purpose of Prosegur CASH is to provide the following services through companies focusing on the CASH business: (i) national and international transport services (by land, sea and air) of funds and other valuables (including jewellery, artworks, precious metals, electronic devices, voting ballots, legal evidence), including collection, transport, custody and deposit services; (ii) processing and automation of CASH (including counting, processing and packaging, as well as coin recycling, CASH flow control and monitoring systems); (iii) comprehensive ATM solutions (including planning, loading, monitoring, first- and second-tier maintenance and balancing); (iv) CASH planning and forecasting for financial institutions; (v) self-service CASH machines (including CASH deposits, recycling services and dispensing of bank notes and coins, and payment of invoices); and (vi) added-value outsourced services (AVOS) for banks (including outsourcing of tellers, multi-agency services, cheque processing and related administrative services).

The Individual and Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. for 2019 are pending approval by the Shareholders General Meeting, which has been temporarily postponed as a result of the declaration of the state of emergency caused by the COVID-19 outbreak.

Structure of Prosegur CASH

Prosegur CASH, S.A. is the Parent of a Group made up of subsidiaries, listed in Appendix I of the Notes to the Consolidated Annual Accounts at 31 December 2019. Likewise, Prosegur CASH has Joint Arrangements in place (Note 15 and Appendix II of the Notes to the Consolidated Annual Accounts at 31 December 2019).

Details of the principles applied to prepare the Prosegur CASH Consolidated Annual Accounts and define the consolidation scope are provided in Note 33.2 and Note 2 to the Consolidated Annual Accounts at 31 December 2019, respectively.

2. Basis for presentation, estimates made and accounting policies

These condensed interim consolidated financial statements of Prosegur CASH, for the six-month period ended 30 June 2020, have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

In accordance with the provisions of IAS 34, interim financial reporting is prepared solely with the intention of updating the content of the latest Consolidated Annual Accounts prepared by Prosegur CASH, emphasising the new activities, events and circumstances that occurred during the six-month period ended 30 June 2020, and not duplicating the information previously published in the Consolidated Annual Accounts for 2019.

Therefore, and for a proper understanding of the information included in these condensed interim consolidated financial statements, they should be read together with Prosegur CASH Consolidated Annual Accounts for the year ended 31 December 2019, which were prepared in accordance with International Financial Reporting Standards (IFRS), adopted for use in the European Union and approved by the current European Commission Regulations and other applicable financial reporting regulations (IFRS-EU).

Significant changes in accounting policies

Except for the rest of the new standards and effective interpretations at January 1, 2020 described in Annex I, the accounting policies applied in these consolidated condensed interim financial statements as of June 30, 2020, are consistent with those applied in the preparation of the consolidated annual accounts of Prosegur CASH at December 31, 2019, the details of which are included in note 33 of the mentioned consolidated annual accounts.

Estimates, assumptions and relevant judgements

The preparation of the condensed interim consolidated financial statements, in accordance with IFRS-EU, requires the application of relevant accounting estimates and the undertaking of judgements, estimates and hypotheses
in the process for application of the Prosegur CASH accounting policies and measurement of assets, liabilities and profit and loss.

Although estimates are calculated by Prosegur CASH's Directors based on the best information available at the end of the reporting period, it is possible that due to the uncertainty of the emergency health situation caused by the COVID-19 outbreak, future events may require changes to these estimates in subsequent years. Any effect on the condensed interim financial statements of adjustments to be made in subsequent years would be recognised prospectively, where appropriate.

Corporate Income Tax for the six-month period ended 30 June 2020 is calculated using the effective tax rate that is estimated to be applicable to the profit/(loss) for the year.

Comparative information

For comparative purposes and for each item in the consolidated statement of financial position, in the consolidated income statement, in the consolidated statement of comprehensive income, in the consolidated statement of Cash flows, in the consolidated statement of changes in equity and in the notes to the condensed interim consolidated financial statements, in addition to the consolidated figures for the six-month period ended 30 June 2020, the condensed interim consolidated financial statements show those for the same period the previous year, except for the consolidated statement of financial position which shows the consolidated figures for the twelve-month period ended 31 December 2019.

In 2019, as a result of applying IAS 29 for Argentina, the Company has adopted the accounting policy of recognising changes in equity associated with the currency effect, entirely under the heading Other reserves. In 2020, due to the interpretation issued by the expert committee of international accounting standards, the Company has adopted the accounting policy of recording changes in equity, associated with the currency effect and the inflation effect, under the heading Translation differences as a whole. Comparative figures have not been restated. As a result, the Company has reclassified an amount of EUR 378,285 thousand from the item "Retained earnings and other reserves" to the item "Translation differences".

3. Changes to the Group's structure

In Appendix I to the Consolidated Annual Accounts for the year ended 31 December 2019, relevant information is provided on the Group companies that were consolidated at that date.

Additionally, during the first half of 2020, the following company was incorporated:

- In February 2020, Prosegur Custodia de Activos Digitales S.L. was incorporated in Spain.
- In March 2020, Gelt Brasil Consultoria em Tecnologia da Informacao Ltda. was incorporated in Brazil.
- In June 2020, Spike GmbH was incorporated in Germany.

Furthermore, the following mergers took place between subsidiaries in 2020:

- In March 2020, the takeover merger of Transvip Transporte de Valores e Vigilância Patrimonial Ltda by Prosegur Brasil SA Transportadora de Valores e Seguranca was formalised in Brazil.

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

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

The net assets of the Mexican companies at the time of sale amounted to EUR 4,734 thousand. The sale entailed an expense for the Group of EUR 1,041 thousand included under the heading Other expenses (Note 7). Additionally, an amount of EUR 1,197 thousand was reclassified to income, which corresponds to the translation differences of the Mexican companies sold.

The rest of the changes in the structure of the Group during the year 2020, corresponds to acquisitions of subsidiaries whose information is detailed in Note 20.

4. Events occurred since the end of 2019

In addition to what is reflected in Note 3 on the changes to the structure of the Group, the most relevant transactions and events that occurred during the first half of 2020 are detailed below:

Share buyback programme

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

The Programme has been put into effect under the provisions of Regulation (EU) no. 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 6 February 2017 for the purchase of own shares, for the purpose of redeeming them pursuant to a share capital reduction resolution which will be submitted for the approval of the next Shareholders General Meeting

The Programme will apply to a maximum of 45,000,000 shares, representing approximately 3% of Prosegur's share capital (1,500,000,000 shares).

The Programme has the following features:

- Maximum amount allocated to the Programme: EUR 40,000 thousand.

- Maximum number of shares that can be acquired: up to 45,000,000 shares representing approximately 3% of the Company's share capital.

- Maximum price per share: shares are purchased in compliance with the price and volume limits established in the Regulations. In particular, the Company cannot buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) that corresponding to the highest current independent bid on the trading venues where the purchase is carried out.

- Maximum volume per trading session: in so far as volume is concerned, the Company cannot purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.

- Duration: the Programme has a maximum duration of one year. Notwithstanding the above, the Company reserves the right to conclude the Programme, if prior to the end of said maximum term of one year, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

As a result of the implementation of the Programme, the operation of the liquidity contract effective and signed by the Company from July 11, 2017, has been suspended.

Reinvestment of the third payment of the interim dividend for 2019

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

The reinvestment price per share was EUR 0.797925. This price corresponds to the simple average of the weighted average changes of the Company's share in the SIBE market corresponding to the five trading days prior to the payment date of the third payment of the interim dividend for 2019, that is, on 22, 23, 24, 25, and 26 June 2020 (for 22, 23 and 24 June, reducing the gross amount of said dividend payment).

Each shareholder who has voluntarily joined the reinvestment programme has subscribed of a number of newly issued ordinary shares of the Company equal to the result of dividing: (a) the total net amount (no partial reinvestment) of the third payment of the interim dividend for 2019 that they were entitled to receive on the payment date, by (b) the reference price calculated according to the reference price, rounding the result of this division by default up/down to the nearest unit. The rest of this net amount not applied to reinvestment as a result of the aforementioned rounding up/down will be paid in Cash to the shareholder. The rest of this net amount not applied to reinvestment as a result of the aforementioned rounding up/down paid in Cash to the shareholder.

The majority shareholder of the Company, the entity Prosegur Compañía de Seguridad, SA, and its 100%-owned investee, the company Prosegur Asset Management, S.A., holders of 73.35% of the share capital at 30 June 2020, have accepted the reinvestment programme for the third payment of the interim dividend for 2019.

Capital increase

Associated with the reinvestment programme, the capital increase agreed by the Board of Directors under item 9 of the agenda of the Shareholders General Meeting of the Company held on 6 February 2017 was executed on 3 July 2020. The increase was registered on 6 July 2020.

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

Covid-19

On 11 March 2020 the World Health Organization (WHO) officially declared the situation caused by the outbreak as a pandemic, due to its rapid spread throughout the world, having affected more than 150 countries. Most governments have taken restrictive measures to contain the spread, including isolation, confinement, quarantine, and restriction on the free movement of people, closure of public and private premises, except those of primary need and sanitation, closure of borders and reduction drastic air, sea, rail and land transport.

This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease. of long-term interest rates.

The measures adopted by the different governments to combat the spread of COVID-19 and the circumstances derived from the coronavirus crisis have caused a decrease in the total market accessible by the Group Prosegur CASH to carry out its activities. This is due to the closings of shops, the successive multiple temporary cessations of activity due to the impact that the COVID-19, restrictions on the free movement of people and the carrying out of works on existing buildings limiting their activity mainly to urgent repairs , and limited access to protection and contagion prevention materials for both its staff and its customers. Only the stores of basic products and services have continued to open, given the exceptional situation.

Given the observed situation, characterized by a drastic drop in the different sectors of the economy, and absolute uncertainty in the future, the main consequences have been the following:

- Deferred payment of tax liabilities in Germany, Portugal, Australia, Peru, Guatemala, Chile, Paraguay, Singapore, China, Colombia and Brazil amount to EUR 25,847 thousand.
- Non-refundable subsidies awarded by the Administration for the maintenance of employment in the context of the COVID-19 pandemic in Australia amount to EUR 3,983 thousand (Note 7).
- Loan received at a reduced interest rate in Peru amount to EUR 3,025 thousand (Note 17).
- Salary reductions and temporary workforce reduction plans (ERTE).
- Reduced investments in property, plant and equipment.
- Revenue and profit before tax has been reduced compared to the previous year. To mitigate as far as possible this impact, expenses not necessary for the provision of customer service such as travel expenses, costs of consulting fees and other fees have been limited.
- Exemption from Social Security payments associated with the temporary workforce reduction plan (ERTE) in Spain, Portugal, Germany, Argentina, Colombia.

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

- Liquidity risk: The situation of uncertainty generated by the COVID-19 pandemic has led to greater liquidity constraints in the economy as a whole, as well as reduced access to credit. For this reason, the Group has drawn down all the balances of the credits associated with the contracted syndicated financing facilities for the amount of EUR 300,000 thousand (Note 17).
- Risk of measurement of assets and liabilities on the balance sheet: The Company has carried out an analysis and a series of calculations associated with the accounting valuation of certain assets (goodwill, tax credits and non-current assets).
- Risk of changes in certain financial figures: The uncertainty arising from the COVID-19 pandemic may cause a variation of the most significant headings in subsequent financial statements.
- The Company has complied with the applicable covenants and estimates that this situation will continue at the end of the year.
- Operational risk: Due to the closures of the retailers, the volume of Cash transported has been reduced, and as a consequence CASH business has been negatively affected. The company has developed a cost containment program and measures to preserve cash generation with the aim of limiting the impact of less activity.
- Going concern risk: in light of the aspects mentioned above, the Company considers that on the date of preparation of the condensed interim consolidated financial statements, no risk associated with the application of the going concern principle was detected.

5. Cost of sales and administration and sales expenses

The main cost of sales and administration and sales expenses in the consolidated income statement for the six-month periods ended 30 June 2020 and 2019 are as follows:

		Thousands of Euros	
		Period ended 30 June	
		2020	2019
Supplies		21,076	29,573
Employee benefits expenses	(Note 6)	367,218	414,672
Operating leases		4,816	5,185
Supplies and external services		58,975	66,460
Amortisations		22,721	23,082
Other expenses		47,430	49,245
Total sale expenses		**522,236**	**588,217**

		Thousands of Euros	
		Period ended 30 June	
		2020	2019
Supplies		662	1,917
Employee benefits expenses	(Note 6)	67,777	48,017
Operating leases		4,412	5,572
Supplies and external services		25,942	28,774
Amortisations		31,385	27,038
Other expenses		53,707	62,915
Total sale and administrative expenses		**183,885**	**174,233**

Total supplies in the consolidated income statement for the six-month period ended 30 June 2020 amount to EUR 21,738 thousand (2019: EUR 31,490 thousand).

The general decrease of all items arises as a consequence of the COVID-19 pandemic (Note 4).

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

The costs for leases by right of use corresponding to contracts for a period equal to or less than one year and to lease contracts of low value assets for an amount equal to or less than USD 5 thousand are included under the heading on operating leases. The remaining contracts are included in the heading on rights of use (Note 10.3).

The heading on other expenses, under administration and sales, mainly includes expenses for management support services and trademark usage expenses for EUR 33,828 thousand and EUR 8,964 thousand, respectively (Note 21).

6. Employee benefits expenses

Details of employee benefits expenses for the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Salaries and wages	319,456	354,382
Social Security	72,055	81,980
Other employee benefits expenses	13,624	18,514
Indemnities	29,860	7,813
Total employee benefits expense	**434,995**	**462,689**

The general decrease of all items arises as a consequence of the COVID-19 pandemic (Note 4).

The accrual of the long-term incentive associated with the 2020 Plan for the Executive President, Executive Director and the Senior Management of Prosegur CASH is included under the heading on salaries and wages (Note 16).

The heading on indemnities includes the provision for occupational risks (Note 16).

7. Other income and expenses

Details of Other income and expenses in the consolidated income statement for the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Impairment losses on trade receivables	(1,744)	(439)
Other expenses	(2,398)	(76)
Total other expenses	**(4,142)**	**(515)**

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Profits from the sales of holdings	-	9,606
Other income	4,951	2,407
Total other income	**4,951**	**12,013**

In 2020, the item “Other expenses” mainly includes expenses for the divestment of Mexico, which has entailed an expense for the CASH Group of EUR 1,041 thousand included under the heading on other expenses.

The item “Other income” in 2020 mainly includes income from non-refundable subsidies accrued and from the Administration for the maintenance of employment in the context of the COVID-19 pandemic. In 2019, the item “Gains on the sale of shares” mainly reflected the gains associated with the sale of the share in SBV (Note 12).

8. Net financial expenses

Details of net financial expenses for the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Interest expenses	(15,398)	(9,700)
Interest received	438	3,683
Net profits/(losses) on foreign currency transactions	452	(2,152)
Finance expenses on finance leases	(3,202)	(4,168)
Finance expenses on discounting lease liabilities (Note 10)	3,139	1,074
Other net finance income and expenses	(8,718)	(6,227)
Total net financial expenses	**(23,289)**	**(17,490)**

The main change in the financial results for the first six months of 2020 compared to the first six months of 2019, is mainly due to:

- A higher financial expense due to the monetary adjustment of deferred payments of business combinations;
- The contracting of financing facilities in Argentina, and
- Monetary adjustment of court deposits associated with the labour actions open in Brazil (Note 16).
- As a prevention measure, 100% of the syndicated loan has been drawn (Note 17 and 4), which has caused a slight increase in financial expenses for this concept.

9. Segment reporting

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

The Board of Directors analyses the business from two perspectives: geographical and by activity. From a geographical perspective, three segments are identified: Europe, Ibero-America and Rest of the World (AOA), which in turn include the activity segments identified as Transport, CIT and New Products.

The Board of Directors uses EBITA to assess segment performance, since this indicator is considered to best reflect the results of the Prosegur CASH Group's different activities.

Details of revenue by segments for the six-month periods ended 30 June 2020 and 2019 is are as follows:

Thousands of Euros	Europe		AOA		Ibero-America		Total	
	at 30 June 2020	at 30 June 2019	at 30 June 2020	at 30 June 2019	at 30 June 2020	at 30 June 2019	at 30 June 2020	at 30 June 2019
Transport	107,272	133,446	29,567	37,238	321,694	357,142	458,533	527,826
% of total	51%	52%	65%	73%	62%	61%	59%	59%
Cash management	55,038	74,867	11,753	11,230	106,163	132,855	172,954	218,952
% of total	26%	30%	26%	22%	21%	23%	22%	25%
New Products	47,552	44,859	4,128	2,751	88,600	94,035	140,280	141,645
% of total	23%	18%	9%	5%	17%	16%	18%	16%
Total sales	**209,862**	**253,172**	**45,448**	**51,219**	**516,457**	**584,032**	**771,767**	**888,423**

Income from Transport, CIT and New Products services are recognised at the time they are provided.

Details of EBIT and profit/(loss) after tax from ongoing operations broken down by segment are as follows:

Thousands of Euros	Europe		AOA		Ibero-America		Total	
	at 30 June 2020	at 30 June 2019	at 30 June 2020	at 30 June 2019	at 30 June 2020	at 30 June 2019	at 30 June 2020	at 30 June 2019
Sales to external customers	209,862	253,172	45,448	51,219	516,457	584,032	771,767	888,423
Other net expenses	(196,578)	(226,509)	(48,636)	(43,126)	(405,992)	(431,316)	(651,206)	(700,951)
Losses on holdings accounted for using the equity method	(547)	-	(353)	(735)	-	-	(900)	(735)
EBITDA	12,737	26,663	(3,541)	7,358	110,465	152,716	119,661	186,737
Depreciation and amortisation	(14,162)	(12,071)	(3,642)	(3,958)	(26,033)	(25,019)	(43,837)	(41,048)
EBITA	(1,425)	14,592	(7,183)	3,400	84,432	127,697	75,824	145,689
Intangible amortization	(1,313)	(1,136)	(646)	(577)	(8,310)	(7,240)	(10,269)	(8,953)
EBIT	(2,738)	13,456	(7,829)	2,823	76,122	120,457	65,555	136,736
Net Finance Income	(10,633)	(8,348)	(2,139)	(3,715)	(10,517)	(5,427)	(23,289)	(17,490)
Corporate Income Tax	(837)	(8,182)	389	(1,439)	(20,452)	(28,902)	(20,900)	(38,523)
Post-tax profit from continuing operations	(14,208)	(3,074)	(9,579)	(2,331)	45,153	86,128	21,366	80,723

Details of assets allocated to segments and a reconciliation with total assets at 30 June 2020 and 31 December 2019 are as follows:

Thousands of Euros	Europe		AOA		Ibero-America		Not allocated to segments		Total	
	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019
Non-current assets allocated to segments	**311,835**	**294,289**	**101,991**	**116,246**	**939,853**	**1,090,361**	**105,385**	**121,282**	**1,459,064**	**1,622,178**
Other unallocated assets							**517,769**	**312,137**	**517,769**	**312,137**
Other non-current financial assets							4,934	4,714	4,934	4,714
Cash and cash equivalents							512,835	307,423	512,835	307,423
	311,835	**294,289**	**101,991**	**116,246**	**939,853**	**1,090,361**	**623,154**	**433,419**	**1,976,833**	**1,934,315**

Details of liabilities allocated to segments and a reconciliation with total liabilities at 30 June 2020 and 31 December 2019 are as follows:

Thousands of Euros	Europe		AOA		Ibero-America		Not allocated to segments		Total	
	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019	at 30 June 2020	at 31 December 2019
Liabilities allocated to segments	**198,545**	**282,545**	**73,261**	**96,846**	**376,733**	**501,326**	**101,998**	**42,430**	**750,536**	**923,147**
Other unallocated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**1,074,384**	**767,535**	**1,074,384**	**767,535**
Financial liabilities	-	-	-	-	-	-	1,074,384	767,535	1,074,384	767,535
	198,545	**282,545**	**73,261**	**96,846**	**376,733**	**501,326**	**1,176,382**	**809,965**	**1,824,921**	**1,690,682**

The total assets assigned to segments exclude mainly the Cash and cash equivalents and other non current assets as Prosegur CASH jointly handles the treasury.

The total liabilities assigned to segments exclude debts with credit institutions as Prosegur CASH jointly handles the financing, and they include finance lease liabilities and those arising from the application of IFRS 16.

10. Property, plant and equipment, goodwill and other intangible assets

10.1. Property, plant and equipment

Details of changes in property, plant and equipment for the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	30/06/2020	30/06/2019
Cost		
Opening balance	784,706	755,477
Additions	31,821	43,010
Adjustment for Hyperinflation	-	15,712
Transfer to Non-current Assets held for sale	-	(32,691)
Business Combinations (Note 20)	16,191	712
Disposals	(4,946)	(14,984)
Disposal of the scope of consolidation	(18,397)	-
Translation differences	(87,688)	7,560
Closing balance	**721,687**	**774,796**
Accumulated amortisation		
Opening balance	(439,324)	(422,017)
Disposals	2,999	3,388
Adjustment for Hyperinflation	-	(6,560)
Transfer to Non-current Assets held for sale	-	25,394
Provisions charged to the income statement	(27,490)	(28,199)
Disposal of the scope of consolidation	11,771	-
Translation differences	50,389	(3,671)
Closing balance	**(401,655)**	**(431,665)**
Net assets		
Opening balance	**345,382**	**333,460**
Closing balance	**320,032**	**343,131**

The additions for the period have been reduced mainly as a consequence of the COVID-19 effect and the associated cash containment measures.

During the first half of 2020, investments in property, plant and equipment made by Prosegur CASH came to EUR 31,821 thousand (at 30 June 2019: EUR 43,010 thousand). These investments correspond mainly to cash automation equipment fitted in clients premises and purchasing and conditioning bases and armoured vehicles in Spain, Argentina and Brazil.

No assets are subject to restrictions on title or pledged as security for particular transactions at 30 June 2020.

10.2. Goodwill

Details of changes in goodwill for the six-month period ended 30 June 2020 are as follows:

	Thousands of Euros
	2020
Carrying amount at 31 December 2019	**375,467**
Additions to the consolidated group (Note 20)	59,932
Additions	1,743
Translation differences	(34,299)
Carrying amount at 30 June 2020	**402,843**

For the six-month period ended 30 June 2020, goodwill from the following business combinations has been incorporated:

	Thousands of Euros
	2020
Business combinations Ibero-America (1)	59,932
	59,932

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

The additions correspond to the adjustments in the value of the following goodwill:

	Thousands of Euros
	2020
Cash business combinations in Europe	1,743
	1,743

As of 30 June 2020, there were no additional elements indicating impairment with respect to recognised goodwill.

Details of changes in goodwill for the six-month period ended 30 June 2019 were as follows:

	Thousands of Euros
	2020
Carrying amount at 31 December 2019	356,138
Additions to the consolidated group	18,066
New Additions	178
Adjustment for Hyperinflation	1,996
Transfer to Non-current Assets held for sale	(16,938)
Translation differences	2,449
Carrying amount at 30 June 2020	**361,889**

For the six-month period ended 30 June 2019, goodwill from two business combinations was incorporated (Note 20):

10.3. Rights of use

Details of changes in right of use assets for the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Cost		
Balance at 31 December	114,208	-
Transition adjustments	-	103,976
Balance at 1 January	114,208	103,976
Additions	8,849	745
Adjustment for Hyperinflation	-	74
Transfer to Non-current Assets held for sale	-	(4,058)
Retirements and cancellations	(1,020)	(2,578)
Translation differences	(8,075)	(618)
Disposal of the scope of consolidation	(2,095)	-
Closing balance	**111,867**	**97,541**
Accumulated amortisation		
Opening balance	(22,605)	-
Transfer to Non-current Assets held for sale	-	558
Adjustment for Hyperinflation	-	(17)
Provisions charged to the income statement	(12,153)	(10,459)
Translation differences	1,452	41
Disposal of the scope of consolidation	585	-
Closing balance	**(32,721)**	**(9,877)**
Opening balance	**91,603**	**-**
Closing balance	**79,146**	**87,664**

Details of changes in lease liabilities for the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Cost		
Balance at 31 December	(105,455)	-
Transition adjustments	-	(117,698)
Balance at 1 January	**(105,455)**	**(117,698)**
Additions	(8,529)	(745)
Write offs and transfers	14,790	16,471
Financial Expenses (Note 8)	(3,203)	(3,796)
Translation differences	9,084	735
Liabilities directly associated to Non-current Assets Held for Sale	-	3,537
Disposal of the scope of consolidation	1,966	-
Closing balance	**(91,347)**	**(101,497)**

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

	Average rate		
	First 5 years	**5 to 10 years**	**10 to 15 years**
Germany	1.53%	2.03%	2.61%
Brazil	10.20%	12.29%	13.17%
Peru	5.89%	6.69%	7.34%
Argentina	30.57%	30.37%	27.20%
Colombia	7.02%	8.27%	9.10%
Chile	5.65%	6.38%	6.92%
Spain	1.20%	1.71%	2.42%

The rates have been calculated according to the life of the right of use.

The CASH Group decided to not recognise in the balance sheet the lease liabilities and the right of use asset corresponding to short-term lease contracts (leases for one year or less) and leases for low value assets (USD 5 thousand or less). Those exceptions have been recorded entirely under the heading on operating leases (Note 5).

10.4. Other intangible assets

Details of changes in intangible assets for the six-month periods ended 30 June 2019 and 2019 are as follows:

	Thousands of Euros	
	30/06/2020	**30/06/2019**
Cost		
Opening balance	370,143	323,335
New Additions	6,071	3,822
Adjustment for Hyperinflation	-	816
Business combinations (Note 20)	40,154	23,148
Write offs	(659)	(260)
Transfer to Non-current Assets held for sale	-	(16,103)
Disposal of the scope of consolidation	(318)	-
Translation differences	(61,179)	2,560
Closing balance	**354,212**	**337,318**
Accumulated amortisation		
Opening balance	(153,449)	(144,795)
Write offs	7	233
Adjustment for Hyperinflation	-	(557)
Transfer to Non-current Assets held for sale	-	11,867
Provisions charged to the income statement	(14,463)	(11,462)
Disposal of the scope of consolidation	246	-
Translation differences	12,444	(347)
Closing balance	**(155,215)**	**(145,061)**
Net assets		
Opening balance	**216,694**	**178,540**
Closing balance	**198,997**	**192,257**

11. Non-current assets held for sale

Assets and liabilities classified as held for sale at June 2019 were associated with CASH activity in France. On 22 July 2019, Prosegur CASH signed an agreement to sell 100% of the capital of Prosegur CASH Holding France to Loomis AB.

12. Investments accounted for using the equity method

Joint arrangements

Details of changes in the investments in joint ventures accounted for under the equity method for the six-month periods ended 30 June 2020 and 2019 were as follows:

	Thousands of Euros	
	30/06/2020	30/06/2019
Balance at 1 January	7,510	26,433
Share in profits/(losses)	(900)	(735)
Sales	-	(18,894)
Translation differences	(348)	228
Balance at 30 June	**6,262**	**7,032**

Details of the main figures of investments accounted for under the equity method at the end of 2019 are included in Appendix III of the Consolidated Annual Accounts for the year ended 31 December 2019.

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

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

13. Cash and cash equivalents

Details of Cash and cash equivalents at 30 June 2020 and 31 December 2019 are as follows:

	Thousands of Euros	
	30/06/2020	31/12/2019
Cash in hand and at banks	457,942	266,365
Current bank deposits	54,893	41,058
	512,835	**307,423**

The effective interest rate on current bank deposits is 4.96% (at 31 December 2019: 7.08%) and the average term of the deposits held during the first half of 2020 was 90 days (at 31 December 2019: 24 days)

14. Inventories

Details of inventories at 30 June 2020 and 31 December 2019 are as follows:

	Thousands of Euros	
	30/06/2020	**31/12/2019**
Fuel and others	7,927	12,108
Operating materials	2,170	1,838
Uniforms	206	179
Work in progress	2,704	480
Impairment of inventories	(472)	(506)
	12,535	**14,099**

The stock of ATM is mainly included under the heading Works and work in progress.

No inventories have been pledged as securities for liabilities.

15. Equity

15.1. Share capital and share premium

At 30 June 2020 the share capital of Prosegur CASH, S.A. was EUR 30,421 thousand (2019: EUR 30,000 thousand) and is represented by 1,521,057,953 shares (2019: 1,500,000,000 shares) with a par value of EUR 0.02 each, fully subscribed and paid. These shares are listed on the Madrid, Barcelona, Bilbao and Valencia stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (SIBE).

The capital increase agreed by the Board of Directors under item 9 of the agenda of the Shareholders General Meeting of the Company held on 6 February 2017 was registered on 6 July 2020. The capital increase was charged against monetary contributions of Prosegur CASH for a total nominal amount of EUR 421,159, through the issuance of 21,057,953 ordinary shares with a par value of EU 0.02 each. All the shares have been subscribed and paid up.

The amount of the share premium was set at EUR 16,381,508.

As a result, article 6 of the Articles of Association of Prosegur CASH, S.A. has been modified to reflect the new share capital figure.

15.2. Own shares

Details of changes in own shares during the first half of 2020 are as follows:

	Number of shares	Thousands of Euros
Balance at 31 Decemeber 2019	**1,119,862**	**1,546**
Purchase of own shares	5,428,494	5,594
Sale of own shares	(2,557,262)	(3,412)
Other awards	(69,250)	(98)
Balance at 30 June 2020	**3,921,844**	**3,630**

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

The Programme has been put into effect under the provisions of Regulation (EU) no. 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 6 February 2017 for the purchase of own shares, for the purpose of redeeming them pursuant to a share capital reduction resolution which will be submitted for the approval of the next Shareholders General Meeting

The Programme will apply to a maximum of 45,000,000 shares, representing approximately 3% of Prosegur's share capital (1,500,000,000 shares).

The Programme will have the following features:

- Maximum amount allocated to the Programme: EUR 40,000 thousand.

- Maximum number of shares that can be acquired: up to 45,000,000 shares representing approximately 3% of the Company's share capital.

- Maximum price per share: shares will be purchased in compliance with the price and volume limits established in the Regulations. In particular, the Company will not buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) that corresponding to the highest current independent bid on the trading venues where the purchase is carried out.

- Maximum volume per trading session: insofar as volume is concerned, the Company will not purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.

- Duration: the Programme will have a maximum duration of one year. Notwithstanding the above, the Company reserves the right to conclude the Programme if, prior - 2 - to the end of said maximum term of one year, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

As a result of the implementation of the Programme, the operation of the liquidity contract that was signed by the Company has been suspended.

15.3. Cumulative translation differences

As mentioned in the Consolidated Annual Accounts for the year ended 31 December 2019, Note 33.28, as a result of applying IAS 29 for Argentina, the Company opted for the accounting policy of recording changes in equity associated with the currency effect, entirely under the heading Other reserves, being treated as adjustments to equity balances.

In March 2020, the International Financial Reporting Interpretations Committee (IFRIC) concluded that the currency effect of economies declared as hyperinflationary should be recorded under the heading on translation differences under equity. As a result, the Prosegur CASH Group reclassified EUR 378,285 thousand, from the heading on retained earnings and other reserves to translation differences.

The change in the balance of the cumulative translation differences at 30 June 2020 as compared to 31 December 2019 was EUR 127,919 thousand due to the depreciation of the Brazilian Real and the Argentine Peso.

15.4. Earnings per share

- ***Basic***

Basic earnings per share are calculated by dividing the profit of the ongoing operations 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.

	30/06/2020			30/06/2019		
	Continued operations	**Discontinued operations**	**Total**	**Continued operations**	**Discontinued operations**	**Total**
Profit for the year attributable to owners of the Parent	21,366	-	21,366	80,723	-	80,723
Weighted average number of ordinary shares outstanding	1,498,750,991	1,498,750,991	1,498,750,991	1,499,957,936	1,499,957,936	1,499,957,936
Basic earnings per share	0.0143	-	0.0143	0.0538	-	0.0538

- ***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 by all the inherent diluting effects of potential ordinary shares.

The parent does not have different classes of partially diluted ordinary shares.

15.5. Dividends

Dividends distributed to the Prosegur CASH Group’s shareholders are recognised as a liability in the Consolidated Annual Accounts in the year in which the dividends are approved by the Shareholders General Meeting. Interim dividends will also result in a liability in the Prosegur CASH Group’s Consolidated Annual Accounts in the year in which the payment on account is approved by the Board of Directors.

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

The reinvestment price per share was EUR 0.797925. This price corresponds to the simple average of the weighted average changes of the Company’s share in the SIBE market corresponding to the five trading days prior to the payment date of the third payment of the interim dividend for 2019, that is, on 22, 23, 24, 25, and 26 June 2020 (for 22, 23 and 24 June, reducing the gross amount of said dividend payment).

Each shareholder who has voluntarily joined the reinvestment programme by subscription of a number of newly issued ordinary shares of the Company equal to the result of dividing: (a) the total net amount (no partial reinvestment) of the third payment of the interim dividend for 2019 that they are entitled to receive on the payment date, by (b) the reference price calculated according to the reference price, rounding the result of this division by default up/down to the nearest unit. The rest of this net amount not applied to reinvestment as a result of the aforementioned rounding up/down will be paid in cash to the shareholder. The rest of this net amount not applied to reinvestment as a result of the aforementioned rounding up/down will be paid in cash to the shareholder.

The majority shareholder of the Company, the entity Prosegur Compañía de Seguridad, SA, and its 100%-owned investee, the company Prosegur Asset Management, S.A., holders of 73.35% of the share capital at 30 June 2020, have accepted the reinvestment programme for the third payment of the interim dividend for 2019.

16. Provisions

Details of the balance and changes under this heading for the six-month period ended 30 June 2020 are as follows:

Thousands of Euros	Labour-related risks	Legal risks	Employee benefits expense	Other risks	Total
Balance at 1 January 2020	**35,101**	**7,368**	**10,632**	**92,957**	**146,058**
Provisions charged to income statement	2,647	1,812	-	8,173	**12,632**
Reversals credited to income statement	(1,077)	(241)	-	(1,604)	**(2,922)**
Applications	(2,929)	(508)	-	(5,807)	**(9,244)**
Financial effect of the discount	945	227	-	2,042	**3,214**
Additions to the consolidated group (Note 20)	15,897	84	-	8,033	**24,014**
Disposal of the scope of consolidation	(1,666)	(759)	-	(39)	**(2,464)**
Translation differences	(9,308)	(949)	-	(19,780)	**(30,037)**
Balance at 30 June 2020	**39,610**	**7,034**	**10,632**	**83,975**	**141,251**
Non current	39,610	7,034	10,632	80,096	137,372
Current	-	-	-	3,879	3,879

a) *Occupational risks*

The provisions for occupational risks, which amount to EUR 39,610 thousand at 30 June 2020 (at 31 December 2019: EUR 35,101 thousand), are calculated individually based on the estimated probability of success or failure. Said probability is determined by the various law firms that work with the Prosegur CASH Group. Moreover, an internal review is conducted of the probabilities of reaching settlements in each of the litigations based on past experience, on which basis the final provision is calculated.

The provision for occupational risks includes mainly provisions linked to labour legal cases in Brazil, which include lawsuits brought by former and current employees of the Prosegur CASH Group. The characteristics of labour legislation in that country result in such processes becoming drawn out, and has led to a provision in 2020 of EUR 24,107 thousand (31 December 2019: EUR 21,719 thousand).

This heading also includes a provision for EUR 2,255 thousand (31 December 2019: EUR 2,987 thousand) associated with the business combination with Transpev.

b) *Legal risks*

The provisions for legal risks, which amounts to EUR 7,034 thousand (31 December 2019: EUR 7,368 thousand), correspond mainly to civil claims which are analysed on a case-by-case basis. They include mainly lawsuits in Brazil. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the processes under way. There are no significant legal risks.

c) *Employee benefits*

As indicated in Note 5.2 of the Consolidated Annual Accounts for the year ended 31 December 2019, Prosegur CASH maintains defined benefit schemes in Germany, Brazil, Honduras, Nicaragua and El Salvador. The actuarial valuation, carried out by qualified actuaries, of the value of the benefits to which the Company is committed is updated annually, with the last update at the end of 2019 applicable to the current period.

The defined benefit schemes of Central America have by law obligations under these schemes arising from the termination of employment contracts by dismissal or following a mutual agreement.

The defined benefit schemes in Germany consist of pension and retirement schemes. In Brazil they consist of post-employment healthcare compliant with local legislation (Act 9656).

d) *Other risks*

The provision for other risks, amounting to EUR 83,975 thousand at 30 June 2020 (EUR 92,957 thousand at 31 December 2019), includes all types of risks except those mentioned above.

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

We list the most significant ones below:

Tax risks

These refer mainly to tax risks in Brazil and Argentina amounting to EUR 74,868 thousand (EUR 78,867 thousand at 31 December 2019).

The tax risks associated with Brazil are linked to various items, mainly with direct and indirect municipal and state tax charges, as well as provisions linked to the combination of the Nordeste and Transpev businesses from previous years. In Argentina they relate to various amounts that are not individually material, linked mainly to municipal and provincial taxes.

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. Moreover, internal analysis are conducted based on similar cases that have occurred in the past or at other companies.

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

Comcare Australia

In the first half of 2020, payments were made for commitments associated with the occupational accident insurance plan in Australia amounting to EUR 205 thousand, resulting in a total provision of EUR 3,038 thousand (31 December 2019: EUR 2,907 thousand), of which EUR 977 thousand are due in the short term (31 December 2019: EUR 484 thousand).

Accruals with personnel

These provisions include the accrued incentive in the 2017 and 2020 long-term incentive plan for the Executive President, Executive Director and Senior Management of Prosegur CASH. During the year, provisions to profit/(loss) amounted to EUR 889 thousand (30 June 2019: EUR 2,109 thousand), resulting in a total provision of EUR 5,564 thousand. Expenses are included under the heading on wages and salaries in Note 6.

As detailed in Note 33.19 of the Consolidated Annual Accounts for the year ended 31 December 2019, the 2017 Plan is generally linked to the creation of value during the 2015-2017 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. In the vast majority of cases, the Plan measures target achievement from 1 January 2015 until 31 December 2017 and length of service from 1 January 2015 until 31 December 2019.

During the first half of 2020, a total amount of EUR 484 thousand associated with the last payment of the 2017 Plan was settled.

At the General Shareholders Meeting held on 28 May 2018, the shareholders approved the 2020 Plan of long-term incentives for the Executive President, Executive Director and Senior Management of Prosegur CASH. The Plan is linked to the creation of value in the 2018-2020 period and envisages the payment of cash incentives, calculated for certain beneficiaries based on the share price. The Plan has a duration of three years and is based on length of service and target achievement. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 30 April 2023.

For both plans, for the purpose of determining the value of each share to which the beneficiary is entitled, the average quotation price of Prosegur CASH shares 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 must be delivered.

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

17. Financial liabilities

Details of the balances of this heading under the consolidated statement of financial position at 30 June 2020 and 31 December 2019 are as follows:

Thousands of Euros	30/06/2020		31/12/2019	
	Non-current	**Current**	**Non-current**	**Current**
Bonds and marketable securities	595,142	3,359	593,306	8,872
Syndicated loan	300,000	-	-	-
Loans and borrowings	48,282	104,424	20,214	106,145
Credit accounts	-	23,178	-	38,998
Other payables	35,407	51,340	33,046	56,509
	978,831	**182,301**	**646,566**	**210,524**

The most significant items that make up the balance at 31 December 2019 are detailed in Note 23 of the Consolidated Annual Accounts for the year ended on that date.

The financial liabilities associated with the application of IFRS 16 have been recorded under the heading on lease liabilities (Note 10) for a total amount of EUR 91,347 thousand.

During the six-month period ended 30 June 2020 there has been no default or non-compliance with any agreement regarding the loans and credit facilities granted to Prosegur CASH.

Syndicated credit facility (Spain)

On 10 February 2017 Prosegur CASH arranged a five-year syndicated credit financing facility of EUR 300,000 thousand to provide the company with long-term liquidity. On 7 February 2019 this syndicated credit facility was renewed, and its maturity extended by another 5 years. In February 2020 the maturity was extended until February 2025. At 30 June 2020 the balance drawn down from this credit amounted to EUR 300,000 thousand. (EUR 20,000 thousand at 31 December of 2019).

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.

Debentures and other negotiable securities

On 4 December 2017 Prosegur CASH, issued uncovered bonds for 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 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.

Bailment

Prosegur CASH in Australia has signed a bailment for the supply of cash to automated teller machines belonging to Prosegur CASH. The cash is, according to the contract, owned by the bailor. Prosegur CASH has access to this money for the sole purpose of loading cash into the ATM belonging to it, supplied by this contract. The settlement of the assets and liabilities is carried out via regulated clearing systems, such as the right of set-off of balances. As a result of the foregoing, no assets and liabilities are shown in these consolidated financial statements for this item. The amount of outstanding cash at 30 June 2020 was AUD 36,900 thousand (equivalent to EUR 22,700 thousand); at 31 December 2019 it was AUD 50,500 thousand (equivalent to EUR 31,600 thousand).

Syndicated loan (Australia)

On 28 April 2017 Prosegur CASH, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated credit facility for the amount of AUD 70,000 thousand from 2021 to 2023. At 30 June 2020, the drawn down capital corresponding to the loan was AUD 70,000 thousand (equivalent at the end of the first half of 2020 to: EUR 42,829 thousand).

Other payables

The most significant items that make up the balance at 31 December 2019 are detailed in Note 23 of the Consolidated Annual Accounts for the year ended on that date.

At 30 June of 2020, other payables includes pending payments associated with business combinations carried out.

18. Taxation

Prosegur CASH consolidates as part of the Prosegur Tax Group in Spain. As well as Prosegur Compañía de Seguridad, S.A., as the parent, this Consolidated Tax Group also comprises the Spanish subsidiaries that meet the requirements set out in regulations governing consolidated taxation. Moreover, the Prosegur CASH Group, files consolidated corporate income tax returns in the following countries: Luxembourg, Portugal and Australia.

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Current tax	23,038	44,786
Deferred tax	(2,138)	(6,263)
Total	**20,900**	**38,523**

	Thousands of Euros	
	Period ended 30 June	
	2020	2019
Income tax expense	20,900	38,523
Profit before tax	42,266	119,246
Effective rate	**49.45%**	**32.31%**

The effective tax rate stood at 49.4% in the first half of 2020 compared to 32.3% in the same period of the previous year, which represents an increase of 17.1 percentage points.

Tax expense is recognised in the interim accounting period based on the best estimate of the weighted average effective tax rate expected for the annual accounting period. The amounts calculated for the tax expense, in this interim accounting period, may need adjustments in subsequent periods provided that the estimates of the effective annual rate have changed by then.

On 4 April 2019 the Brazilian Tax Authority notified Prosegur Brasil S.A. Transportadora de Valores e Segurança of a tax settlement decision regarding Corporate Income Tax, Social Security and withholdings at source in relation to the corporate cost incurred from 2014 to 2016. The amount 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 at 30 June 2019 to EUR 49,371 thousand. The resolution was challenged by the subsidiary in the administrative stage on 29 April 2019, having been partially admitted by the Brazilian authority on 26 August 2019. Against said resolution, the subsidiary decided to lodge an appeal to the CARF (Conselho Administrativo de Recursos Fiscais). That appeal is awaiting a decision. The Company has not established any provision associated with that lawsuit since it considers unlikely the chances of failure in the defence of that process, having for this purpose two external tax opinions to support that consideration. Additionally, it has been decided to request a bilateral valuation agreement (MAP) from the Central Unit of Major Taxpayers of the Spanish Administration, in order to reach an agreement between the administrations that eliminates the double taxation that the action of the Receita Federal seeks to generate.

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 Consolidated Annual Accounts.

19. Contingencies

Note 26 of the Consolidated Annual Accounts for the year ended 31 December 2019 provides information on contingent assets and liabilities at that date.

National Commission on Markets and Competition

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

On 13 January 2017 Prosegur announced it planned to file, in the National Court (Audiencia Nacional), a contentious-administrative appeal against said ruling 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. To date, this contentious-administrative appeal has still yet to be filed by Prosegur and must be subsequently resolved 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 undertake solely and at its own expense the defence of Prosegur and Prosegur Servicios de Efectivo España, S.L. with regard to the disciplinary proceedings and the resolution by the Competition Chamber of the CNMC on 10 November 2016, with exclusive powers in respect of the supervision and control of said defence and of the contentious-administrative proceedings. Prosegur has agreed to compensate Prosegur CASH for any fine that is ultimately imposed on the Prosegur CASH subsidiary in this procedure.

20. Business combinations

Details of changes in goodwill during the first half of 2020 are presented in Note 10.2.

20.1. Goodwill added in 2020

Details of the net assets acquired and goodwill recognised on business combinations during the first half of 2020 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 Ibero-America (1)	24,816	50,863	**75,679**	15,747	**59,932**
	24,816	**50,863**	**75,679**	**15,747**	**59,932**

(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.

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

Thousands of Euros	Segment	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Ibero-America (1)	Ibero-America	24,816	(6,661)	**18,155**
		24,816	(6,661)	18,155

(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 Ibero-America

During the first half of 2020, Prosegur CASH acquired a number of security companies and assets in Ibero-America providing securities logistics, Cash in transit and auxiliary banking services. The total purchase price was EUR 75,679 thousand, comprising a cash consideration of EUR 24,816 thousand, a deferred contingent consideration amounting to a total of EUR 27,961 thousand, due in 2020 and 2024 and a deferred payment of EUR 23,173 thousand, due in 2020, 2021, 2022, 2023, 2024 and 2025.

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

(Thousands of Euros)	**Carrying amount of the acquired company**	**Fair value**
Cash and cash equivalents	6,661	6,661
Property, Plant and Equipment	16,191	16,191
Inventory	199	199
Deferred tax assets	7,271	7,271
Current tax liabilities	(105)	(105)
Current tax assets	1,017	1,017
Clients and other receivables	10,227	10,227
Trade and other payables	(15,347)	(15,347)
Provisions	(24,014)	(24,014)
Other intangible assets	33	40,154
Other current liabilities	(32)	(32)
Deferred tax liabilities	(454)	(7,962)
Short-term financial liabilities	(13,257)	(13,257)
Long-term financial liabilities	(5,256)	(5,256)
Identifiable net assets acquired	**(16,866)**	**15,747**

The goodwill on this acquisition has been allocated to the Ibero-America segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur CASH. The intangible assets acquired comprise client relationships (EUR 40,121 thousand) with a useful life between 12 and 20 years.

20.2. Goodwill added in 2019 whose valuation is being reviewed in 2020

Details of the net assets acquired and goodwill recognised on business combinations during 2019 whose valuation is being reviewed in 2020 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	9,932	**25,252**	15,996	**9,256**
	15,320	**9,932**	**25,252**	**15,996**	**9,256**

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.

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

Thousands of Euros	Segment	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Europe (1)	Europe	15,320	(5,928)	**9,392**
		15,320	(5,928)	9,392

[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 CASH acquired a number of software engineering companies in Europe specialised in the development of technological solutions for the insurance industry implemented in open systems and platforms, and a company that provides cash management services related to digital software of the retail sector. The total purchase price was EUR 25,252 thousand, comprising a cash consideration of EUR 15,320 thousand, a deferred contingent consideration amounting to a total of EUR 8,358 thousand, due in 2020, 2021, 2022, 2023, and a deferred payment of EUR 1,574 thousand, due in 2020.

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

Thousands of Euros	**Carrying amount of the 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
Current tax assets	155	155
Deferred tax assets	56	56
Other liabilities and expenses	(386)	(386)
Property, Plant and Equipment	789	789
Trade and other payables	(1,540)	(1,540)
Short-term financial liabilities	(5)	(5)
Deferred tax liabilities	(12)	(2,821)
Other intangible assets	3	11,242
Identifiable net assets acquired	**7,566**	**15,996**

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

20.3. Goodwill incorporated in 2019 not reviewed in 2020

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

Thousands of Euros	Cash payment	Deferred amount at fair value	**Total purchase price**	Fair value of identifiable net assets	**Goodwill**
Business combinations Cash Ibero-America (1)	30,812	34,282	**65,094**	40,175	**24,919**
Cash business combinations in AOA (1)	1,241	3,079	**4,320**	698	**3,622**
	32,053	**37,361**	**69,414**	**40,873**	**28,541**

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.

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

Thousands of Euros	Segment	Cash payment	Cash and cash equivalents acquired	**Cash outflow for the acquisition**
Business combinations Cash Ibero-America (1)	Ibero-America	30,812	(3,153)	**27,659**
Cash business combinations in AOA (1)	AOA	1,241	(5)	**1,236**
		32,053	(3,158)	**28,895**

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 Ibero-America

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

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

Thousands of Euros	**Carrying amount of the 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)
Short-term financial liabilities	(270)	(270)
Current tax liabilities	(724)	(724)
Long-term lease liabilities	(1,663)	(1,663)
Short-term lease liabilities	(381)	(381)
Deferred tax liabilities	(36)	(3,536)
Other intangible assets	48	47,213
Identifiable net assets acquired	**(3,490)**	**40,175**

The goodwill on this acquisition was allocated to the Ibero-America segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur CASH. 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 AOA

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

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

Thousands of Euros	**Carrying amount of the 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)
Long-term lease liabilities	(150)	(150)
Short-term lease liabilities	(131)	(131)
Inventory	19	19
Identifiable net assets acquired	**293**	**698**

The goodwill on this acquisition was allocated to the AOA segment and mainly reflects the profitability of the business and major synergies expected to arise as a result of the acquisition by Prosegur CASH. 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.

21. Balances and transactions with related parties

The Prosegur CASH Group is controlled by Prosegur Compañía de Seguridad, S.A., a company which was incorporated in Madrid and holds 51.76% of the shares of the Company, directly and indirectly controlling the remaining 21.59%, through its subsidiary Prosegur Assets Management.

Balances with Prosegur Group companies

The Prosegur CASH Group holds balances with companies belonging to the Prosegur Group but not included in the consolidation scope of the Prosegur CASH Group:

(Thousands of Euros)	30/06/2020	31/12/2019
Short-term investments in Group companies and associates		
Credit institutions	4,680	3,491
Trade and other receivables		
Customers	4,216	3,145
Expense advances	3,313	4,971
Other receivables	21,112	56,085
Total current assets with companies of the Prosegur Group	**33,321**	**67,692**
Total assets	**33,321**	**67,692**
Loans granted by group companies		
Dividends payable	15,796	47,388
Trade and other payables		
Suppliers	24,888	48,110
Other payables	3,220	231
Total current liabilities with companies of the Prosegur Group	**43,904**	**95,729**
Total liabilities	**43,904**	**95,729**

The Prosegur CASH Group performs transactions with companies belonging to the Prosegur Group but not included in the consolidation scope of the Prosegur CASH Group:

(Thousands of Euros)	30/06/2020	30/06/2019
Income		
Rentals and supplies	262	305
Services rendered	243	372
Total income	**505**	**677**
Expenses		
Brand (Note 5)	(8,964)	(14,092)
Management support services (Note5)	(33,828)	(34,356)
Rentals and supplies	(7,661)	(6,940)
Other expenses	(2,516)	(3,252)
Total expenses	**(52,969)**	**(58,640)**

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

1. Remuneration of members of the Board of Directors

Details of the remuneration accrued by members of the Board of Directors for all items during the six-month periods ended 30 June 2020 and 2019 are as follows:

	Thousands of Euros	
	30/06/2020	**30/06/2019**
Fixed remuneration	253	362
Variable remuneration	777	222
Remuneration for membership of the Board and	2	2
Per diems	365	388
	1,397	**974**

2. Remuneration of Senior Management personnel:

Senior Management personnel are Prosegur CASH employees who hold, de facto or de jure, senior management positions reporting directly to the governing body or Executive Director, including those with power of attorney not limited to specific areas or matters or areas or matters not forming part of the entity's statutory activity.

The remuneration accrued by all the Senior Management personnel of Prosegur CASH for the six-month periods ended 30 June 2020 and 2019 is as follows:

	Thousands of Euros	
	30/06/2020	**30/06/2019**
Total remunerations accrued by senior management	1,870	1,329

The total commitment acquired by the Company at 30 June 2020 related to the 2020 Plan incentives is recorded in liabilities for a total amount of EUR 5,564 thousand.

Loans to related parties

At 30 June 2020 there were no loans to related companies.

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 during the first half of 2020.

Occasionally, and even before the appointment of Mr Daniel Guillermo Entrecanales Domecq as a Director of the Company, Revolution Publicidad, S.L. has provided Prosegur CASH with advertising agency, media, marketing and communication services, within the ordinary course of business and in market terms. Prosegur

CASH does not work solely with the agency Revolution Publicidad, S.L., but receives advertising, media, marketing and communication services from other companies too. The invoicing from Revolution Publicidad, S.L. to Prosegur CASH is not material and does not represent a significant amount. At 30 June 2020, fees totalled EUR 19 thousand (EUR 38 thousand at 30 June 2019).

The Board of Directors considers that the business relationship between the agency Revolution Publicidad, S.L. and Prosegur CASH, due to its occasional, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Mr Daniel Guillermo Entrecanales Domecq to discharge the duties of Independent Director of Prosegur CASH.

During the year, Euroforum Escorial, S.A. (controlled by Gubel, S.L.) did not bill Prosegur CASH any services (EUR 38 thousand at 30 June 2019).

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid, and holds 52.479% of the shares of Prosegur, which consolidates Prosegur CASH in its consolidated financial statements.

Moreover, Mr Christian Gut Revoredo and Mr Antonio Rubio Merino respectively hold the posts of Executive Director of Prosegur and Executive President of Prosegur CASH and Chief Financial Officer of Prosegur and Proprietary Director (representing Prosegur) at Prosegur CASH. Ms Chantal Gut Revoredo is a Proprietary Director at Prosegur and Prosegur CASH. The Board of Directors considers that their respective posts at Prosegur in no way affect their independence when discharging their duties at Prosegur CASH.

22. Average headcount

Details of the average headcount of Prosegur CASH for the six-month periods ended 30 June 2020 and 30 June 2019, including the companies consolidated using the equity method, are as follows:

	30/06/2020	30/06/2019
Male	44,249	48,696
Female	12,638	11,919
	56,887	**60,615**

23. Events after the reporting date

- As a result of the reinvestment programme for the third payment of the interim dividend for 2019, Prosegur CASH registered on 6 July 2020 the deed for a capital increase charged to monetary contributions for the nominal amount of EUR 421,159.06, agreed by the Board of Directors, making use of the authorisation granted by the Shareholders General Meeting held on 6 February 2017. Consequently, 21,057,953 new shares were listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Stock-Exchange Interconnection System (SIBE).

- On July 10, 2020, the subsidiary Servicios de Efectivo de España S.A. was notified by the Tax Authorities the opening of an inspection procedure comprising the following concepts and tax periods:

  - Income tax for the years 2015 to 2018
  - Value Added Tax: from April 2016 to December 2018
  - Withholdings on account of Personal Income Tax: from April 2016 to December 2018
  - Withholdings on account of Non-Resident Tax: from April 2016 to December 2018

- On July 28, 2020, a reinvestment program for the fourth payment of the interim dividend for the fiscal year 2019 has been approved, under the same terms and conditions as the reinvestment program for the third payment of the interim dividend for the fiscal year 2019.

- On July 28, 2020, the amendment to the Regulations of the Board of Directors and the Regulations of the Audit Committee of Prosegur CASH was approved, in order to adapt them to the recommendations that the Spain's National Commission of Securities Market included in the update of the Code of good governance of listed companies dated June 26, 2020.

APPENDIX I. – Summary of the main accounting policies

The accounting policies used in the preparation of these condensed interim consolidated financial statements are the same as those applied in the consolidated annual accounts for the year ended December 31, 2019, except for the following modifications that have been applied for the first time in this exercise:

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

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

- Modification to IFRS 16 of Concessions of incomes related to Covid -19: The modification process has not been concluded and therefore cannot be applied in IFRS-EU. This modification would allow the lessee, as a practical solution, to choose not to count the rental concessions, derived from Covid-19, as a modification of the lease. If applicable, if so chosen, the lessee shall account for the concessions applying the criteria in IFRS 16 Leases as if said concessions were not a modification.

  This practical solution can only be applied to rental concessions that have been a direct consequence of Covid-19. This requires the following conditions to be met: (i) the change in the lease payments results in a revision of the lease consideration that is substantially the same, or less than, the consideration that was immediately prior to the change; (ii) any reduction in lease payments only affects payments that were originally due on or before June 30, 2021; and (iii) there are no substantive changes in other terms and conditions of the lease.

PROSEGUR CASH, S.A. AND SUBSIDIARIES

Directors’ interim consolidated report for the first six-month period ended 30 June 2020

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Directors' interim consolidated report for the six-month period ended 30 June 2020

1. Events occurred since the end of 2019

Share buyback programme

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

The Programme has been put into effect under the provisions of Regulation (EU) no. 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 6 February 2017 for the purchase of own shares, for the purpose of redeeming them pursuant to a share capital reduction resolution which will be submitted for the approval of the next Shareholders General Meeting

The Programme will apply to a maximum of 45,000,000 shares, representing approximately 3% of Prosegur's share capital (1,500,000,000 shares).

The Programme has the following features:

- Maximum amount allocated to the Programme: EUR 40,000 thousand.

- Maximum number of shares that can be acquired: up to 45,000,000 shares representing approximately 3% of the Company's share capital.

- Maximum price per share: shares are purchased in compliance with the price and volume limits established in the Regulations. In particular, the Company cannot buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) that corresponding to the highest current independent bid on the trading venues where the purchase is carried out.

- Maximum volume per trading session: in so far as volume is concerned, the Company cannot purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.

- Duration: the Programme has a maximum duration of one year. Notwithstanding the above, the Company reserves the right to conclude the Programme, if prior to the end of said maximum term of one year, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

As a result of the implementation of the Programme, the operation of the liquidity contract effective and signed by the Company from July 11, 2017, has been suspended.

Reinvestment of the third payment of the interim dividend for 2019

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

The reinvestment price per share was EUR 0.797925. This price corresponds to the simple average of the weighted average changes of the Company’s share in the SIBE market corresponding to the five trading days prior to the payment date of the third payment of the interim dividend for 2019, that is, on 22, 23, 24, 25, and 26 June 2020 (for 22, 23 and 24 June, reducing the gross amount of said dividend payment).

Each shareholder who has voluntarily joined the reinvestment programme has subscribed of a number of newly issued ordinary shares of the Company equal to the result of dividing: (a) the total net amount (no partial reinvestment) of the third payment of the interim dividend for 2019 that they were entitled to receive on the payment date, by (b) the reference price calculated according to the reference price, rounding the result of this division by default up/down to the nearest unit. The rest of this net amount not applied to reinvestment as a result of the aforementioned rounding up/down will be paid in CASH to the shareholder. The rest of this net amount not applied to reinvestment as a result of the aforementioned rounding up/down paid in CASH to the shareholder.

The majority shareholder of the Company, the entity Prosegur Compañía de Seguridad, SA, and its 100%-owned investee, the company Prosegur Asset Management, S.A., holders of 73.35% of the share capital at 30 June 2020, have accepted the reinvestment programme for the third payment of the interim dividend for 2019.

Capital increase

Associated with the reinvestment programme, the capital increase agreed by the Board of Directors under item 9 of the agenda of the Shareholders General Meeting of the Company held on 6 February 2017 was executed on 3 July 2020. The increase was registered on 6 July 2020.

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

Covid-19

On 11 March 2020 the World Health Organization (WHO) officially declared the situation caused by the outbreak as a pandemic, due to its rapid spread throughout the world, having affected more than 150 countries. Most governments have taken restrictive measures to contain the spread, including isolation, confinement, quarantine, and restriction on the free movement of people, closure of public and private premises, except those of primary need and sanitation, closure of borders and reduction drastic air, sea, rail and land transport.

This situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease. of long-term interest rates.

The measures adopted by the different governments to combat the spread of COVID-19 and the circumstances derived from the coronavirus crisis have caused a decrease in the total market accessible by the Group Prosegur CASH to carry out its activities. This is due to the closings of shops, the successive multiple temporary cessations of activity due to the impact that the COVID-19, restrictions on the free movement of people and the carrying out of works on existing buildings limiting their activity mainly to urgent repairs , and limited access to protection and contagion prevention materials for both its staff and its customers. Only the stores of basic products and services have continued to open, given the exceptional situation.

Given the observed situation, characterized by a drastic drop in the different sectors of the economy, and absolute uncertainty in the future, the main consequences have been the following:

- Deferred payment of tax liabilities in Germany, Portugal, Australia, Peru, Guatemala, Chile, Paraguay, Singapore, China, Colombia and Brazil amount to EUR 25,847 thousand.
- Non-refundable subsidies awarded by the Administration for the maintenance of employment in the context of the COVID-19 pandemic in Australia amount to EUR 3,983 thousand (Note 7).
- Loan received at a reduced interest rate in Peru amount to EUR 3,025 thousand (Note 17).
- Salary reductions and temporary workforce reduction plans (ERTE).
- Reduced investments in property, plant and equipment.
- Revenue and profit before tax has been reduced compared to the previous year. To mitigate as far as possible this impact, expenses not necessary for the provision of customer service such as travel expenses, costs of consulting fees and other fees have been limited.
- Exemption from Social Security payments associated with the temporary workforce reduction plan (ERTE) in Spain, Portugal, Germany, Argentina, Colombia.

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

- Liquidity risk: The situation of uncertainty generated by the COVID-19 pandemic has led to greater liquidity constraints in the economy as a whole, as well as reduced access to credit. For this reason, the Group has drawn down all the balances of the credits associated with the contracted syndicated financing facilities for the amount of EUR 300,000 thousand (Note 17).

- Risk of measurement of assets and liabilities on the balance sheet: The Company has carried out an analysis and a series of calculations associated with the accounting valuation of certain assets (goodwill, tax credits and non-current assets).
- Risk of changes in certain financial figures: The uncertainty arising from the COVID-19 pandemic may cause a variation of the most significant headings in subsequent financial statements.
- The Company has complied with the applicable covenants and estimates that this situation will continue at the end of the year.
- Operational risk: Due to the closures of the retailers, the volume of CASH transported has been reduced, and as a consequence CASH business has been negatively affected. The company has developed a cost containment program and measures to preserve cash generation with the aim of limiting the impact of less activity.
- Going concern risk: in light of the aspects mentioned above, the Company considers that on the date of preparation of the condensed interim consolidated financial statements, no risk associated with the application of the going concern principle was detected.

2. Performance of the businesses

2.1. Sales by geographical segment

Prosegur Cash consolidated sales for the first half of 2020 amounted to EUR 771.8 million (at 30 June 2019: EUR 888.4 million), representing a total decrease of 13.1%.
The negative impact of the exchange rate, which amounts to 19.0%, has been specifically offset by growth in local currency of close to 6% and resulting from organic growth of 4.9% and inorganic growth of 0, 9%.

Consolidated sales are distributed by geographical area as follows:

	Millions of euros		
	June 2020	**June 2019**	**Variation**
Europe	209.9	253.2	(17.1%)
AOA	45.4	51.2	(11.4%)
Ibero-America	516.5	584.0	(11.6%)
Total Prosegur Cash	**771.8**	**888.4**	**(13.1%)**

The drop in sales, due to the less activity derived from the Covid-19 health crisis, has been evident in all geographical areas. In Europe, the decrease has reached 17.1% compared to the same period of the previous year, as a result of lower organic growth of 10.9% and the deconsolidation of our operations in France. Sales in the AOA region have decreased 11.4%, mainly due to lower activity, which is reflected in a drop in negative organic growth of close to 15%, and the adverse impact of the currency. Finally, in Latin America, although sales continue to show growth in local currency of 17.2%, they also decreased by 11.6% compared to the same period in 2019, as a result of the devaluation of emerging currencies that amounted to 28,8%.

2.2. Sales by business segment

Consolidated sales are distributed by business areas as follows:

	Millions of euros		
	June 2020	**June 2019**	**Variación**
Logistics	458.5	527.8	(13.1%)
% of total	*59.4%*	*59.4%*	
Cash management	173.0	219.0	(21.0%)
% of total	*22.4%*	*24.6%*	
Outsourcing	140.3	141.6	(1.0%)
% of total	*18.2%*	*15.9%*	
Total Prosegur Cash	**771.8**	**888.4**	**(13.1%)**

2.3. Margins

The EBITA for the first half of 2020 was EUR 75.8 million (at 30 June 2019: EUR 145.8 million). The EBITA margin at the end of the first half of 2020 was 9.8% (at 30 June 2019: 16.4%).

The EBITA margin is distributed by geographical areas as follows:

				Millions of euros on 30 June 2020
	Europe	**AOA**	**Ibero-America**	**Prosegur Cash**
Sales	209.9	45.4	516.5	771.8
EBITA	-1.4	-7.2	84.4	75.8
EBITA margin	*-0.7%*	*-15.8%*	*16.3%*	*9.8%*

				Millions of euros on 30 June 2019
	Europe	**AOA**	**Ibero-America**	**Prosegur Cash**
Sales	253.2	51.2	584.0	888.4
EBITA	14.6	3.4	127.8	145.8
EBITA margin	*5.8%*	*6.6%*	*21.9%*	*16.4%*

2.4. Outlook for the second half of 2020

During the first half of 2020, Prosegur Cash operations were negatively impacted by the COVID-19 pandemic.

In this regard, and despite being considered an essential service in most of the countries where we operate, the health crisis and the subsequent lockdown and restriction of mobility measures introduced by governments to combat it, have significantly reduced our level of activity, which has been noted both in the volumes that we operate and in the amounts that we normally transport.

Additionally, this environment has also had a detrimental effect on the performance of LatAm currencies and on world economic growth, which has undoubtedly hampered the performance of our main markets in all our geographical areas.

Finally, issues such as the political uncertainty in Brazil and the fiscal imbalances in Argentina, which seemed to have been overcome, have once again become topical and are affecting investor sentiment towards these two countries in the LatAm region.

As a result, Prosegur Cash consolidated sales were impacted negatively not only due to the translational impact of the currency but also because of the fewer services provided during the period. Despite this, our growth in local currency has been positive and close to six percent. In terms of EBITDA operating margin, the devaluation of currencies in LatAm, reduced income due to reduced activity levels and certain costs incurred during the first half of the year associated with the implementation of various efficiency programmes explain the deterioration in profitability compared to the same period of the previous year.

Regionally, our growth in sales in local currency in LatAm has remained above double-digit. The low level of banking services in the region, the economic subsidy programmes for citizens decreed by some authorities and the acquisitions of companies carried out during 2019 and early 2020, have partially offset the devaluation in major currencies and the fewer services provided as a result of the lockdown measures decreed to combat the pandemic.

Similarly, the operating profit/(loss) of LatAm during the first half of the year was impacted negatively by the devaluation of currencies, with reduced income due to reduced levels of activity and restructuring costs resulting from the launch of various efficiency programmes.

During the second half of the year, an eye will have to be kept on the evolution of COVID-19 and its possible health and economic impacts, the process of renegotiating Argentine debt and the progress of the reformist agenda in Brazil.

The Europe region, specifically countries such as Spain, was negatively impacted by very strict lockdown measures, probably some of the most severe worldwide, and this has been reflected both in half-year sales and profitability.

Given the exposure of our business to the banking sector and the retail business, the reopening of the different economies and greater mobility will be essential to recovering pre-pandemic billing and profitability levels. In this respect, we are seeing a gradual improvement in our volumes as the various lockdown measures have been lifted and the various economies are returning to normal.

Finally, the AOA region has also been affected by the reduced level of activity caused by mobility restrictions decreed by the authorities. It will therefore be necessary for the different economies to reopen and restore their economic activity before we can think about a recovery in our results.

Our confidence in Australia, the main market in the region, remains intact. Although it is true that certain contractual tenders have been temporarily delayed due to the pandemic, our sales team continues to work to achieve new volumes that will help us recover billing levels consistent with our infrastructure deployed in the country. Similarly, our operations and back-office teams continue to redesign our processes to continually improve quality and efficiency in our operations.

Therefore, and although we expect a gradual recovery in economic activity and, in turn, our business during the second half of the year, Prosegur Cash will continue to implement policies to control spending and maximise cash generation.

The company continues to show positive cash generation and has suitable liquidity levels for the current situation. In addition, Prosegur Cash is not subject to refinancing needs in the medium term, while its main debt maturities are concentrated in 2025 and 2026.

3. Average headcount

Details of the average headcount of Prosegur Cash for the six-month periods ended 30 June 2020 and 30 June 2019 are as follows:

	Total Prosegur Cash	
	June 2020	**June 2019**
Male	44,249	48,696
Female	12,638	11,919
Average staff	**56,887**	**60,615**

4. Investments

All of Prosegur Cash's investments are 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 1 million are submitted to the Board of Directors.

During the first half of 2020, investments in Property, Plant and Equipment were approved for EUR 17.5 million (at 30 June 2019: EUR 39.5 million).

5. Financial management

Prosegur Cash calculates net financial debt as follows: 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.

Net financial debt at 30 June 2020 amounted to EUR 561.6 million (at 31 December 2019: EUR 460.1 million).

- The ratio of net financial debt to equity was 3.65 at 30 June 2020 (at 31 December 2019: 1.89).

6. Own shares

Details of changes in own shares during the first half of 2020 are as follows:

	Number of shares	Thousands of Euros
Balance at 31 Decemeber 2019	**1,119,862**	**1,546**
Purchase of own shares	5,428,494	5,594
Sale of own shares	(2,557,262)	(3,412)
Other awards	(69,250)	(98)
Balance at 30 June 2020	**3,921,844**	**3,630**

7. Social performance during the health crisis

We are working to safeguard the health and safety of our employees:

Main Prosegur Cash services have been declared to be essential services. In this extremely complex scenario, our teams are playing a key role providing service to a wide range of sectors very relevant for the economy.

To safeguard the health and safety of our employees, we at Prosegur Cash have put a series of organisational and health measures in place, among which the following are particularly noteworthy:

- Prioritising working from home: All those posts where this proves viable are working in this way. Where it is not viable on account of the post in question, contingency plans have been activated to protect the health of our professionals.

- Adapting work centres: We have installed beaconing and signposting devices and put up posters at our facilities; we have established capacity control mechanisms; we have increased cleaning and disinfecting measures; and, moreover, masks and social distancing are now compulsory.

- Boosting communication: At Prosegur Cash we have further bolstered our communication channels with the different stakeholders with whom we engage. Particularly, we have reinforced internal communication with our employees. Among other actions taken, we send regular reminders containing basic hygiene recommendations and measures, we repeatedly call attention to the new protocols, we are doing surveys and, in fine, we have established a fluid dialogue between the company and our employees.

We have implemented business continuity plans:

Maintaining service quality and excellence for our customers throughout the health crisis has become a key mission. We at Prosegur Cash are ready to tackle these situations by rolling out our business continuity plans. Thanks to the anticipation and extraordinary commitment of our team, we have ensured service continuity for our customers at all times. An even more important undertaking, bearing in mind that our activities pertain to an essential sector for society.

We support those communities where we are based:

At Prosegur Cash we work to make the world a safer place. A purpose that becomes critical in contexts of uncertainty such as that which has been caused by the COVID-19 pandemic. And for that very reason, we are convinced that our business, greatly contributes to the development of society.

Prosegur Cash ensures the supply and availability of cash, an essential means of payment for many groups.

Beyond our daily activities, we have made our capacities and infrastructure available to the authorities to help contribute to relieving the effects of the pandemic.

Worthy of particular mention is the use of armoured vans to transport equipment and medication in several countries; the supply of personal protection equipment to children’s schools within the framework of our “Piecitos Colorados” project in Argentina; several donations of material to the Colombian army; the transfer of people in armoured units to reunite them with their families; or the carrying of *bono rural* and *bono universal* benefits to the remotest corners of Peru.

Likewise, through the auspices of our Prosegur Foundation we have fostered the involvement of our employees in support initiatives for those affected by COVID-19.

All these actions, which complement our daily endeavour, make us enormously proud of the over 45,000 people who, day in, day out, represent the very best of Prosegur Cash worldwide.

We have a key role to play in the renewal of normal activity

We at Prosegur Cash are convinced that we must play an active role in returning our customers to normality.

Today, our commitment to innovation and transformation of the sector is bearing fruit in the application of new solutions based on the latest technological developments. We are, therefore, ready to face up to the new reality and have the strength required to accompany our customers in the generation of spaces of trust.

People are important to us at Prosegur Cash and, hand-in-hand with our customers, we are working to safeguard the health and safety of their employees.

8. Innovation

In the Strategic Plan 2018-2020, Prosegur set as an objective to continue strengthening its leadership in the industry through three basic pillars: Digitisation, Innovation and Growth. Through the different initiatives that the company has launched as part of an ambitious Digital Transformation Plan, technology is now no longer an instrument but rather an intrinsic part of the activity.

To promote innovation, Prosegur Cash supports all collaborators in the transformation process through the use of new work and collaboration tools such as “agile” or “design thinking”; it fosters a suitable internal culture with communication and training plans for all employees, and develops its own ecosystem through open innovation programmes and other collaboration models with technology partners (from start-ups to leading global companies in their field).

Innovation has become a cornerstone of the Company’s future business. In 2019 Prosegur Cash invested more than EUR 6 million in projects certified as Innovation by the governments of the countries in which it operates, equating to growth of more than 150% compared to the equivalent investment in 2018. Likewise, throughout the 2018-2020 Plan, over €5 million have already been invested directly in innovative start-ups, with technological solutions that are quickly incorporated into the range of services and solutions for clients.

9. Alternative performance measures

In order to comply with ESMA Guidelines on APMs, Prosegur Cash 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 Cash 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	A financial measure showing the Group's operational liquidity. 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 needed to ensure that a company is able to continue operating and has sufficient funds with which to meet its current debt obligations and imminent operating expenses. The management of working capital requires the Group to control inventories, accounts receivable and payable and cash.
EBIT Margin	EBIT Margin is calculated as results from operating activities divided by total revenue.	EBIT margin provides a view of the company's operating results in comparison with the total revenue.
Organic Growth	Organic Growth is calculated as the increase or decrease in revenue between two periods adjusted for acquisition and divestitures and changes in exchange rate.	Organic Growth provides a view of the company's organic revenue growth.
Inorganic Growth	Company calculates Inorganic growth for a given period as the aggregation of all the revenues from all the acquired entities during the last 12 months.	Inorganic Growth provides a view of the company's increase or decrease of revenue due to M&A or Sales variations.
Effect of exchange rate fluctuations	The Group calculates the Effect of exchange rate fluctuations as the different of Revenues for the current year less revenues for the current year at exchange rates of previous year.	The Effect of exchange rate fluctuations provides the impact of the currencies in the company's revenues.
Cash Flow Conversion	The Group calculates Cash Flow Conversion Rate as the ratio between EBITDA minus capital expenditures over EBITDA.	Cash Flow Conversion provides the capacity of cash generation of the company.
Net Financial Debt	The Group calculates Net Financial Debt as the sum of current and non-current financial liabilities (including other non-bank payables corresponding to deferred payments for M&A acquisitions and financial liabilities with Group companies) less cash and cash equivalents, less current investments in group companies, less other current financial assets.	Net Financial Debt provides the absolute figure of the Groups level of debt.
EBITA	EBITA is calculated on the Group's Consolidated profit for the year without factoring in loss from discontinued operation net of tax, income tax expenses, net finance income or cost and amortisation of goodwill or of intangible assets, but including amortisation of software.	EBITA provides a view of the company's earnings before interest, taxes and amortisation of goodwill or of intangible assets.
EBITDA	EBITDA is calculated on the Group's Consolidated profit without factoring in loss from discontinued operations net of tax, income tax expenses, net finance income or cost and any depreciation or amortisation of goodwill.	EBITDA provides an accurate view of what a company is earning or losing from its business. EBITDA excludes non-cash variables, which can vary significantly from one company to another, depending on the accounting policies applied. Depreciation and amortisation are non-monetary variables and are therefore of limited interest to investors.

Working Capital (Millions of Euro)	**30.06.2020**	**31.12.2019**
Non-Current Assets held-for-sale	0.0	0.0
Inventories	12.5	14.1
Trade and other receivables	300.5	381.1
Current receivables with Prosegur group companies	33.3	67.7
Current tax assets	53.3	73.4
Cash and cash equivalents	512.8	307.4
Deferred tax assets	52.1	47.9
Trade and other payables	(272.3)	(346.8)
Current tax liabilities	(62.4)	(93.9)
Financial liabilities	(182.3)	(210.5)
Current payables with Prosegur group companies	(43.9)	(95.7)
Other current liabilities	(13.0)	(37.6)
Deferred tax liabilities	(39.6)	(146.1)
Provisions	(141.3)	(146.1)
Total Working Capital	209.7	7.9

EBIT Margin (Millions of Euro)	**30.06.2020**	**30.06.2019**
EBIT	65.6	136.7
Revenues	771.8	888.4
Adjusted EBIT Margin	8.5%	15.4%

Organic Growth (Millions of Euro)	**30.06.2020**	**30.06.2019**
Revenues for current year	771.8	888.4
Less: Revenues for the previous year	888.4	883.2
Less: Inorganic Growth	8.2	63.9
Effect of exchange rate fluctuations	(168.6)	(142.9)
Total Organic Growth	43.8	84.4

Inorganic Growth (Millions of Euro)	**30.06.2020**	**30.06.2019**
Europe	21.7	5.9
AOA	2.1	16.7
Ibero-America	21.7	41.3
Divestments	(19.6)	0.0
Total Inorganic Growth	8.2	63.9

Effect of exchange rate fluctuations (Millions of Euro)	**30.06.2020**	**30.06.2019**
Revenues for current year (constant exchange rate 2015)	771.8	888.4
Less: Revenues for the current year at exchange rates of previous year	940.4	1,031.5
Effect of exchange rate fluctuations	(168.6)	(142.9)

Cash Flow Conversion Rate (Millions of Euro)	**30.06.2020**	**30.06.2019**
EBITDA	119.7	186.7
Less: items not assigned	-	-
Adjusted EBITDA	119.7	186.7
CAPEX	30.4	45.0
Cash Flow Conversion Rate (adjusted EBITDA - CAPEX / adjusted EBITDA)	75%	76%

Net Financial Debt (Millions of Euro)	**30.06.2020**	**31.12.2019**
Financial liabilities	1,161.1	856.9
Financial liabilities related to leases	91	106
Adjusted financial liabilities **(A)**	1,252.5	962.4
Not assigned financial liabilities with group companies **(B)**	-	0.2
Cash and cash equivalents (held for sale)	-	0.0
Cash and cash equivalents	(512.8)	(307)
Less: adjusted cash and cash equivalents **(C)**	(512.8)	(307.4)
Less: not assigned current investments in group companies **(D)**	-	-
Total Net Financial Debt (A+B+C+D)	**739.6**	**655.2**
Less: Treasury shares **(E)**	(2.9)	(1.5)
Total Net Financial Debt including treasury shares (A+B+C+D+E)	**736.7**	**653.7**
Less: other non-bank payables **(F)**	(86.7)	(89.6)
Less: Financial liabilities related to leases	(91.3)	(106)
Treasury shares	2.9	1.5
Total Net Financial Debt (excluding other non-bank payables corresponding to deferred payaments for M&A acquisitions) **(A+B+C+D+E+F)**	**561.6**	**460.1**

EBITA (Millions of Euro)	**30.06.2020**	**30.06.2019**
Consolidated profit for the year	21.4	80.7
Income tax expenses	20.9	38.5
Net finance income / costs	23.3	17.5
Amortizations	10.3	9.0
EBITA	75.8	145.8

EBITDA (Millions of Euro)	**30.06.2020**	**30.06.2019**
Consolidated profit for the year	21.4	80.7
Income tax expenses	20.9	38.5
Net finance income / costs	23.3	17.5
Depreciation and amortization	54.1	50.0
EBITDA	119.7	186.7

10. Subsequent events

- As a result of the reinvestment programme for the third payment of the interim dividend for 2019, Prosegur CASH registered on 6 July 2020 the deed for a capital increase charged to monetary contributions for the nominal amount of EUR 421,159.06, agreed by the Board of Directors, making use of the authorisation granted by the Shareholders General Meeting held on 6 February 2017. Consequently, 21,057,953 new shares were listed for trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Stock-Exchange Interconnection System (SIBE).

- On July 10, 2020, the subsidiary Servicios de Efectivo de España S.A. was notified by the Tax Authorities the opening of an inspection procedure comprising the following concepts and tax periods:

    - Income tax for the years 2015 to 2018
    - Value Added Tax: from April 2016 to December 2018
    - Withholdings on account of Personal Income Tax: from April 2016 to December 2018
    - Withholdings on account of Non-Resident Tax: from April 2016 to December 2018

- On July 28, 2020, a reinvestment program for the fourth payment of the interim dividend for the fiscal year 2019 has been approved, under the same terms and conditions as the reinvestment program for the third payment of the interim dividend for the fiscal year 2019.

- On July 28, 2020, the amendment to the Regulations of the Board of Directors and the Regulations of the Audit Committee of Prosegur CASH was approved, in order to adapt them to the recommendations that the Spain’s National Commission of Securities Market included in the update of the Code of good governance of listed companies dated June 26, 2020.

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL REPORT OF THE FIRST HALF OF 2020

The members of the Board of Directors of Prosegur CASH, S.A. declare, to the best of their knowledge, that the selected financial information of Prosegur CASH, S.A., as well as the consolidated condensed interim financial statements of Prosegur CASH, S.A. and its subsidiaries, corresponding to the first semester of the financial year 2020, formulated by the Board of Directors, at its meeting of July 28, 2020, and prepared in accordance with the accounting principles that are applicable, offer the faithful image of the assets, of the financial situation and results of Prosegur CASH, SA, as well as of the subsidiaries included in the scope of consolidation, taken as a whole, and that the respective interim management reports include a faithful analysis of the required information.

Madrid, 28 July 2020

Mr Christian Gut Revoredo
Executive President

Mr Pedro Guerrero
Vice-President

Mr José Antonio Lasanta Luri
Executive Director

Ms Chantal Gut Revoredo (*)
Director

Mr Antonio Rubio Merino
Director

Mr Claudio Aguirre Pemán
Director

Ms María Benjumea Cabeza de Vaca
Director

Ms Ana Inés Sainz de Vicuña Bemberg
Director

Mr Daniel Guillermo Entrecanales Domecq
Director

Proceeding to record that the Board of Directors of Prosegur CASH, S.A. in the meeting held in Madrid on 28 July 2020 has drawn up the Half-Yearly Financial Report for the first half of 2020, consisting of the following documents: the individual financial information selected, the consolidated financial information selected, the condensed interim consolidated financial statements and the Directors' interim report of Prosegur CASH, S.A. and its subsidiaries, and the statement of responsibility of the Directors, all corresponding to the first half of 2020, documentation which has been drawn up unanimously (by all the attending directors) by the Board of Directors of the Company, in accordance with the provisions of article 35 of Act 24/1988, of 27 July, on the Securities Market, in the meeting held on this date.

The aforementioned documents, which are presented in a single body, are transcribed in the preceding pages numbered consecutively, written only on their front and all signed purely for identification purposes by the Secretary of the Board of Directors, with the Company's seal.

The declarations of responsibility regarding its content have been signed by the administrators of Prosegur CASH, S.A.

And of all which as Secretary of the Board of Directors, I attest, in Madrid on July 28, 2020

Signed: Ms Renata Mendaña Navarro
(Non-Director Secretary)