

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

**PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.
Annual Accounts and Director' Report
for the year ended
December 31, 2021**

AUDIT REPORT ON ANNUAL ACCOUNTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

Report on the annual accounts

Opinion

We have audited the annual accounts of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (the Company), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying annual accounts) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

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

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

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

Key audit matters

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

Valuation of long-term investments in group companies and associates

Description At December 31, 2021, the Company has recognised in non-current assets, investments in group companies and associates amounting to 1,585 million euros, representing 76% of total assets.

The Company assess, at least once a year, the existence of impairment indicators and performs the necessary valuation adjustments whenever there is objective evidence that the carrying amount of an investment will not be recoverable, being the amount of the adjustment, the difference between its carrying amount and the recoverable amount.

In those situations, with potential impairment indicators, the recoverable amount has been determined considering their value in use for the Cash, Security and Cybersecurity businesses, and based on the fair value for the Alarms business.

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

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

Disclosures for the recognition and valuation criteria as well as the main assumptions used by Company Management in determining the impairment losses on long-term investments in group companies and associates, is included in Notes 25.3 and 9 of the accompanying annual accounts.

Our

Response

In relation to this area, our audit procedures include, among others, the following:

- ▶ Understand the process established by Company Management to determine impairment of the losses on long-term investments in group companies and associates and assessment of the design and implementation of relevant controls established in the process.
- ▶ Assessment of the analysis of impairment indicators of the long-term investments in group companies and associates carried out by Company Management.
- ▶ Regarding the Cash, Security and Cybersecurity businesses, review of the models used by Company Management, in collaboration with our valuation specialists, encompassing its mathematical coherence, reasonableness of the projected cash flows, discount and long-term growth rates, as well as the consistency of these models with the business plans approved by the Company's governing bodies. Throughout the performance of our work, we held interviews with those responsible for the preparation of the models and using renowned external sources and other available information to contrast the data.

- ▶ With respect to the Alarms business, review, in collaboration with our valuation specialists, the reasonableness of the judgments applied in the determination of the main assumptions considered for the fair value estimate, in particular, the recurrent monthly revenues per connection and the market multiples applied on such revenues, which was obtained based on the latest transactions observed.
- ▶ Review of the sensitivity analysis performed by Company Management regarding the estimates performed in determining the recoverable amount in the event of changes in the relevant assumptions considered.
- ▶ Review disclosures included in the annual accounts in accordance with the applicable financial reporting framework.

Tax and legal provisions and contingencies

Description At December 31, 2021, the Company is involved in lawsuits of different nature, including tax claims as the head of the Spanish Tax Group within the Prosegur Group.

The assessment of the contingencies related to these lawsuits and claims and, when applicable, the valuation of possible related provisions, requires complex estimates to be made by Company Management, which entails the application of judgements in determining the assumptions considered in relation to these estimates.

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

Disclosures for the recognition and valuation criteria, as well as the breakdown of these provisions and contingencies, which are recognised in the long term, are included in Notes 25.10, 14, 16 and 17 of the accompanying annual accounts.

Our Response In relation to this area, our audit procedures include, among others, the following:

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

Other information: directors' report

Other information refers exclusively to the 2021 directors' report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the annual accounts.

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

- a. Checking only that certain information included in the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the directors' report with the annual accounts, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the directors' report is consistent with that provided in the 2021 annual accounts and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the annual accounts

The directors are responsible for the preparation of the accompanying annual accounts so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2.a) to the accompanying annual accounts, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the annual accounts

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

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

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

- ▶ Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital file of the European single electronic format (ESEF) of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. for the 2021 financial year, consisting of an XHTML file containing the financial statements for the year, which will form part of the annual financial report.

The directors of PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. are responsible for submitting the annual financial report for the 2021 financial year, in accordance with the formatting requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors have been included by reference in the directors' report.

Our responsibility consists of examining the digital file prepared by the directors of the Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the financial statements included in the aforementioned digital file correspond in their entirety to those of the financial statements that we have audited, and whether the financial statements and the aforementioned file have been formatted, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital file examined corresponds in its entirety to the audited financial statements, which are presented, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on February 25, 2022.

Term of engagement

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

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

(Signature on the original in Spanish)

Ana María Prieto González
(Registered in the Official Register of
Auditors under No. 18888)

February 25, 2022



Annual Accounts and Directors' Report at 31 December 2021

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

Prosegur Compañía de Seguridad, S.A.

Table of contents

I.	INCOME STATEMENT ACCOUNT FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020.....	3
II.	BALANCE SHEET FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020	4
III.	STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020	6
IV.	STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020	8
V.	NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021	9
1.	General Information.....	9
2.	Basis for Presentation.....	11
3.	Income and Expenses.....	14
4.	Net Finance profit/(loss).....	16
5.	Profit/(loss) for the year.....	17
6.	Intangible assets.....	19
7.	Property, Plant and Equipment	21
8.	Analysis of financial instruments	22
9.	Investments in Group Companies, Jointly Controlled Companies and Associates	26
10.	Financial assets at fair value with changes in equity	33
11.	Financial assets at cost or at amortised cost.....	34
12.	Cash and cash equivalents	35
13.	Share capital, share premium and own shares	36
14.	Non-current provisions	41
15.	Financial liabilities at cost or at amortised cost	43
16.	Taxation	47
17.	Contingencies.....	53
18.	Commitments	55
19.	Other related party transactions	55
20.	Remuneration of the Board of Directors and Senior Management Personnel.....	65
21.	Employee Information	66
22.	Audit Fees.....	67
23.	Financial risk management	67
24.	Events after the reporting date.....	70
25.	Accounting principles	70
25.1.	Intangible assets	70
25.2.	Property, Plant and Equipment	70
25.3.	Impairment losses on non-financial assets	71
25.4.	Financial assets	71
25.5.	Cash and cash equivalents	75
25.6.	Net Equity.....	75
25.7.	Financial liabilities	76
25.8.	Current and deferred taxes.....	78
25.9.	Employee benefits	78
25.10.	Provisions and Contingent Liabilities	79
25.11.	Business combinations	80
25.12.	Revenue recognition.....	80
25.13.	Leases	82
25.14.	Foreign currency transactions.....	82
25.15.	Related party transactions.....	83
	Appendix I – List of shareholdings.....	84
VI.	DIRECTORS' REPORT FOR 2021.....	89

I. INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Expressed in thousands of EUR)

	Notes	2021	2020
Revenue	3	87,986	253,889
Dividend received	3, 19	68,214	235,303
Loan interest income	3, 19	657	426
Provision of services	3, 19	19,115	18,160
Material costs		(15)	(14)
Consumption of raw materials and other consumables		(15)	(14)
Other operating income		1,640	1,431
Non-core and other operating revenues		1,640	1,431
Personnel Expenses	3	(6,822)	(3,132)
Wages, salaries and similar charges		(6,280)	(2,598)
Social security obligations		(542)	(534)
Other operating expenses		(9,912)	(11,237)
External services	3	(8,907)	(8,108)
Taxes		(75)	(2,790)
Losses, impairment and changes in commercial provisions		1	—
Other ordinary expenses		(931)	(339)
Fixed assets deterioration	6, 7	(4,618)	(4,618)
Impairment and profit/(losses) on disposal of fixed assets and financial instruments	3, 6	—	(6)
Profit/(losses) on disposals and other operations		—	(6)
Other profit/(loss)	3, 14	(2)	(17,145)
OPERATING PROFIT/(LOSS)		68,257	219,168
Financial income	4	13,589	1,081
Third parties		13,589	1,081
Financial expense	4	(14,192)	(24,692)
From payables to Group companies and associates	4, 19	(813)	(614)
From payables to third parties		(13,379)	(24,078)
Variation in fair value of financial instruments	4	—	13
Variation in fair value of financial instruments		—	13
Exchange differences	4	287	(2,334)
Impairment and profit/(losses) on disposal of financial instruments	4, 9	—	(87,285)
Impairments and Losses		—	(87,285)
FINANCE PROFIT/(LOSS)		(316)	(113,217)
PROFIT BEFORE TAX		67,941	105,951
Income tax	16	7,741	(21,213)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	5	75,682	84,738

The accompanying notes form an integral part of the Annual Accounts for 2021.

II. BALANCE SHEET FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Expressed in thousands of EUR)

ASSETS	Notes	2021	2020
NON-CURRENT ASSETS		1,784,730	1,622,177
Intangible assets	6	20,683	24,620
Patents, licences, trademarks and others		20,683	24,620
Property, Plant and Equipment	7	10,484	11,145
Technical facilities and other property, plant and equipment		10,484	11,145
Long-term investments in Group companies and associates		1,584,566	1,442,772
Equity instrument	9	1,584,083	1,442,772
Loans to companies	8, 11, 19	483	—
Long-term financial investments	8, 11	152,584	128,952
Equity instrument	8, 10	152,304	128,379
Other financial assets	8, 11	280	573
Deferred tax assets	16	16,413	14,688
CURRENT ASSETS		294,112	495,300
Trade and other receivables		17,905	18,510
Trade receivables	8	754	82
Clients, Group companies and associates	8, 11, 19	9,056	8,134
Miscellaneous receivables	8, 11	5	9
Personnel	8, 11	—	1
Current tax assets	16	8,085	10,279
Public entities, other receivables	16	5	5
Short-term investments in Group companies and associates	8, 11, 19	150,968	154,685
Loans to companies		73,002	58,218
Other financial assets		77,966	96,467
Short-term financial investments	8, 11	667	150,721
Loans to companies		348	348
Debt securities		—	150,045
Other financial assets		319	328
Short-term deferrals		525	467
Cash and cash equivalents	12	124,047	170,917
Cash and other cash equivalents		124,047	170,917
TOTAL ASSETS		2,078,842	2,117,477

The accompanying notes form an integral part of the Annual Accounts for 2021.

(Expressed in thousands of EUR)

NET EQUITY AND LIABILITIES	Notes	2021	2020
EQUITY		991,092	970,973
Shareholders' equity		979,070	982,876
Subscribed share capital	13	32,916	32,916
Registered capital		32,916	32,916
Share premium	13	25,472	25,472
Reserves	13	940,183	922,327
Legal and statutory reserves		7,406	7,406
Other reserves		877,777	859,921
Capitalisation reserve		55,000	55,000
(Own shares and equity holdings)	13	(29,439)	(14,550)
Profit/(loss) for the year	5	75,682	84,738
(Interim dividend)	5	(68,027)	(68,027)
Other net equity instruments	13	2,283	—
Value change adjustments	10	12,022	(11,903)
Assets at fair value with changes in equity(*)		12,022	(11,903)
NON-CURRENT LIABILITIES		772,870	826,998
Non-current provisions	14	45,031	54,791
Obligations for long-term personnel benefits		1,138	524
Other provisions		43,893	54,267
Long-term debts	8, 15	706,612	748,318
Debentures and other negotiable securities		698,593	697,322
Debts with credit institutions		—	40,000
Other financial liabilities		8,019	10,996
Deferred tax liabilities	16	21,227	23,889
CURRENT LIABILITIES		314,880	319,506
Short-term debts	8, 15	130,393	162,086
Debentures and other negotiable securities		6,252	6,254
Debts with credit institutions		52,230	81,001
Other financial liabilities		71,911	74,831
Short-term payables to Group companies and associates	8, 15, 19	173,461	145,072
Trade and other payables		11,026	12,348
Suppliers, Group companies and associates	8, 15, 19	2,033	3,220
Sundry accounts payable	8, 15	5,509	4,686
Personnel (salaries payable)	8, 15	1,099	969
Public entities, other payables	16	2,385	3,473
TOTAL EQUITY AND LIABILITIES		2,078,842	2,117,477

(*) Formerly known as 'Financial assets available for sale' according to RD 1514/2007.

The accompanying notes form an integral part of the Annual Accounts for 2021.

III. STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

A) STATEMENT OF COMPREHENSIVE INCOME

(Expressed in thousands of EUR)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Profit/(losses) in the income statement	5	75,682	84,738
Income and expenses passed on directly to the net equity:			
I. For the estimation of financial instruments		23,925	(11,903)
1. Financial assets at fair value with changes in equity. (*)	10	23,925	(11,903)
Total income and expenses passed on directly to the Net Equity		<u>23,925</u>	<u>(11,903)</u>
Total comprehensive income and expenses		<u><u>99,607</u></u>	<u><u>72,835</u></u>

(*) Formerly known as 'Financial assets available for sale' according to RD 1514/2007.

The accompanying notes form an integral part of the Annual Accounts for 2021.

B) STATEMENT OF TOTAL CHANGES IN EQUITY

The accompanying notes form an integral part of the Annual Accounts for 2021.

(Expressed in thousands of EUR)

	Share capital	Share premium	Legal Reserve	Other Reserves	Capitalisation Reserve	(Own shares and equity holdings)	Profit/(loss) for the year	(Interim dividend)	Other net equity instruments	Value change adjustments	TOTAL
	(Note 13)	(Note 13)	(Note 13)	(Note 13)	(Nota 13)	(Note 13 c)	(Note 5)	(Note 5)	(Note 13)	(Note 10)	
BALANCE AT JANUARY 2020	35,921	25,472	7,406	1,014,998	55	(107,927)	81,874	(79,026)	—	—	1,033,718
Total comprehensive income and expenses	—	—	—	—	—	—	84,738	—	—	(11,903)	72,835
Operations with partners and owners	(3,005)	—	—	(155,077)	—	93,377	(81,874)	10,999	—	—	(135,580)
(-) Capital reductions	(3,005)	—	—	(144,671)	—	147,676	—	—	—	—	—
Operations with own stocks or shares (net)	—	—	—	(13,254)	—	(54,299)	—	—	—	—	(67,553)
Other operations with partners or owners	—	—	—	2,848	—	—	(81,874)	79,026	—	—	—
Interim dividend	—	—	—	—	—	—	—	(68,027)	—	—	(68,027)
BALANCE AT 31 DECEMBER 2020	32,916	25,472	7,406	859,921	55	(14,55)	84,738	(68,027)	—	(11,903)	970,973
Total comprehensive income and expenses	—	—	—	—	—	—	75,682	—	—	23,925	99,607
Operations with partners and owners	—	—	—	16,711	—	(15,271)	(84,738)	—	—	—	(83,298)
Operations with own stocks or shares	—	—	—	—	—	(15,271)	—	—	—	—	(15,271)
Other operations with partners or owners	—	—	—	16,711	—	—	(84,738)	68,027	—	—	—
Interim dividend	—	—	—	—	—	—	—	(68,027)	—	—	-68,027
Other changes in equity	—	—	—	1,145	—	382	—	—	2,283	—	3,81
Accrued share-based incentives	—	—	—	—	—	382	—	—	2,283	—	2,665
Other changes	—	—	—	1,145	—	—	—	—	—	—	1,145
BALANCE AT 31 DECEMBER 2021	32,916	25,472	7,406	877,777	55	(29,439)	75,682	(68,027)	2,283	12,022	991,092

IV. STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020

(Expressed in thousands of EUR)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Pre-tax financial year profit		67,941	105,951
Adjustments made to profit/(loss)		(73,041)	(64,128)
Fixed assets depreciation (+)	6, 7	4,618	4,618
Impairment losses (+/-)		(1)	—
Change in provisions (+/-)	14	(9,760)	53,308
Results from fixed asset disposals and sale		—	6
Results from disposal and sale of financial instruments (+/-)	9	—	87,285
Financial income (-)	4	(13,589)	(1,081)
Dividend received (-)	3	(68,214)	(235,303)
Financial expenses (+)	4	14,192	24,692
Exchange differences (+/-)	4	(287)	2,334
Variation in fair value of financial instruments (+/-)		—	13
Changes in current capital		81,365	74,834
Clients and other receivables (+/-)		607	73,986
Other current assets (+/-)		69,976	5,529
Trade and other payables (+/-)		792	(910)
Other non-current assets and liabilities (+/-)		9,990	(3,771)
Other cash flows from operating activities		111,913	32,640
Interest payments (-)		(1,088)	(1,342)
Dividend collection (+)		101,530	49,482
Interest received (+)		809	954
Income tax received/(paid) (+/-)		10,674	(16,441)
Other payments (receipts) (+/-)		(12)	(13)
Cash flows from operating activities		188,178	149,297
Payments for investments (-)		(95,069)	(133,821)
Group companies and associates		(95,049)	(133,487)
Intangible assets	6	—	(301)
Property, Plant and Equipment	7	(20)	(33)
Collections from disposal of investments (+)		293	7,335
Group companies and associates	13	—	7,335
Other financial assets		293	—
Cash flows from investing activities		(94,776)	(126,486)
Collections and payments for equity instruments	13	(15,271)	(108,052)
Purchases of equity instruments (-)		(15,271)	(108,052)
Collections and payments for liability instruments		(58,114)	253,014
Issue		29,130	273,556
Debentures and similar securities (+)		1,269	169,576
Debts with credit institutions and other debts (+)		—	103,980
Loans to Group companies and associates (+)		27,861	—
Repayment and amortisation of		(87,244)	(20,542)
Debts with credit institutions and other debts (-)		(81,347)	—
Loans to Group companies and associates (-)		—	(14,956)
Other payables (-)		(5,897)	(5,586)
Dividends payable and remunerations from other equity instruments		(66,887)	(46,735)
Dividends (-)		(66,887)	(46,735)
Cash flows from financing activities		(140,272)	98,227
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(46,870)	121,038
Cash and equivalents at the beginning of the year	12	170,917	49,879
Cash and equivalents at the end of the year	12	124,047	170,917

V. NOTES TO THE ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General Information

PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. (hereinafter the Company or Prosegur), the parent company of the Prosegur Group, has its registered offices at Calle Pajaritos 24 in Madrid. The Company was incorporated on 14 May 1976 and is entered in the Companies Register of Madrid as the first inscription on page 32,805, section 3, sheet 22 of volume 4,237.

The corporate purpose of the Company is described in article 2 of its Articles of Association, including the following services and activities:

1. Security and the protection of goods, premises, shows, competitions and conventions.
2. The protection of certain individuals subject to prior authorisation.
3. The storage, safekeeping, counting and classification of coins and banknotes, deeds, securities and other items that require special protection due to their economic value, the expectations they generate or the associated risk, notwithstanding any activities inherent to financial institutions.
4. The transportation and distribution of the aforementioned objects using, where necessary, vehicles with characteristics regulated by the Spanish Ministry of Home Affairs to avoid confusion with those used by the armed forces or state security forces.
5. The installation and maintenance of security equipment, devices and systems.
6. The operation of centres in which alarm signals are received, verified, broadcast and reported to state security forces, as well as the provision of response services in circumstances that do not come under the state security forces.
7. Planning of security activities and related advisory services.
8. Security services and the protection of rural property by private security guards.

The activities comprising the corporate purpose can also be performed indirectly by the Company, by means of the shareholding in other companies of an identical or similar corporate purpose.

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

- Security.
- Cash.
- Alarms.
- Cybersecurity.
- AVOS (Added-Value Outsourcing Services) Services.

From 2013 the Company segregated the private security business line in Spain to Prosegur España, S.L.U. resulting in the main activity of the Company now becoming the acquisition, holding, management and administration of securities and shares or any other form of representation of interest in the capital of entities that are resident and non-resident in Spain and of funding in investee

companies; and the provision of services that are complementary or ancillary to the management of activities carried out by the investee companies.

The Company's statutory activity does not include activities expressly restricted by law to entities that comply with special requirements not met by the Company, particularly financial brokerage activities that are restricted by financial legislation governing collective investment undertakings and the securities market law and supplementary provisions applicable to collective investment undertakings.

Prosegur Compañía de Seguridad, S.A., at 31 December 2021, is controlled by Gubel, S.L., a company incorporated in Madrid which, after the capital reductions approved at the Shareholders General Meeting held on 26 October 2020 and on 2 December 2020, owns 59.37% (59.37% in 2020) of the Company's shares.

Prosegur Compañía de Seguridad, S.A. is a public limited company that is listed on the Stock Exchanges of Madrid, Valencia, Bilbao and Barcelona whose shares are traded on the Spanish Stock Exchange Interconnection System (SIBE).

In accordance with prevailing legislation, Prosegur Compañía de Seguridad, S.A. is the parent of a group of companies (hereinafter the Group). In accordance with generally accepted accounting standards in Spain, Consolidated Annual Accounts must be prepared to present fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in group companies, associates and jointly controlled companies are disclosed in Appendix I.

The Directors prepare the Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A., in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and approved by the European Commission Regulations in force at 31 December 2021. The consolidated Annual Accounts were drawn up by the Board of Directors, together with these Individual Annual Accounts, on 24 February 2022 and are pending approval by the shareholders at their general meeting, after which they will be filed at the Mercantile Register of Madrid.

The Consolidated Annual Accounts of Prosegur Compañía de Seguridad, S.A. and its subsidiaries for 2021 present consolidated profit of EUR 43,711 thousand and consolidated equity of EUR 710,726 thousand (EUR 334,875 thousand and EUR 718,117 thousand respectively in 2020).

2. Basis for Presentation

a) Fair presentation

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with corporate legislation in force and the standards set out in the General Chart of Accounts approved under Royal Decree 1514/2007 and in the amendments to the General Chart of Accounts established by Royal Decree 1159/2010, of 17 September, and Royal Decree 602/2016, of 2 December, and the amendment of Royal Decree 1/2021, of 12 January, and also the publication of 13 February 2021 of the Accounting and Audit Institute (ICAC) resolution under which the standards are established for the accounting, measurement and drawing up of annual accounts for the recognition of revenue from the delivery of goods and rendering of services, in order to reflect a true and fair image of the equity, financial situation and profit/(loss) of the Company, as well as the veracity of the cash flows shown in the cash flow statement.

b) Critical issues regarding the valuation and estimation of relevant uncertainties

Preparation of the Annual Accounts requires the Company to make certain estimates and judgements concerning the future. These are evaluated constantly and based on historical experience and other factors, including expectations of future events that are considered reasonable under certain circumstances.

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

The estimates and judgements that present significant risk of a material adjustment to the carrying amounts of assets and liabilities in the subsequent reporting period are as follows:

Estimate of the recoverable value of investments in subsidiaries

The Company carries out impairment testing on investments made in subsidiaries if there is any proof of value impairment. The calculation of impairment involves the comparison of the carrying amount of the investment with its recovery value, this being understood as the higher fair value less cost of sale and value in use. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on five-year projections of the budgets approved by Management. The cash flows take into account past experience and represent Management's best estimate of future market performance. Cash flows as of five years are extrapolated using individual growth rates. The key assumptions to determine the fair value less cost of sale and value in use include growth rates, weighted average rate of capital and tax rates (see Notes 9 and 25.4).

Provisions and contingencies

The Company has made judgements and estimates in relation to the probability of risks liable to cause the recording of provisions, and the amount thereof, where appropriate, recording a provision only when the risk is considered probable, when they estimate the cost that said obligation would cause (Notes 17 and 25.10).

Determination of fair values

Certain Prosegur accounting policies and details require the determination of fair values for assets and liabilities, financial as well as non-financial (Notes 8 and 10).

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

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

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

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

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

- Note 8: Analysis of financial instruments
- Note 10: Financial assets at fair value with changes in equity.

Going concern

As of 31 December 2021, the Company has a negative working capital of EUR 20,768 thousand (EUR 175,794 thousand positive working capital at 31 December 2020). As indicated in Note 1, the Company is the head of the Prosegur Group, which at 31 December 2021 presented a positive working capital of EUR 181,681 thousand (EUR 473,118 thousand at 31 December 2020) in the Consolidated Annual Accounts. The Company also has the capacity to generate future cash flows via the management of its subsidiaries' dividends. Additionally, as of 31 December 2021, the Group presents a consolidated result attributable to Prosegur Cash, S.A. as Parent Company of EUR 40,994 thousand (EUR 331,254 thousand at 31 December 2020). Finally, as indicated in Notes 21 and 24 of the Consolidated Annual Accounts of the Prosegur Group, at 31 December 2021, the Group companies had available treasury of EUR 584,950 thousand and had been granted undrawn additional financing of EUR 861,251 thousand (EUR 767,011 thousand and EUR 540,133 thousand as of 31 December 2020, respectively).

Taking these facts into consideration, the Company's Directors have prepared these Annual Accounts following the going concern principle.

COVID-19

Almost two years have passed since COVID-19 was declared a pandemic, and the Company observes that although the progress of vaccination is uneven in the places where it operates, the health restrictions that directly impact economic activity and trade have been gradually reduced.

During the 2021 financial year, economic activity was gradually recovering, bringing several areas back to pre-pandemic business volumes.

In this context, the Company continues to assess the impacts of COVID-19 on the financial statements. As of 31 December 2021, they are as follows:

- Liquidity risk: During the 2020 financial year, COVID-19 caused liquidity tensions that gradually eased throughout 2021. For this reason, the Company has no disposed balances in the lines of credits associated with the syndicated financing facilities for the amount of EUR 200,000 thousand (Note 15).
- Risk of measurement of assets and liabilities on the balance sheet: Analysis of impairment indicators in stakes in Group companies (Note 9).
- Credit risk: the company has complied with the applicable Covenants at the end of the year (Note 15).
- Review of employee remuneration for long-term incentive plans, with a specific impact on the 18-20 Plan approved for the Group Executive Chairman, Managing Director and Management (Notes 3.b and 25.9).
- Going concern risk: in light of the aspects mentioned above, the Company considers that at 31 December 2021, no risk associated with the application of the going concern principle was detected.

c) Functional and presentation currency

The figures disclosed in the Annual Accounts are expressed in thousands of EUR, the Company's functional and presentation currency, rounded off to the nearest thousand.

d) Comparative information

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the Annual Accounts, in addition to the figures for financial year 2021, the Annual Accounts show those pertaining to the previous year, those of 2020, approved by the Shareholders General Meeting at 03 June 2021.

On 30 January 2021, Spanish Royal Decree 1/2021, of 12 January, was published amending the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November. Changes to the Spanish General Chart of Accounts are applicable to reporting periods commencing as of 1 January 2021, and focus on criteria for the recognition, measurement and breakdown of income and financial instruments, detailed as follows:

a. Financial instruments

The changes caused have not had a relevant effect on these annual accounts and have only entailed the change in balance sheet nomenclature of the heading 'Held-for-sale financial assets' included in the Annual Accounts for the previous year, to the new heading 'Financial assets at fair value with changes in Equity'.

b. Revenue recognition

The changes caused have not had a relevant effect on these annual accounts, because Company revenue from its activity comes mainly from the collection of dividends from its investees.

3. Income and Expenses

a) Revenue

Details of revenue by category of activity and geographical area are as follows:

	Thousands of Euros									
	National		Europe		AOA (*)		LatAm		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Dividend received:										
- Group companies and associates	68,095	235,303	—	—	—	—	119	—	68,214	235,303
Loan interest income	203	62	8	36	27	18	419	310	657	426
Provision of services:										
- General services	19,162	16,067	1,211	1,087	—	15	(1,258)	991	19,115	18,160
Total	87,460	251,432	1,219	1,123	27	33	(720)	1,301	87,986	253,889

(*) AOA: includes India, United States, Australia and Abu Dhabi in 2021 and 2020.

The provision of services in 2021 and 2020 relates mainly to services associated with trademark assignment.

Of the total income from dividends, EUR 30,321 thousand correspond mainly to the alarm business (EUR 180,000 thousand in 2020), EUR 15,991 thousand to the Cash business (EUR 32,514 thousand in 2020), EUR 8,100 thousand coming from the business of Prosegur Avos España, S.L.U and acquired in 2021 (Note 9).

The Company also received dividend income amounting to EUR 13,683 thousand from investments in Telefónica, S.A. (Note 10) (EUR 7,617 thousand in 2020).

b) Personnel Expenses

Details of the employee benefits expense are as follows:

	Thousands of Euros	
	2021	2020
Wages and salaries	6,280	2,598
Social security obligations	534	528
Other employee benefits expenses	8	6
Total	6,822	3,132

The accrual of the long-term incentive associated with the 18-20 Plan, 21-23 Plan and the Retention Plan for the Executive President, Managing Director and the Management is included under the heading on wages and salaries (Note 25.9). During 2021 the total impact of incentives on the income statement amounted to EUR 1,963 thousand with the following breakdown: reversal under the 18-20 Plan amounting to EUR 523 thousand, provision under the 21-23 Plan amounting to EUR 1,110 thousand and provision under the Withholding Plan amounting to EUR 1,376 thousand.

The 2017 long-term incentive plans for Managing Director and Management, within the Salaries and wages paragraph for the year 2020, have been included in the expense accrued during the year in relation to the 2020 commitment amounting to EUR 83 thousand.

With regard to the 2020 long-term incentive plan for the Managing Director and Management, because of the impact of the COVID-19 pandemic on the Company's profits, the targets set for fulfilling the entire 2020 Plan were not expected to be reached. Consequently, the provision has been adjusted for the year 2020 on the basis of a new target, showing a positive effect on the income statement of EUR 909 thousand.

c) External Services

Details of external services are as follows:

	Thousands of Euros	
	<u>2021</u>	<u>2020</u>
Leases and levies	282	299
Independent professional services	5,078	6,045
Transport	1	1
Insurance premiums	59	192
Banking and similar services	537	551
Advertising and supplies	2,015	503
Other services	935	517
Total	<u>8,907</u>	<u>8,108</u>

d) Impairment and disposal of fixed assets

There were no significant fixed asset impairments or disposals during the 2021 financial year.

In the financial year 2020, there were disposals in the intangible assets of licences that were obsolete, which led to a loss amounting to EUR 6 thousand.

e) Other profit/(loss)

Under 'Other profit/loss' an extraordinary expense of EUR 2 thousand was recorded for the elimination of former balance sheet entries.

During 2020 in 'Other Profit/(Loss)' the Company recognised a provision of EUR 17,145 thousand mainly relating to the process open with the National Commission on Markets and Competition (CNMC) for EUR 8,695 thousand (Notes 14 and 17) and other contingencies amounting to EUR 8,450 thousand (Note 14).

4. Net Finance Income

Details of financial income and costs are as follows:

	Thousands of Euros	
	2021	2020
Financial income	13,589	1,081
Third parties	13,589	1,081
Variation in fair value of financial instruments	—	13
Variation in fair value of financial instruments	—	13
Financial expense	(14,192)	(24,692)
From payables to Group companies and associates (Note 19)	(813)	(614)
From payables to third parties	(13,379)	(24,078)
Impairment and profit/(losses) on disposal of financial instruments	—	(87,285)
Exchange differences	287	(2,334)
FINANCE PROFIT/(LOSS)	(316)	(113,217)

•Financial income and expense

Financial expense in relation to Group companies reflect interest earned on current loans to Group companies (Note 19).

In 2021, interest for debts with third parties mainly correspond to the interest accrued on bank borrowing in the amount of EUR 10,137 thousand, interest for other commercial transactions in the amount of EUR 395 thousand and interest accrued during the year derived from company lawsuits in an amount of EUR 2,847 thousand.

In 2020, interest for debts with third parties mainly related to the interest on bank borrowing amounting to EUR 9,349 thousand and interest for other contingencies amounting to EUR 14,078 thousand.

Financial income recognised in 2021 'from third parties' correspond to EUR 12,780 thousand for the return of interest from the previous year for Company lawsuits (Notes 14 and 16), EUR 17 thousand correspond mainly to interest in relation to proceedings with the State Tax Administration (AEAT) and EUR 201 thousand for the return of guarantees deposited.

Furthermore in 2021 revenue was generated from the adjustment in the payment of debt with Prosegur Global Cyber Security, S.L.U. for the purchase of Cipher Security LLC company.

During 2020, the financial income amounting to EUR 1,081 thousand mainly relates to interest associated to proceedings with the State Tax Administration (AEAT) for EUR 1,007 thousand and interest generated by the investments in fixed-term deposits amounting to EUR 70 thousand. (Note 8).

•Impairment and profit/(losses) on disposal of financial instruments

During 2021 no impairment and profit/(losses) on the disposal of financial instruments were recorded. The impairment and disposals of instruments recorded in 2020 amounting to EUR 87,285 thousand corresponded mainly to valuation adjustments for impairment of the investment in Prosegur Global SIS, S.L., in an amount of EUR 83,320 thousand. (Note 9).

•Exchange differences

The main exchange differences items are the following:

	Currency	Thousands of Euros	
		2021	2020
Debt due to acquisition of Tellex	Argentine Peso	7	194
Debt due to acquisition of Cipher SA	Brazilian Real	194	(3,030)
Debt due to acquisition of Beloura Investment	Colombian Peso	111	242
Debt resulting from the acquisition of Prosegur Ciberseguridad Paraguay, S.A.	Guarani	—	50
Loans to Group company	Peruvian Nuevo Sol	—	(8)
Debt due to acquisition of Martom Group	Brazilian Real	(6)	—
Other items		(19)	218
		287	(2,334)

5. Profit/(loss) for the year

a) Distribution of profit proposal

On the date these Annual Accounts are authorised for issue, the Boards of Directors will propose to the Shareholders General Meeting that profit for the year be distributed as follows:

	Thousands of Euros	
	2021	2020
<u>Basis of allocation</u>		
Profit/(loss) for the year	75,682	84,738
Total	75,682	84,738
<u>Allocation</u>		
Voluntary reserves	7,655	16,711
Interim dividend	68,027	68,027
Total	75,682	84,738

The distribution of the result from the 2020 financial year was approved on 3 June 2021.

On 21 December 2021, the Board of Directors approved the distribution of a regular dividend of EUR 0.124 per share on account of the 2021 profits, or a total maximum dividend of EUR 68,027 thousand (considering that the share capital is currently represented by 548,604,222 shares). This dividend will be distributed to shareholders as four payments, in January, April, July and October 2022. Each payment is calculated as EUR 0.0310 per outstanding share at the payment date.

At 31 December 2021 dividends payable of EUR 68,027 thousand have been recognised under current liabilities as other payables within other financial liabilities.

The maximum amount represented by own shares at each payment date, and therefore not distributed, will be transferred to voluntary reserves. The amount for undistributed dividends out of the maximum total agreed for the year 2020 is reflected in the item of 'Other operations with partners or owners' of the statement of changes in equity for the amount of EUR 16,711 thousand.

Nevertheless, if the number of shares changes, between two payment dates as a result of a share capital increase or reduction, the total maximum amount of the dividend at each payment date (EUR

17,007 thousand) should be divided by the new number of outstanding shares that corresponds following the aforementioned increase or reduction.

The provisional accounting statement presented by the Board of Directors in accordance with the legal requirements that evidenced the lack of sufficient liquidity to pay the aforementioned interim dividend is set forth below:

	Thousands of Euros
	2021
1. Initial cash on hand (before the interim dividend)	92,443
2. Group current bank account balances	(27,567)
3. Current proceeds	9,320
4. Temporary financial investments	275,561
5. Payments for Current Operations	(4,600)
6. Payments for Financial Transactions	(8,729)
7. Extraordinary Payments	(3,581)
Forecast Cash	332,847
Less dividend payments according to the proposal	(68,027)
Final cash after dividends	264,820

b) Dividend distribution restrictions

Reserves and profit for the year are freely distributable except for the restrictions described in Note 13.

6. Intangible assets

Details of intangible assets and movement are as follows:

	Thousands of Euros				
	Licences	Trademarks and similar	Computer software	Other intangible assets	Total
Cost					
Balance at 01 January 2020	11	39,068	25	362	39,466
Additions	—	301	—	—	301
Disposals	(8)	—	—	—	(8)
Balance at 31 December 2020	<u>3</u>	<u>39,369</u>	<u>25</u>	<u>362</u>	<u>39,759</u>
Balance at 31 December 2021	<u>3</u>	<u>39,369</u>	<u>25</u>	<u>362</u>	<u>39,759</u>
Depreciation and amortisation					
Balance at 01 January 2020	(3)	(10,819)	(22)	(362)	(11,206)
Depreciation and amortisation for the year	—	(3,932)	(3)	—	(3,935)
Disposals	2	—	—	—	2
Balance at 31 December 2020	<u>(1)</u>	<u>(14,751)</u>	<u>(25)</u>	<u>(362)</u>	<u>(15,139)</u>
Depreciation and amortisation for the year	—	(3,937)	—	—	(3,937)
Balance at 31 December 2021	<u>(1)</u>	<u>(18,688)</u>	<u>(25)</u>	<u>(362)</u>	<u>(19,076)</u>
Carrying amount					
At 01 January 2020	8	28,249	3	—	28,260
At 31 December 2020	<u>2</u>	<u>24,618</u>	<u>—</u>	<u>—</u>	<u>24,620</u>
At 31 December 2021	<u>2</u>	<u>20,681</u>	<u>—</u>	<u>—</u>	<u>20,683</u>

a) Description of the main movements

There were no disposals nor additions in intangible fixed assets during the 2021 financial year.

In 2020, the additions corresponded to the acquisition of the Trademark and commercial name of 'M&A ECUADOR NOMBRE COMERCIAL' for EUR 301 thousand.

The 2020 financial year saw the disposal of licences in disuse amounting to EUR 8 thousand, which produced losses of EUR 6 thousand.

The Company invoices and recognises revenue from the transfer to its subsidiaries of the rights of use of the Prosegur Trademark.

b) Licences

Details of licences at the end of 2021 and 2020 are as follows:

Description and operation	Expiry date	Depreciation period (Note 25.1)	Depreciation and amortisation for the year	Thousands of Euros		
				2021		
				Cost	Accumulated amortisation	Carrying amount
Licences - Software	2023	4 years	—	3	1	2
			—	<u>3</u>	<u>1</u>	<u>2</u>

Description and operation	Expiry date	Depreciation period	Depreciation and amortisation for the year	Thousands of Euros		
				Cost	Accumulated amortisation	Carrying amount
Licences - Software	2023	4 years	—	3	1	2
			—	3	1	2

c) Fully amortised intangible assets

The cost intangible assets items which are fully amortised and still in use at 31 December is as follows:

	Thousands of Euros	
	2021	2020
Computer software	25	22
Other intangible assets	362	362
	387	384

d) Other information

At 31 December 2021 and 2020 the Company has no significant intangible assets that are subject to restrictions on title or pledged as security for liabilities.

There were no purchases of intangible assets from Group companies in 2021 or 2020.

7. Property, Plant and Equipment

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

	Thousands of Euros		
	Other install., equipment and furniture	Other property, plant and equipment	Total
Cost			
Balance at 01 January 2020	378	13,383	13,761
Additions	27	6	33
Balance at 31 December 2020	405	13,389	13,794
Additions	2	18	20
Balance at 31 December 2021	407	13,407	13,814
Depreciation and amortisation			
Balance at 01 January 2020	(286)	(1,680)	(1,966)
Depreciation and amortisation for the year	(17)	(666)	(683)
Balance at 31 December 2020	(303)	(2,346)	(2,649)
Depreciation and amortisation for the year	(14)	(667)	(681)
Balance at 31 December 2021	(317)	(3,013)	(3,330)
Carrying amount			
At 01 January 2020	92	11,703	11,795
At 31 December 2020	102	11,043	11,145
At 31 December 2021	90	10,394	10,484

a) Description of the main movements

In the 2021 financial year, the most significant additions correspond to information processing equipment such as computers and screens for EUR 16 thousand and telephony for EUR 2 thousand.

In 2020, the most significant additions to property, plant and equipment corresponded to the installation of security systems for EUR 27 thousand and the addition of information equipment for EUR 6 thousand.

No losses were registered in 2021 and 2020.

b) Fully depreciated property, plant and equipment

The cost of property, plant and equipment items which are fully amortised and still in use at 31 December is as follows:

	Thousands of Euros	
	2021	2020
Other installations, equipment and furniture	275	275
Other property, plant and equipment	203	189
	478	464

c) Other information

At 31 December 2021 and 2020 the Company has no property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

There were no purchases of property, plant and equipment from Group companies in 2021 nor in 2020.

d) Assets under operating lease

Lessee

The Company rents offices and office equipment under non-cancellable operating leases.

Operating lease payments have been recognised as an expense under other operating expenses, external services as follows (Note 3):

	Thousands of Euros	
	2021	2020
Lease expenses	282	299
	282	299

Future minimum payments under non-cancellable operating leases are shown in Note 18.

e) Insurance

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

8. Analysis of financial instruments

8.1 Analysis by category

The carrying amount of each category of financial instrument specified in the significant accounting policy on financial instruments, except investments in Group companies, jointly controlled companies and associates (Note 9) and cash and cash equivalents (Note 12), is as follows:

a) Financial assets:

Thousands of Euros

	2021			
	Credits and other	Trade and other receivables	Financial Investments	Total
Non-currents				
Financial assets at amortised cost (Note 11)	483	—	—	483
Assets at fair value with changes in equity (Note 10)	—	—	152,304	152,304
Financial assets at cost (Note 11).	—	—	280	280
	483	—	152,584	153,067
Current				
Financial assets at amortised cost (Note 11)	73,350	9,815	78,285	161,450
	73,350	9,815	78,285	161,450
Total	73,833	9,815	230,869	314,517

Thousands of Euros

	2020			
	Credits and other	Trade and other receivables	Financial Investments	Total
Non-currents				
Assets at fair value with changes in equity (Note 10)	—	—	128,379	128,379
Financial assets at cost (Note 11).	—	—	573	573
	—	—	128,952	128,952
Current				
Financial assets at amortised cost (Note 11)	58,566	8,226	246,840	313,632
	58,566	8,226	246,840	313,632
Total	58,566	8,226	375,792	442,584

The carrying amount of the financial assets valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

b) Financial liabilities:

Thousands of Euros

	2021				
	Debentures and other negotiable securities	Debts with credit institutions	Trade and other payables	Other financial liabilities	Total
Non-currents					
Financial liabilities at amortised cost (Note 15)	698,593	—	—	8,019	706,612
	698,593	—	—	8,019	706,612
Current					
Financial liabilities at amortised cost (Note 15)	6,252	52,230	8,641	245,372	312,495
	6,252	52,230	8,641	245,372	312,495
Total	704,845	52,230	8,641	253,391	1,019,107

Thousands of Euros

	2020				Total
	Debentures and other negotiable securities	Debts with credit institutions	Trade and other payables	Other financial liabilities	
Non-currents					
Financial liabilities at amortised cost (Note 15)	697,322	40,000	—	10,996	748,318
	697,322	40,000	—	10,996	748,318
Current					
Financial liabilities at amortised cost (Note 15)	6,254	81,001	8,875	219,903	316,033
	6,254	81,001	8,875	219,903	316,033
Total	703,576	121,001	8,875	230,899	1,064,351

The carrying amount of the financial liabilities valued at cost or at amortised cost is close to their fair value, given the non-significant effect of the discount.

8.2. Analysis by maturity

Details of financial instruments with fixed or determinable maturity, by year of maturity, are as follows:

a) Financial assets:

Thousands of Euros	2021					TOTAL
	Financial assets					
	2022	2023	2024	2025	Subsequent years	
Investments in Group companies and associates:						
- Loans to companies (Note 19)	73,002	276	207	—	—	73,485
- Other financial assets (Note 19)	77,966	—	—	—	—	77,966
	150,968	276	207	—	—	151,451
Financial Investments:						
- Equity instruments	—	—	—	—	152,304	152,304
- Loans to companies	348	—	—	—	—	348
- Other financial assets	319	—	—	—	280	599
	667	—	—	—	152,584	153,251
Trade and other receivables:						
- Clients from sales and other	754	—	—	—	—	754
- Clients, Group companies and assoc. (Note 19)	9,056	—	—	—	—	9,056
- Sundry Debtors	5	—	—	—	—	5
	9,815	—	—	—	—	9,815
Total	161,450	276	207	—	152,584	314,517

Thousands of Euros	2020					
	Financial assets					
	2021	2022	2023	2024	Subsequent years	TOTAL
Investments in Group companies and associates:						
- Loans to companies (Note 19)	58,218	—	—	—	—	58,218
- Other financial assets (Note 19)	96,467	—	—	—	—	96,467
	154,685	—	—	—	—	154,685
Financial Investments:						
- Equity instruments	—	—	—	—	128,379	128,379
- Loans to companies	348	—	—	—	—	348
- Other financial assets	150,373	—	—	—	573	150,946
	150,721	—	—	—	128,952	279,673
Trade and other receivables:						
- Clients from sales and other	82	—	—	—	—	82
- Clients, Group companies and assoc. (Note 19)	8,134	—	—	—	—	8,134
- Sundry Debtors	9	—	—	—	—	9
- Personnel	1	—	—	—	—	1
	8,226	—	—	—	—	8,226
Total	313,632	—	—	—	128,952	442,584

The changes recorded under the financial investments item as 'Other financial assets' compared to the previous year, are mainly due to the cancellation and maturity of the fixed-term deposits contracted. In 2021 the 'Repo' deposit set up on 22 June 2017 for EUR 150,000 thousand in Citibank Global Markets, with an annual interest rate of 0.05%, was cancelled.

As of 31 December 2020 and 2021, investments in 'Equity instruments' mainly includes the fair value of the 39,545,262 shares of Telefónica, S.A. received as consideration for the sale of 50% of the Alarmas España business. (Note 10)

b) Financial liabilities:

Thousands of Euros	2021					
	Financial liabilities					
	2022	2023	2024	2025	Subsequent years	TOTAL
Debentures and other negotiable securities (Note 15)	6,252	698,593	—	—	—	704,845
Debts with credit institutions (Note 15)	52,230	—	—	—	—	52,230
Suppliers, Group companies and associates (Notes 15 and 19)	2,033	—	—	—	—	2,033
Sundry creditors (Note 15)	5,509	—	—	—	—	5,509
Personnel (Note 15)	1,099	—	—	—	—	1,099
Payables to Group companies and associates (Notes 15 and 19)	173,461	—	—	—	—	173,461
Other financial liabilities (Note 15)	71,911	2,382	4,361	1,276	—	79,930
Total	312,495	700,975	4,361	1,276	—	1,019,107

Thousands of Euros	2020					TOTAL
	Financial liabilities					
	2021	2022	2023	2024	Subsequent years	
Debentures and other negotiable securities (Note 15)	6,254	—	—	697,322	—	703,576
Debts with credit institutions (Note 15)	81,001	—	—	—	40,000	121,001
Suppliers, Group companies and associates (Notes 15 and 19)	3,220	—	—	—	—	3,220
Sundry creditors (Note 15)	4,686	—	—	—	—	4,686
Personnel (Note 15)	969	—	—	—	—	969
Payables to Group companies and associates (Notes 15 and 19)	145,072	—	—	—	—	145,072
Other financial liabilities (Note 15)	74,831	94	267	5,102	5,533	85,827
Total	316,033	94	267	702,424	45,533	1,064,351

9. Investments in Group Companies, Jointly Controlled Companies and Associates

Details of the movements in investments in Group companies, jointly controlled companies and associates are as follows:

	Thousands of Euros	
	2021	2020
Balance at 1 January	1,442,772	1,328,311
<u>Investments</u>	141,311	197,781
Additions	141,311	216,804
Disposals	—	(21,617)
Transfers	—	2,594
<u>Impairment</u>	—	(83,320)
Additions	—	(83,320)
Balance at 31 December	1,584,083	1,442,772

In 2021 and 2020 the Company has acquired stocks of new companies and has made a series of capital increases by capitalising loans in companies in which it had a holding.

The addition of loans was made mainly to provide the subsidiaries with sufficient funds for the acquisition of subsidiaries operating in the security market.

Increases and decreases in investments in Group companies, jointly controlled companies and associates in 2021 and 2020 are as follows:

		Thousands of Euros	
		2021	2020
Additions			
Prosegur Avos España, S.L.U.	(1)	62,257	—
Prosegur Gestión de Activos, S.L.U.	(2)	—	24,000
Prosegur Global SIS ROW, S.L.U.	(3)	4,800	60,000
Prosegur Global Alarmas ROW, S.L.U.	(4)	11,500	—
Prosegur Global Alarmas, S.L.U.	(5)	2,900	12,400
Prosegur Global SIS, S.L.	(6)	18,400	35,700
Prosegur Finance, S.L.	(7)	—	10
Prosegur ODH, S.L.	(8)	—	1,000
Prosegur Assets Management, S.L.	(9)	—	8,250
Prosegur Cash, S.A.	(10)	27,579	44,005
Prosegur Tecnología Peru, S.A.	(11)	1,875	388
Prosegur Global BSI International, S.L.	(12)	—	13
Cipher S.A.	(13)	—	15,307
Prosegur Consumer Finance Perú, S.A.C.	(14)	—	85
Loredat, S.A.	(15)	—	23
Cipher Security Limited	(16)	—	15,623
Soluciones en Negocios SpA	(17)	8,661	—
Solu4B Software Company SpA	(18)	1,072	—
Soluciones en Tecnología de la Información SpA	(19)	365	—
Cipher Security LLC	(20)	1,327	—
Tidian Europe S.L.	(21)	575	—
Total		141,311	216,804

		Thousands of Euros	
		2021	2020
Disposals			
Cost			
Prosegur Global Cyber Security, S.L.U.	(23)	—	(21,180)
Prosegur Holding, S.A.	(24)	—	(49)
Prosegur Inversiones, S.A.	(25)	—	(5)
Prosegur Servicios Administrativos, S.A.	(26)	—	(109)
Prointrans, LLC	(27)	—	(274)
Total Cost		—	(21,617)

Movements in investments in Group companies, jointly controlled companies and associates in 2021 and 2020 are as follows:

a) Additions**(1) Prosegur Avos España, S.L.U.**

- On 31 March 2021, the Company acquired certain areas of its added-value outsourcing services business (AVOS) for financial institutions and insurance companies, as well as its associated technology, from Prosegur Avos España, S.L.U. The transaction consisted on the sale of Prosegur Cash, S.A. to Prosegur of 100% of the share capital of the holding company of the aforementioned business in Spain, Prosegur AVOS España, S.L.U., for a price of EUR 62,257 thousand, in the form of cash.

(2) Prosegur Gestión de Activos, S.L.U.

- On 14 February 2020, the Company subscribed the capital increase of the Spanish company Prosegur Gestión de Activos, S.L.U. by capitalising loan rights for a total EUR 24,000 thousand.

(3) Prosegur Global SIS ROW, S.L.U.

- On 1 January 2021, the Company participated in the capital increase of Spanish company Prosegur Global SIS ROW, S.L.U., by capitalising loan rights that Prosegur Compañía de Seguridad, S.A., as the Sole Shareholder, holds with the Company under a loan agreement for a total of EUR 4,800 thousand.
- On 1 January 2020, the Company participated in the capital increase of the Spanish company Prosegur Global SIS ROW, S.L.U., by capitalising loan rights for a total of EUR 60,000 thousand.

(4) Prosegur Global Alarmas ROW, S.L.U.

- On 1 January 2021, the Company participated in the capital increase of the Spanish company Prosegur Global Alarmas ROW, S.L.U., by capitalising loan rights for a total of EUR 11,500 thousand.

(5) Prosegur Global Alarmas, S.L.U.

- On 20 May 2021, the Company subscribed the capital increase of the Spanish company Prosegur Global Alarmas, S.L.U. by the partial depreciation of loan rights for a total of EUR 2,900 thousand.
- On 1 January 2020, the Company subscribed the capital increase of the Spanish company Prosegur Global Alarmas, S.L.U. by capitalising loan rights for a total EUR 12,400 thousand.

(6) Prosegur Global SIS, S.L.

- On 01 January 2021, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by partial depreciation of loan rights for a total EUR 18,400 thousand.
- On 01 January 2020, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by capitalising loan rights for a total EUR 27,000 thousand.
- On 25 March 2020, the Company participated in the capital increase of the Spanish company Prosegur Global SIS, S.L. by capitalising loan rights for a total EUR 8,700 thousand.

- In 2020 the Company recognised a value adjustment for impairment of the interest in Prosegur Global SIS, S.L. for the amount of EUR 83,320 thousand.

(7) Prosegur Finance, S.L.

- On 27 November 2020, the Company participated in the capital increase of the Spanish company Prosegur Finance, S.L. through the monetary contribution of EUR 10 thousand.

(8) Prosegur ODH, S.L.

- On 1 November 2020, the Company participated in the capital increase of the Spanish company Prosegur ODH, S.L. by capitalising loan rights for an amount of EUR 1,000 thousand.

(9) Prosegur Assets Management, S.L.

- On 1 January 2020, the Company participated in the capital increase of the Spanish company Prosegur Assets Management, S.L. by capitalising loan rights for a total of EUR 8,250 thousand.

(10) Prosegur Cash, S.A.

- In 2021, the Company made other transactions corresponding to purchases of treasury stock of Prosegur Cash, S.A.; these operations were carried out in different months of the year, totalling EUR 27,579 thousand, all through cash contributions.
- On 3 July 2020, the Company participated in the capital increase of the Spanish company Prosegur Cash, S.A. through a cash contribution for a total of EUR 11,686 thousand.
- On 5 October 2020, the Company participated in the capital increase of the Spanish company Prosegur Cash, S.A. through a cash contribution for a total of EUR 11,566 thousand.
- In 2020, all other transactions corresponded to purchases of treasury stock of Prosegur Cash, S.A.; these operations were carried out in different months of the year, totalling EUR 20,753 thousand, all through cash contributions.

(11) Prosegur Tecnología Peru, S.A.

- On 23 December 2021, the Company participated in the capital increase of the Peruvian company Prosegur Tecnología Perú, S.A., through cash contributions for a total of EUR 1,875 thousand.
- On 14 December 2020, the Company participated in the capital increase of the Peruvian company Prosegur technology Perú, S.A., by capitalising loan rights for EUR 388 thousand.

(12) Prosegur Global BSI International, S.L.

- On 14 February 2020, the Company acquired a 100% stake in the Spanish company Prosegur Global BSI International, S.L., for EUR 3 thousand.
- On 27 November 2020, the Company subscribed the capital increase of the Spanish company Prosegur Global BSI International, S.L., through cash contributions for a total of EUR 10 thousand.

(13) Cipher, S.A.

- On 24 June 2020, the Company acquired shares from another group company Ciber Security, S.L., in the Brazilian company Cipher, S.A. This did not entail a capital increase in the company, but the purchase was by way of a cash contribution of EUR 15,307 thousand.

(14) Prosegur Consumer Finance Perú, SAC

- On 2 November 2020, the Company participated in the capital increase of the Peruvian company Prosegur Consumer Finance, SAC, by capitalising loan rights for EUR 85 thousand.

(15) Loredat, S.A.

- On 14 February 2020, the Company acquired shares from another group company, Ciber Security, S.L., in the company Loredat, S.A. This did not entail a capital increase in the Uruguayan company, but the purchase was by way of a cash contribution of EUR 23 thousand.

(16) Cipher Security Limited

- On 24 June 2020, the Company participated in the purchase of capital in the English company Cipher Security Limited, through a cash contribution of EUR 95 thousand.
- On 24 June 2020, the Company acquired shares from another group company, Ciber Security, S.L., in the English company Cipher Security Limited. This purchase was by way of a cash contribution of EUR 15,528 thousand.

(17) Soluciones en Negocios SpA

- On 20 December 2021, the Company acquired the Chilean company Soluciones en Negocios SpA. The purchase price of the company came to EUR 8,661 thousand, paid by monetary contribution and partly recorded as debt to be paid by deferred payment.

(18) Solu4B Software Company SpA

- On 20 December 2021, the Company acquired 100% of the Chilean company Solu4B Software Company SpA for a price of EUR 1,072 thousand. This amount was paid partially by monetary contribution and partly recorded as debt to be paid by deferred payment.

(19) Soluciones en Tecnología de la Información SpA

- On 20 December 2021, the Company acquired 20% of the shares in the Chilean company Soluciones en Tecnología de la Información SpA, for a price of EUR 365 thousand. This amount was paid partially by monetary contribution and partly recorded as debt to be paid by deferred payment.

(20) Cipher Security LLC

- On 23 December 2021 the Company acquired 15.50% of the shares of the US company Cipher Security LLC. This purchase took place by the purchase of shares from another company of the Cipher Security Limited group, whose purchase price was paid by the monetary contribution of EUR 1,327 thousand.

(21) Tidian Europe S.L.

- On 10 June 2021, the Company acquired 50% of the Spanish company Tidian Europe S.L., through a monetary contribution of EUR 575 thousand.

b) Transfers

Transfers	Thousands of Euros	
	2021	2020
Euroforum Escorial, S.A. (22)	—	2,594
Total	—	2,594

(22) Euroforum Escorial, S. A.

- On 31 December 2020, the Company made a carry-over to reclassify the balance of the company Euroforum Escorial, S.A. as an investee of Group companies, jointly controlled companies and associates.

C) Disposals

Decreases in investments in Group companies, jointly controlled companies and associates in 2021 and 2020 were as follows:

(23) Prosegur Global Cyber Security, S.L.:

- On 21 July 2020, the Company cancelled part of its interest in Prosegur Global Cyber Security, S.L. This cancellation was recorded for a total of EUR 17,000 thousand and has had no impact on the income statement.
- On 24 July 2020, the Company cancelled part of its interest in Prosegur Global Cyber Security, S.L. for the amount of EUR 4,180 thousand. The operation took place by selling to a company outside of the group. The sales price was less than the net carrying amount that the company had recorded, generating a loss of EUR 4,180 thousand this year.

(24) Prosegur Holding, S.A.

- On 18 August 2020, the company made a divestment in Prosegur Holding, S.A., reducing its interest by EUR 49 thousand; no profit or loss was generated.

(25) Prosegur Inversiones, S.A.

- On 18 August 2020, the company made a divestment in Prosegur Holding, S.A., reducing its interest by EUR 5 thousand; no profit or loss was generated on this disposal.

(26) Prosegur Servicios Administrativos, S.A.

- On 30 October 2020, the Peruvian company, Prosegur Servicios Administrativos, S.A. was wound up. This operation gave rise to losses amounting to EUR 109 thousand.

(27) Prointrans, LLC

- On 1 January 2020, the American company, Prointrans, LLC was wound up, derecognising the investment that was recorded for the amount of EUR 274 thousand. This operation gave rise to a gain of EUR 324 thousand.

Disposals of shareholdings produced the following results:

		Thousands of Euros	
		2021	2020
Profit/(loss) on disposal of financial instruments			
Prosegur Global Cyber Security, S.L.U.	(23)	—	4,180
Prosegur Servicios Administrativos, S.A.	(26)	—	109
Prointrans, LLC	(27)	—	(324)
		—	3,965

d) Impairment losses and profit/(losses) on disposal of financial instruments

In 2021 there were no impairment loss adjustments on the shareholdings.

In 2020 a value adjustment for impairment was recognised in the interest in Prosegur Global SIS, S.L. for the amount of EUR 83,320 thousand.

The impairment losses recorded on the balance sheet correspond to investments in the following Group companies, jointly controlled companies and associates at the end of the year:

	Thousands of Euros	
	2021	2020
Rosegur Holding Corporation, S.L.	6,650	6,650
Esta Service, SAS	1,740	1,740
Rosegur Cash Services, S.A.	230	230
Prosegur Activa Perú, S.A.	26	26
Prosegur Tecnología Chile, Ltda.	1	1
Prosegur Global SIS, S.L.	83,320	83,320
Total	91,967	91,967

The Company annually evaluates the existence of indicators of impairment of the stakes in Group companies and estimates the recoverable value at the closing date of those entities for which there are signs of impairment. The impairment indicator was calculated by comparing the net carrying amount of the stake with the equity of the investee and the recoverable value of the entities with an impairment indicator was determined considering its value in use. On the basis of the analysis performed, in financial year 2021 the Company did not consider it necessary to make impairment loss adjustments or for impairment reversals provisioned in prior years. In 2020 the Company considered it necessary to record a value adjustment for impairment of the interest in Prosegur Global SIS, S.L. in an amount of EUR 83,320 thousand, as a result of a downward revision of the projections calculated in certain countries, particularly Colombia and Chile.

In these countries, the weight of surveillance and protection of premises, goods and individuals is, in terms of percentage, much greater than that of activities regarding technological security solutions, whereby the Gross Margin associated with traditional surveillance activities is lower than the Gross Margin of activities relating to technology. The 2021-2023 Plan approved by Management focuses on the growth of technological security solutions over the traditional surveillance business; however given Prosegur's positioning in the technology business in the aforementioned countries, the estimated growths are those indicated in the 2021-2023 Plan, whereby the Company did not consider it necessary to make impairment loss adjustments to the stakes recorded for those companies, as opposed to the previous financial year.

Furthermore, COVID-19 has caused a downward revision in the short-term forecasts.

Lastly, the currency evolution had a negative impact on all LatAm countries, which was offset in 2021 by the evolution of cash flows.

e) Investments in Group companies

The information on shares held in Group companies is contained in Appendix I of these Annual Accounts.

10. Financial assets at fair value with changes in equity

a) Financial Assets at Fair Value with changes in Equity

The movements of financial assets at fair value available for sale for 2021 and 2020 are as follows:

	Thousands of Euros	
	Financial Assets at Fair Value with changes in Equity	
	Equity instruments	Total
Balance at 1 January 2020	2,650	2,650
Additions	140,227	140,227
Transfers	(2,595)	(2,595)
Change in fair value	(11,903)	(11,903)
Balance at 31 December 2020	128,379	128,379
Change in fair value	23,925	23,925
Balance at 31 December 2021	152,304	152,304

On 28 February 2020, the investee company Prosegur Global Alarmas Row, S.L. sold the Telefónica Group 50% of its alarm business in Spain. The transaction was pinned down on a price of EUR 305,345 thousand. The entire price was paid through the delivery of Telefónica Group shares.

On 27 November 2020, Prosegur Global Alarmas Row, S.L. distributed an interim dividend to the Company, charged to the result accumulated in the 2020 financial year, by delivering cash and 39,545,262 Telefónica shares at a value of EUR 3.5460 per share.

At year-end 2021 the number of Telefónica shares stood at 39,545,262 (39,545,262 shares in 2020).

The change in the fair value of Telefónica shares corresponding to the 2021 and 2020 financial year was included in the Company's equity. The fair value of the share was determined by the price quoted in the active market.

Details of financial assets at fair value available for sale for 31 December 2021 and 2020 are as follows:

Name	Thousands of Euros		
	2021		
	Value Recoverable Value	% ownership	Investment
<i>Equity titles</i>			
Telefónica, S.A.	152,249	0.74 %	128,324
Others	55	—	—
Total	152,304		

Name	Thousands of Euros		
	2020		
	Value Recoverable Value	% ownership	Investment
<i>Equity titles</i>			
Telefónica, S.A.	128,324	0.74 %	128,324
Others	55	—	—
Total	128,379		

Prosegur's maximum exposure to credit risk at the reporting date is the fair value of these assets. All assets are denominated in EUR.

These assets are measured following a hierarchy in which different levels are established in accordance with the new regulation that amends Royal Decree 1/2021, of 12 January, in which the variables used in the determination of fair value is established on the basis of a fair value hierarchy that makes it possible to classify estimates on three levels. The level to which these assets belong is Level 1: estimates using quoted prices (unadjusted) in active markets for identical assets or liabilities, to which the company can have access on the measurement date.

11. Financial assets at cost or at amortised cost

The breakdown of financial assets at cost or at amortised cost at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Financial assets at cost - non-current		
- Other financial assets	280	573
Financial assets at amortised cost - non-current		
- Loans to Group companies (Note 19)	483	—
	763	573
Financial assets at amortised cost - current		
- Loans to Group companies (Note 19)	73,002	58,218
- Clients' receivables for sales and services	754	82
- Clients, Group companies and associates (Note 19)	9,056	8,134
- Other financial assets (Note 19)	77,966	96,467
- Sundry Debtors	5	9
- Personnel	—	1
- Loans to companies	348	348
- Debt securities (Note 8)	—	150,045
- Other financial assets	319	328
Total	162,213	314,205

There is no concentration of credit risk with respect to trade receivables, given that these are with Group companies (Note 19).

Accounts receivable from clients, due for less than one year, are considered not to have suffered any impairment, except for those clients in special situations of insolvency whose accounts receivable are considered in the client impairment, without taking into account the age of the debt.

The recognition of value corrections due to the impairment of accounts receivable from clients are included in 'Losses, impairment and variation of provisions for commercial operations' in the Income Statement.

In the financial years 2021 and 2020, Loans and accounts receivable suffered no impairment.

Loans and receivables are measured at their nominal amount, which does not differ significantly from their fair value, as these items are current and the effect of discounting the cash flows is therefore not significant.

The carrying amounts of loans and receivables are denominated in the following currencies:

	Thousands of Euros	
	2021	2020
Euros	161,644	313,737
US Dollar	41	—
Australian Dollar	38	—
Mexican Pesos	120	120
South African Rand	370	348
Total	162,213	314,205

Impaired receivables are usually written off when the Company does not expect to recover any further amount.

The maximum exposure to credit risk at the reporting date is the fair value of the receivables in each of the above-mentioned categories. The Company does not hold any collateral to secure receivables.

Under the heading Other financial assets, guarantees are recorded as collateral for leases and others.

12. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

	Thousands of Euros	
	2021	2020
Cash in hand and at banks	124,047	170,917
Total	124,047	170,917

At 31 December 2021, the effective interest rate on current bank deposits is 0% and it was 0.1% for 2020.

Cash in hand and at banks essentially reflects cash in hand and at banks at each year end.

13. Share capital, share premium and own shares

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

a) Share capital

At 31 December 2021 the share capital of Prosegur Compañía de Seguridad, S.A was EUR 32,916 thousand (2020: EUR 32,916 thousand) and is represented by 548,604,222 shares (2020: 548,604,222 shares) with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid and Barcelona stock exchanges and traded via the Spanish Stock-Exchange Interconnection System (SIBE).

In 2020, in line with the objectives of the Own Share buyback programme and in application of the authorisation to the Board of Directors for the reduction in capital approved by the Shareholders General Meeting held on 4 June 2019, on 26 October 2020 the share capital is reduced by EUR 1,511,371.02, through the redemption of 25,189,517 own shares. The resulting capital after the reduction will be EUR 34,409,390.70, divided into 573,489,845 shares of the same class and series, each with a par value of EUR 0.06 fully subscribed and paid up, thus ending up the Programme.

Furthermore, on 29 October 2020, the Ordinary Shareholders General Meeting approved the capital reduction in the amount of EUR 1,493,137.38 through the amortisation of 24,885,623 own shares, with a par value of EUR 0.06, which was registered on 2 December 2020, leaving a resulting capital of EUR 32,916,253.32.

The capital reduction was made against free reserves, by provisioning an amortised capital reserve with a total amount equivalent to the par value of the cancelled shares (that is EUR 3,004,508.40).

Details of the Company's shareholders are as follows:

Shareholders	Number of shares	
	2021	2020
Ms Helena Revoredo Delvecchio (1)	325,918,224	325,918,224
Ms Mirta Giesso Cazenave (2)	34,877,487	34,877,487
Others	187,808,511	187,808,511
Total	548,604,222	548,604,222

(1) Through Gubel, S.L. (59.37%) and Prorevosa, S.L.U. (0.040%)
 (2) Both directly and through AS Inversiones, S.L.

At 31 December 2021 and 2020, the members of the Board of Directors, either directly or through companies over which they exercise control, hold a total of 327,837,886 shares (2020: 327,837,886 shares) corresponding to 59.76% of the share capital (2020: 59.76%).

b) Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and has not changed in 2021 and 2020.

c) Own shares and equity holdings

Details of movements in own shares are as follows:

	Number of shares	Thousands of Euros
Balance at 1 January 2020	30,080,960	107,927
Purchase of shares	42,007,038	108,052
Shares sale	(50,075,140)	(147,675)
Other awards	16,752,816	(53,754)
Balance at 31 December 2020	38,765,674	14,550
Purchase of shares	5,819,856	15,270
Other awards	141,300	(381)
Balance at 31 December 2021	44,726,830	29,439

Purchase of own shares

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

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

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

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

The Programme has the following features:

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

On 24 February 2021, the Company resolved to temporarily suspend execution of the own share buyback programme resolved on 30 September 2020 and, in addition, pursuant to the resolution passed by the Company Board of Directors on 24 February 2021, the Company implemented a new own share buyback programme under the provisions of Regulation (EU) No. 596/2014 on market abuse and Commission Delegated Regulation (EU) 2016/1052, in use of the authorisation granted by the Shareholders General Meeting held on 29 October 2020 for the purchase of own shares, for compliance with the commitments and obligations derived from share remuneration plans for the Company's executive directors and employees.

The Programme had the following features:

- a) Maximum amount allocated to the Programme: EUR 16,000,000.
- b) Maximum number of shares that can be acquired: up to 4,000,000 shares representing approximately 0.73% of the Company's share capital to this date.
- c) Maximum price per share: The Company will not buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) the highest current independent bid on the trading venues where the purchase is carried out.
- d) Maximum volume per trading session: in so far as volume is concerned, the Company did 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 was carried out.
- e) Duration: the Programme will have a maximum duration of six months. Notwithstanding the above, the Company reserves the right to conclude the Programme if, prior to the end of said maximum term of six months, it had acquired the maximum number of shares authorised by the Board of Directors, if it had reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

Following the last acquisition on 14 April 2021, under the own share buyback programme resolved on 24 February 2021, the Company has acquired a total of 4,000,000 shares, representing approximately 0.73% of its share capital, achieving the objectives of the Programme and, therefore, concluding the Programme before the established expiration date. As a result of the termination of the aforementioned Programme, the Company reactivated the own share buyback programme approved by the Board of Directors on 30 September 2020 in order to decrease the Company's share capital, and which was suspended on 24 February 2021. With regard to the above and following the purchases made through that date under the own share buyback programme approved by the Company Board on 30 September 2020, the maximum amount allocated to the Programme comes to EUR 194,566,695 and the number of shares covered by the purchase are 52,625,673.

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

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

On 06 March 2020 and aside from the own share buyback programme, Prosegur acquired a package of 1,448,376 of its own shares from an institutional investor, representing 0.24% of the share capital, at a price of EUR 3.335 per share, with a discount of EUR 0.015 per share.

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

On 02 September 2020 and aside from the own share buyback programme, Prosegur acquired a package of 3,500,000 of its own shares from an institutional investor, representing 0.58% of the share capital, at a price of EUR 2.00 per share, with a discount of EUR 0.014 per share.

Other awards

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

Prosegur Compañía de Seguridad holds 1.99% (0.926% in 2020) of treasury stock deemed strategic to satisfy possible future corporate transactions.

d) Reserves

Details of reserves are as follows:

	Thousands of Euros	
	2021	2020
Legal reserve		
Legal reserve	7,406	7,406
Total	7,406	7,406
Capitalisation reserve	55	55
Total	55,000	55,000
Other reserves		
Voluntary reserves	877,612	859,756
Reserves due to revised Budget Act of 1983	104	104
Differences on translation of share capital to EUR	61	61
Total	877,777	859,921

d.1) Legal reserve

The legal reserve has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to, at least, 20% of share capital.

The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits.

At year end, the Company had appropriated to this reserve the minimum amount required by law.

d.2) Other reserves
Voluntary reserves

These reserves are freely distributable. The movement of these reserves is shown below:

	Thousands of Euros	
	2021	2020
Opening balance	859,756	1,014,833
Own dividend refund (Note 5)	1,140	6,023
Distribution of result of last year (Note 5)	16,711	2,848
(-) Capital reductions	—	(144,671)
Other changes	5	(19,277)
Closing balance	<u>877,612</u>	<u>859,756</u>

The dividends approved by the Shareholders General Meeting and the Board of Directors of the Company are described in Note 5.

Own dividend refund corresponds to the amount undistributed as approved dividends.

Reserves due to revised Budget Act of 1983

This reserve arises from balances revalued in accordance with the aforementioned act applied by the Company and is subject to restrictions on distribution. This reserve amounts to EUR 104 thousand (EUR 104 thousand in 2020).

Differences on translation of share capital to EUR

This non-distributable reserve arises from the translation of share capital from Pesetas to EUR. This reserve amounts to EUR 61 thousand (EUR 61 thousand in 2020).

d.3) Capitalisation reserves

The Shareholders General Meeting held on 4 June 2019, agreed to endow a capitalisation reserve charged to the profits of the year 2018. This reserve amounts to EUR 55,000 thousand qt 31 December 2021 (EUR 55,000 thousand in 2020).

e) Other equity instruments

The Retention Plan, which is linked to ensuring adequate talent retention and promoting the digital transformation of the Prosegur Group for 2021-2023, was approved in 2021. The plan envisages the payment of share incentives. In the vast majority of cases, the measures target achievement from 1 January 2021 until 31 December 2023 and length of service from 1 January 2021 until 31 October 2024. The first payment in shares will be in October 2022, the second in October 2023 and the final one in October 2024. The Company recognises a straight-line expense in the income statement during the length of service of the Plan, as well as the corresponding increase in equity, based on the fair value of the shares committed when the Plan was granted. The shares fair value at the time of concession has been calculated on the basis of the average listed price during the 15-stock market session previous to the date of the session held on 29 October 2020, the amount being EUR 2.029 per share.

At 31 December 2021, the impact on equity was EUR 2,283 thousand.

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

14. Non-current provisions

Details of provisions and movement are as follows:

	Thousands of Euros		
	Accruals with personnel	Other provisions	TOTAL
Balance at 1 January 2020	1,412	1	1,413
Applications	51	(1)	50
Short-term transfer	20	—	20
Provisions	504	54,267	54,771
Reversals	(1,463)	—	(1,463)
Balance at 1 January 2021	524	54,267	54,791
Applications	(524)	(37,122)	(37,646)
Short-term transfer	—	1,298	1,298
Provisions	1,138	25,450	26,588
Balance at 31 December 2021	1,138	43,893	45,031

The provisions for accruals with personnel mainly include the accrued incentive, payable in cash, corresponding to the 2018 and 2020 Plan and the 2021 and 2023 Plan (Note 25.9).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the end of the year or at the payment time.

These provisions include the accrued incentive in the 18-20 Plan, the 21-23 Plan and the Long-Term Retention Plan for the Executive President, Managing Director and Management of the Prosegur Group. During the year, provisions to profit/(loss) have been made for EUR 1,138 thousand and a reversal amounting to EUR 524 thousand.

The 18-20 long-term incentive was that in force at 31 December 2020. The impact on the income statement was EUR 524 thousand of revenue as the targets set for fulfilling the entire 18-20 Plan were not met due to the COVID-19 pandemic and as a result the provision was adapted to a new liquidation.

The 18-20 Plan is generally 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. In the vast majority of cases, the Plan measures target achievement from 1 January 2018 until 31 December 2020 and length of service from 1 January 2018 until 31 May 2023.

The 21-23 Plan is generally linked to the creation of value in the 2021-2023 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 2021 until 31 December 2023 and length of service from 1 January 2021 until 31 May 2026.

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

The Retention Plan, which is linked to ensuring adequate talent retention and promoting the digital transformation of the Prosegur Group for 2021-2023, was also approved in 2021. The plan envisages the payment of share incentives. In the vast majority of cases, the measures target achievement from 1 January 2021 until 31 December 2023 and length of service from 1 January 2021 until 31 October 2024. The first payment in shares will be in October 2022, the second in October 2023 and the final one in October 2024. The Prosegur Group recognises a straight-line expense in the income statement during the length of service of the Plan, as well as the corresponding increase in equity, based on the fair value of the shares committed when the Plan was granted. The fair value of the incentives indexed to the listed share price at the time of concession has been calculated on the basis of the average listed price during the 15-stock market session previous to the date of the session held on 29 October 2020, the amount being EUR 2.029 per share.

At 31 December 2021, the positive impact on retained earnings and other reserves of the equity was EUR 1,378 thousand.

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

In 2021 part of the provisions allocated until then toward tax contingencies was reversed in the amount of EUR 37,122 thousand (EUR 24,342 thousand in principal and EUR 12,780 thousand in interest), subsequently endowing provisions for other contingencies in the amount of EUR 25,450 thousand. Furthermore, EUR 1,298 thousand corresponding to short-term interest provisions in previous years were re-classified.

In 2020 provisions were allocated totalling EUR 54,267 thousand; EUR 8,695 thousand of those provisions are for a penalty from the National Commission on Markets and Competition (Notes 3 and 17), EUR 37,122 thousand are for the tax provisions detailed in note 16 and EUR 8,450 thousand corresponding to other contingencies.

15. Financial liabilities at cost or at amortised cost

The breakdown of financial liabilities at amortised cost is as follows:

	Thousands of Euros	
	2021	2020
Non-current		
- Debentures and other negotiable securities	698,593	697,322
- Bank borrowings	—	40,000
- Other financial liabilities	8,019	10,996
Total	706,612	748,318
current		
- Debentures and other negotiable securities	6,252	6,254
- Bank borrowings	52,230	81,001
- Other financial liabilities	71,911	74,831
- Payables to Group companies (Note 19)	173,461	145,072
- Payables to Group companies (Note 19)	2,033	3,220
- Sundry accounts payable	5,509	4,686
- Other payables	1,099	969
Total	312,495	316,033

The exposure of the Company's financial assets and liabilities measured at amortised cost to fluctuations in interest rates and the contractual price review dates are as follows:

	Thousands of Euros	
	2021	2020
Between 6 and 12 months	225,691	266,073
Total	225,691	266,073

a) Debentures and other negotiable securities

On 8 February 2018 an issue of uncovered bonds with a nominal value of EUR 700,000 thousand, maturing on 08 February 2023, was made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.

b) Bank borrowings

The amount recorded under 'Short-term loans with credit institutions' at 2021 year-end mainly corresponds to a loan formalised on 3 December 2021 in an amount of EUR 50,000 thousand plus accrued interest. The loan has a term of 5 months.

On 10 February 2017, the Company contracted a syndicated loan for EUR 200,000 thousand maturing in 2026. At 31 December 2020, EUR 40,000 thousand of this loan had been drawn down. At the close of 2021 the Company has not drawn any amount of the syndicated loan. At the close of 2020 financial year, the Company is in compliance with the loan covenants.

Furthermore, during 2020, the Company contracted a loan policy for EUR 30,000 thousand.

Likewise, the variations for 2021 recorded under the heading 'Bank borrowings' have been justified by the current loans depreciation.

Credit facilities

At 31 December 2021, the company has credit policies with national and international banking institutions.

As of 31 December 2021 and 2020, no amount of this credit facility has been drawn down.

The Company has the following unused credit facilities:

	Thousands of Euros	
	2021	2020
Floating interest rate:		
maturing in less than 1 year (credit facilities)	35,000	35,000
maturing in more than 1 year (syndicated loan)	257,500	160,000
	292,500	195,000

Credit facilities are subject to various interest rate reviews in 2021 and 2020.

On 27 October 2021, Prosegur Compañía de Seguridad contracted a financing operation with the European Investment Bank (EIB) with the aim of promoting investment in innovation, digital transformation and sustainability. The financing amounts to EUR 57,500 thousand with a flexible term of between 6 and 10 years as requested at the time of drawdown.

At 31 December 2021 the balance owed is zero, whereby the entire amount is available.

c) Other financial liabilities

Details of financial liabilities by maturity are as follows:

	Thousands of Euros							
	2021							
	2022	2023	2024	2025	2026	subsequent years	Total Non-current	Total
Other financial liabilities	71,911	2,382	4,361	1,276	—	—	8,019	79,930

	Thousands of Euros							
	2020							
	2021	2022	2023	2024	2025	subsequent years	Total Non-current	Total
Other financial liabilities	74,831	94	267	5,102	5,533	—	10,996	85,827

The most significant other financial liabilities at 31 December 2021 and 2020 are as follows:

- Non-current amounts at 31 December 2021 were EUR 8,019 thousand (EUR 10,966 thousand in 2020), corresponding mainly to a loan received from the Ministry of Industry under the Avanza I+D programme of EUR 282 thousand (EUR 376 thousand in 2020), to the debt for the investment in English company Cipher Security Limited for EUR 228 thousand (EUR 10,620 thousand in 2020) and to the debt for the purchase of the AVOS Chile business (Note 9.a) (17, 18 and 19)) for EUR 7,509 thousand.

- The current amounts at 31 December 2021 amounted to EUR 71,911 thousand (EUR 74,831 thousand in 2020), the most significant correspond to the outstanding interim dividend for 2021 for EUR 68,027 thousand (EUR 68,027 thousand in 2020) (Note 5), which will be settled in January, April, July and October 2022 as approved by the Board of Directors.

d) Other payables

Other payables comprise salaries payable that have been accrued by different Company personnel.

The Company's remuneration policy for personnel includes a variable component determined through specifically designed incentive programmes, which aim to recognise and reward Company employees' contribution to its success by achieving or surpassing set targets and developing the necessary skills for excellence in their duties and responsibilities.

The Incentive Programme is based on the direct link of variable remuneration with the achievement of previously set targets during a specific period of time by the Company Executive Management or the direct superior of the employee.

The liability for this as of 31 December 2021 amounts to EUR 1,033 thousand (EUR 841 thousand in 2020) and the amount recognised in the income statement for this item classified under the 'Personnel Expenses' heading amounts to EUR 2,584 thousand (EUR 909 thousand in 2020) due to the adjustment of the previous year.

Other debts include the incentive accrued, payable in cash, corresponding to the 2018 and 2020 Plans and to the 2021-2023 Plan for 1,963 EUR thousand (EUR 523 thousand at 31 December 2020) with the following breakdown: reversal under the 18-20 Plan amounting to EUR 523 thousand, provision under the 21-23 Plan amounting to EUR 1,110 thousand and provision under the Withholding Plan for EUR 1,376 thousand.

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

Additionally, this item also includes salaries payable and accrued extraordinary salary instalments amounting to EUR 66 thousand (EUR 119 thousand in 2020).

e) Foreign currency

The carrying amount of the Company's financial liabilities is denominated in the following currencies:

	Thousands of Euros	
	2021	2020
Euros	1,006,760	1,039,680
Argentine Peso	(112)	13
Dollars	2	—
Peruvian Nuevo Sol	219	—
Colombian Peso	1,573	1,600
Chilean Peso	10,215	116
Brazilian Real	450	11,941
Total	1,019,107	1,053,350

f) Deferred payments to suppliers. Third additional provision. 'Reporting Requirement', of Act 15/2010 of 5 July

The information required by the 'Reporting Requirement', third additional provision of Act 15/2010 of 5 July (modified through the Final Provision Two of Act 31/2014, of 3 December) prepared in accordance with the ICAC Resolution of 29 January 2017, on the information to be included in the annual accounts report in relation to the average period of payment to suppliers in commercial operations is detailed below.

Information on deferred payments to suppliers by the company is as follows:

	Payments made and outstanding at close of balance sheet	
	2021	2020
	Days	Days
Average payment period to suppliers	60	82
Ratio of transactions paid	64	83
Ratio of transactions pending payment	36	51
	Amount (thousands of Euros)	
Total payments made	7,540	7,679
Total payments pending	1,180	285

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

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

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

The maximum legal term of payment applicable to the companies in 2021 and 2020, according to Act 11/2013, of 26 July, is of 30 days (unless the conditions set forth in the Act allowing the maximum payment period to be raised to 60 days are fulfilled).

During 2022, the Company will perform the appropriate actions to decrease its average payment period to suppliers in keeping with current legislation.

16. Taxation

a) Public administration:

Details of balances with public entities are as follows:

	Thousands of Euros			
	2021		2020	
	Non-Current	current	Non-Current	current
Assets				
Deferred tax assets	16,413	—	14,688	—
Current tax assets	—	8,085	—	10,279
Value added tax and similar liabilities	—	5	—	5
	16,413	8,090	14,688	10,284
Liabilities				
Deferred tax liabilities	21,227	—	23,889	—
Withholdings	—	2,320	—	3,412
Social Security	—	65	—	61
	21,227	2,385	23,889	3,473

The Company is the parent of a group that files consolidated income tax returns in Spain. This consolidated tax group comprises the Company and Spanish subsidiaries of the Prosegur Group that meet the requirements set out in regulations governing consolidated taxation.

The Company, as parent, and its subsidiaries Servimax Servicios Generales, S.A. (merged with ESC Servicios Generales, S.L. in 2014), Prosegur Transportes de Valores, S.A. (absorbed in 2011) and Formación, Selección y Consultoría, S.A. have filed consolidated tax returns since 2001, pursuant to Chapter VII of Spanish Corporate Income Tax Act 43/1945 of 27 December 1945 (Official State Gazette (BOE) 28/10/1995). In 2002, Prosegur Alarmas España, S.A. was incorporated in the Tax Group regime (Prosegur Multiservicios in 2011 and Prosegur Soluciones, S.A. in 2015), and Prosegur Tecnología, S.L.U. in 2005. (formerly Nordés Prosegur Tecnología, S.L.U. absorbed in 2011) and ESC Servicios Generales, S.L. In 2006, Prosegur Activa Holding, S.L.U. was incorporated (in 2015: Prosegur Global Alarmas, S.L.U.) and Prosegur Activa España, S.L.U. (absorbed in 2011); in 2009: Prosegur Servicio Técnico, S.L.U. (absorbed in 2011); in 2010: Prosegur Gestión de Activos, S.L.U.; In 2011 Pitco Ventures, SCR Simplificada, S.A. (in 2014: wound up). In 2012, the following companies acquired in 2011 were incorporated: Seguridad Vigilada, S.A., STMEC, S.L., Salcer Servicios Auxiliares, S.L., and Beloura Investments, S.L.U. Prosegur España S.L.U. has been added in 2013. In 2014 there has been no addition to the tax group. In 2015, Armor Adquisición, S.A., Juncadella Prosegur International, S.A. Prosegur Global SIS, S.L.U., Prosegur Alarmas España, S.L.U., Prosegur Global CIT, S.L.U., Prosegur Vigilancia España, S.L.U., Prosegur Colombia 3, S.L.U. (formerly Prosegur Berlín, S.L.U.), Prosegur AVOS España, S.L.U. (formerly Prosegur BPO España, S.L.U.), Prosegur International CIT 1, S.L.U., Prosegur International CIT 2, S.L.U., Prosegur Global Alarmas ROW, S.L.U., Prosegur Global CIT ROW, S.L.U. and Prosegur Global SIS ROW, S.L.U. were brought in Servimax Servicios Generales, S.A. and PITCO Ventures, SCR Régimen Simplificado were excluded. Change of registered name in 2015: Prosegur Gestión de Activos International, S.L.U. (formerly Seguridad Vigilada, S.A.), Prosegur International SIS, S.L.U. (formerly STMEC, S.L.), Prosegur USAP International, S.L.U. (formerly Salcer Servicios Auxiliares, S.L.U.), Prosegur International Alarmas, S.L.U. (formerly Beloura Investments, S.L.U.) and Prosegur Servicios de Efectivo España, S.L.U. (formerly Prosegur España, S.L.U.). In 2017 Prosegur Cash, S.A., Centro Informático de Servicios de Vigo, S.A. (wound up in 2018), Prosegur Ciberseguridad España, S.L. and Prosegur Assets Management, S.L.U. were brought in. In 2018, Contesta Teleservicios, S.A.U., Integrum 2008, S.L.U., Bloggers Brokers, S.L.U., Contesta Servicios Auxiliares, S.L.U., Prosegur Colombia 1, S.L., Prosegur Colombia 2, S.L.U., Prosegur Global Cyber Security,

S.L., Segtech Ventures, S.A., and Prosegur Sevicios de Pago EP, S.L. were brought in. In 2019, Risk Management Solutions, S.L.U., Compliofficer, S.L.U., Work 4 Data LAB, S.L., Dopar Servicios, S.L. (wound up in 2019), Enclama, S.L. (merged in Prosegur AVOS España, S.L.U. in 2019), Iberprofin, S.L. (wound up in 2019), Prosegur Alpha 3 Cashlabs, S.L., Prosegur Finance, S.L., Prosegur ODH, S.L., Gelt Cash Transfer, S.L., Cash Centroamérica Uno, S.L. and Cash Centroamérica Tres, S.L. were all brought in.

In 2020, Netijam Technologies, S.L., Garantís Sumarmas, S.L., Prosegur Global BSI International, S.L., Prosegur Custodia de Activos Digitales, S.L., and Prosegur Global BSI, S.L. were brought in. The companies excluded from the tax group in 2020 are: Prosegur Alarmas España, S.L., Prosegur Ciberseguridad España, S.L., Indiseg Evolium Group, S.L. and Prosegur Global Cyber Security, S.L.

During 2021, Tapia Seguridad, S.L and Miribi Internet, S.L. were incorporated. The companies excluded from the tax group in 2021 are Garantís Sumarmas, S.L. and Prosegur Soluciones y Servicios, S.A.

For the purposes of Corporate Income Tax, the Prosegur Group prepares a consolidated balance sheet and the income statement corresponding to the fiscal consolidation scope in accordance with the consolidation accounting standards in Spain.

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

In relation to the proceedings initiated for corporate income tax for the years 2005, 2006 and 2007 for which EUR 8,268 thousand were claimed of the Company, on 6 May 2021, the Supreme Court, through its ruling number 630/2021 upholds contentious-administrative appeal number 236/2016 against the Resolution of the Central Administrative Economic Court of 2 March 2016 and cancels the Judgment of the National Court of 14 November 2019, in appeal number 238/2016.

The contentious-administrative appeal corresponding to the acts initiated for corporate income tax for the years 2008, 2009 and 2010, for which a tax debt of EUR 16,088 thousand is claimed from the Company, is pending resolution by the National Court for the same reason as the court in the previous paragraph.

Consequently, with the upholding of the appeal mentioned above, the Company has reversed the tax provision that it had set aside for this, amounting to EUR 24,342 thousand of tax debt and EUR 12,780 thousand of interest derived from said litigation (Notes 3 and 14).

On 10 July 2020 notice of the opening of a general inspection procedure was received for the Company for the 2015-2018 tax periods for corporate income tax and for the 2016-2018 tax periods for all other tax items.

A reconciliation of the accounting profit and taxable income is as follows:

	Thousands of Euros	
	2021	2020
Account finance income before tax	67,941	105,951
Permanent differences	(64,584)	(128,235)
Timing differences:	(7,783)	22,176
- Originating in the current period	8,613	23,754
- Arising in previous years	(16,396)	(1,578)
Taxable base for tax consolidation	(4,426)	(108)
Tax rate	25 %	25 %
Resulting tax payable	(1,107)	(27)
Deductions:	(90)	(212)
- Double taxation	(35)	(208)
- Contributions made to Foundations	(55)	(3)
- Other deductions	—	(1)
Tax payable	(1,197)	(239)

The main permanent differences of the accounting profit for the year 2021 correspond to items that do not have a tax-deductible expense or taxable revenue, which are mainly: the exemption of dividends received from its subsidiaries in Spain for EUR 51,691 thousand (Note 19) and dividends from other shareholdings amounting to EUR 13,111 thousand and contributions to foundations for a positive amount of EUR 158 thousand. The main permanent differences of the accounting profit for the year 2020 correspond to items that do not have a tax-deductible expense or taxable revenue, which are mainly: variation adjustment for impairment of the investment in Prosegur Global SIS, S.L. for the amount of EUR 83,320 thousand, the exemption of dividends received from the subsidiaries in Spain amounting to EUR 227,631 thousand (Note 19) and contributions to foundations for a positive amount of EUR 8 thousand.

The main temporary difference adjustments to accounting profit originating in the year that are deductible in subsequent years are as follows:

I. Positives:

- Provision for personnel expenses, amounting to EUR 2,515 thousand (EUR 524 thousand in 2020).
- Adjustments for intangible fixed asset depreciation differences in an amount of EUR 1,953 thousand (EUR 1,953 thousand in 2020).
- Other adjustments for EUR 4,145 thousand correspond mainly to provision endowments.

II. Negatives:

- There are no negative adjustments in the year or in the previous year.

The main temporary difference adjustments to accounting profit originating in previous years are as follows:

I. Positives:

- Application of EUR 8 thousand, corresponding to the reversal of the negative adjustment of elements of property, plant and equipment subject to the freedom to amortise for the years 2009, 2010, 2011 and until March 2012 (EUR 6 thousand in 2020).
- Reversal of the Company provision for lawsuits in an amount of EUR 12,780 thousand (Note 14).
- Other provisions for EUR 3,608 thousand.

II. Negatives:

- There are no negative adjustments in 2021 arising in previous years; in 2020 adjustments were recorded for the reversal of provisions from previous years for EUR 2,855 thousand.

The positive tax adjustments corresponding to the correction of the value of the investees correspond to the reversal of negative differences from previous years due to the obligation introduced by Royal Decree Law 3/2017 to reverse a minimum annual amount of one fifth of the impairment of securities representing the shares in the treasury of entities that was tax deductible and that is pending reversal. Positive tax adjustments reflect the impairment of investees for accounting purposes recognised in the income statement.

In 2021, the main deductions correspond to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 35 thousand, deduction for donations to non-profit entities for EUR 55 thousand.

In 2020, the main deductions corresponded to that of international double taxation, referring to taxes paid abroad for various services amounting to EUR 208 thousand, deduction for donations to non-profit entities for EUR 3 thousand.

The amount to be paid by the Company, in a negative amount of EUR 1,197 thousand (2020: EUR 239 thousand), is recorded under the Current Tax Assets heading. Current tax assets, reflected within the heading Trade and other receivables, for EUR 8,085 thousand (2020: EUR 27,484 thousand), correspond to the net between the payments on account of the Corporate Tax for the financial year 2021 of the Tax Group for the amount of EUR 350 thousand (2020: EUR 16,442 thousand) and the refund for Corporation Tax from previous years amounting to EUR 7,736 thousand (2020: EUR 11,042 thousand) because the Company, as the parent company of the tax group, reflects the entire tax credit of the Tax Group.

Details at year end of available tax loss carryforwards and deductions recognised by the Group and pending application are as follows:

	Thousands of Euros	
	2021	2020
Deductions and tax credit rights	—	2,967
	—	2,967

Deductions recognised by the Group are as follows:

	Thousands of Euros	
	2021	2020
International double taxation	—	2,020
Technological Innovation (TI)	—	947
	—	2,967

Details of the income tax expense for the year are as follows:

	Thousands of Euros	
	2021	2020
Account finance income before tax	67,941	105,951
Permanent differences	(64,584)	(128,235)
Elimination of own shares transactions	(8)	267
Taxable base	3,349	(22,017)
Tax rate	25 %	25 %
Resulting tax payable	837	(5,504)
- Double taxation	(35)	(208)
- Contributions made to Foundations	(55)	(1)
- Other deductions	—	(3)
Expense (income) tax on profit	747	(5,716)
- Withholdings at source and other	(8,488)	26,929
Final expense (income) tax on profit	(7,741)	21,213

The corporate income tax expense is as follows:

	Thousands of Euros	
	2021	2020
Current tax	(1,197)	(239)
Elimination of own shares transactions	(2)	67
Deferred tax	1,946	(5,544)
Provision outside the regime of fiscal neutrality and others	(8,488)	26,929
	(7,741)	21,213

The item 'Provision outside the regime of fiscal neutrality and others' mainly includes withholdings in other countries for various services and differences in the tax settlement of the previous year.

Pursuant to tax legislation in force for 2021 and 2020 the Company's tax loss carryforwards may only be offset up to a maximum of 25% of taxable income prior to offset. For these same periods financial and non-financial goodwill may only be amortised up to one twentieth of its amount per year. Furthermore, for 2014 and 2013 property, plant and equipment, intangible assets and property investments may only be depreciated or amortised up to 70% of the assets' depreciation/amortisation for accounting purposes. As of 2015, they will be incorporated for 10 years.

In 2021 no corporate restructuring operation was carried out under the neutral tax regime. In 2020 no corporate restructuring operation was carried out under the neutral tax regime.

b) Deferred taxes

Tax assets and tax liabilities are offset when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Gross movement in deferred tax is as follows:

	Thousands of Euros			
	01 January 2021	Recognised in profit / loss	Other adjustments	31 December 2021
Deferred tax assets				
Stock impairment	1,662	—	—	1,662
Provisions	5,528	(2,257)	308	3,579
Goodwill tax and portfolios	971	(177)	—	794
PPE amortisation and depreciation	1,870	488	—	2,358
Credits for deductions	2,968	—	2,912	5,880
Others	1,689	—	451	2,140
	14,688	(1,946)	3,671	16,413

	Thousands of Euros			
	1 January 2020	Recognised in profit / loss	Other adjustments	31 December 2020
Deferred tax assets				
Stock impairment	1,391	271	—	1,662
Provisions	448	4,913	167	5,528
Goodwill tax and portfolios	1,146	(175)	—	971
PPE amortisation and depreciation	1,383	487	—	1,870
Credits for deductions	2,876	—	92	2,968
Others	1,238	—	451	1,689
	8,482	5,496	710	14,688

	Thousands of Euros			
	01 January 2021	Recognised in profit / loss	Other adjustments	31 December 2021
Deferred tax liabilities				
Goodwill for tax purposes	(13)	—	—	(13)
Others	(23,876)	—	2,662	(21,214)
	(23,889)	—	2,662	(21,227)

	Thousands of Euros			
	1 January 2020	Recognised in profit / loss	Other adjustments	31 December 2020
Deferred tax liabilities				
Goodwill for tax purposes	(13)	—	—	(13)
Stock impairment	(47)	47	—	—
Freedom of Amortisation Act 4/2008	(1)	1	—	—
Others	(21,462)	—	(2,414)	(23,876)
	(21,523)	48	(2,414)	(23,889)

The Company has generated a deferred tax liability in accordance with the eleventh additional provision of Revised Spanish Income Tax Act 4/2008, which regulates eligibility to apply accelerated depreciation for investments in new items of property, plant and equipment and property investments for the purposes of economic activity that are made available to the taxable entity during the tax periods beginning in 2009 and 2010, provided that, during the 24 months after the start of the tax period in which the acquired assets are brought into service, the Company's average workforce remains consistent with the average headcount of the prior 12 months. For years commencing after 2011 and the first quarter of 2012, this provision was amended and the requirement of a consistent headcount was eliminated.

The Company has opted to depreciate the property, plant and equipment during the same year in which they come into operation.

17. Contingencies

a) Contingent liabilities

The Company has contingent liabilities from litigation arising in the ordinary course of business which are not expected to give rise to significant liabilities.

Guarantees provided by the Company to third parties at year end are as follows:

	Thousands of Euros	
	2021	2020
Commercial guarantees	144	160
Financial guarantees	68,778	78,975
	68,922	79,135

Financial guarantees essentially include those relating to litigations in process.

b) Contingent assets

At 31 December 2021 and 2020 there are no contingent assets.

c) National Commission on Markets and Competition

CNMC sanctioning file

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

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

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

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

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

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

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

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

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

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

As a result of recent events, the Company has decided to record in 2020 a provision based on the best estimate available to it on the date of preparation of these annual accounts for EUR 8,695 thousand (Note 14). Recorded under 'Other expenses' (Note 6).

Prosegur Compañía de Seguridad, S.A. will exclusively and at its own expense assume the defence of Prosegur and Prosegur Servicios de Efectivo España, S.L., having sole power regarding the directing and control of that defence and of the lawsuit. No progress has been made in 2021 in this procedure and the assessment of the risk is maintained.

18. Commitments

a) Sale and purchase commitments for property, plant and equipment and intangible assets

At the close of 2021 and 2020, the Company has no purchase and sale commitments in fixed assets, which are not included in the balance sheet.

b) Operating lease commitments

Future minimum payments under non-cancellable operating leases are as follows:

	Thousands of Euros			
	2021		2020	
	Buildings	Vehicles	Buildings	Vehicles
Less than 1 year	135	85	123	102
1 to 5 years	540	43	502	120
	675	128	625	222

Pursuant to the provisions of the sixth and ninth clauses of the leases for the properties at Calle Pajaritos, 24 (Madrid) and Calle Santa Sabina, 8 (Madrid), respectively, between Proactinmo, S.L.U. and the Company, these are subrogated to Prosegur Gestión de Activos, S.L. as the lessor of both premises, from 1 January 2017 (Note 19.b)

The lease commitments correspond to the impact that Prosegur Gestión de Activos, S.L. makes on the Company.

19. Other related party transactions

Prosegur is controlled by Gubel, S.L., which was incorporated in Madrid and holds 59.37% of the Company's shares. The remaining 40.63% is held by various shareholders, including AS Inversiones S.L. with 5.99% (Note 13).

a) Group companies, jointly controlled companies and associates

The Company's financial assets and financial liabilities with Group companies and associates, excluding equity instruments (Note 9), are as follows:

Thousands of Euros	2021				
	Financial assets			Financial liabilities	
	current			current	
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)
Group companies and associates in Spain					
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	42	759	5,399	(51,067)	(315)
Prosegur Gestión de Activos, S.L.U.	134	538	5,815	(5,070)	(165)
Prosegur Global Alarmas, S.L.U.	3,176	4	673	(1,072)	—
Compañía Ridur, S.A.	—	—	—	(1,200)	—
Formación, Selección y Consultoría, S.A.	—	—	212	(1,204)	(13)
Prosegur Gestión de Activos International, S.L.U.	—	—	3	(332)	—

Prosegur International SIS, S.L.U.	10,395	50	—	(27)	—
Prosegur USAP International, S.L.U.	17	—	—	(1)	—
Prosegur International Alarmas, S.L.U.	2,285	2	2	(6)	—
Prosegur Soluciones, S.A.U. (*)	8	3	10	(59)	—
MIV Gestión, S.A.	—	—	51	—	—
Prosegur Ciberseguridad, S.L.	2,996	33	—	(2)	—
Prosegur Assets Management, S.L.U.	—	—	115	(42,876)	—
Prosegur Global SIS, S.L.U.	12,555	85	687	(981)	(99)
Prosegur Servicios de Efectivo España, S.L.U.	—	2	1,751	(54)	(15)
Movistar Prosegur Alarmas, S.A. (**)	—	2	159	—	—
Prosegur Global CIT, S.L.U.	—	—	300	(3,175)	—
Prosegur Cash, S.A.	—	2,207	30,817	(25,497)	(1)
Prosegur Berlín, S.L.U.	—	—	306	(306)	—
Prosegur BPO España, S.L.U.	3,919	457	332	(289)	—
Armor Acquisition, S.A.	—	—	594	(21)	—
Juncadella Prosegur Internacional, S.A.	—	—	549	—	—
Prosegur International CIT 1, S.L.	—	—	11	—	—
Prosegur International CIT 2, S.L.U.	—	—	—	(3)	—
Prosegur Global Alarmas ROW, S.L.U.	14,484	7	15,420	(16,066)	—
Prosegur Global CIT ROW, S.L.U.	—	—	—	(348)	—
Prosegur Global SIS ROW, S.L.U.	15,607	32	910	(484)	—
ESC Servicios Generales, S.L.U.	—	—	477	(3,034)	(21)
Integrum 2008 S.L.U.	—	—	17	(606)	(3)
Contesta Teleservicios, S.A.U.	2,731	6	106	(182)	—
Bloggers Brokers, S.L.	—	—	2	(159)	(2)
Contesta Servicios Auxiliares, S.L.	—	—	537	(807)	(5)
Prosegur Colombia 1, S.L.U.	—	—	3	(16)	—
Prosegur Colombia 2, S.L.U.	—	—	3	(16)	—
Prosegur Global Cyber Security, S.L.U.	—	—	3,400	(976)	(17)
Segtech Ventures SCR, S.A.U.	13	7	88	(2,023)	—
Prosegur Servicios de Pago	—	—	42	(102)	—
Risk Management Solutions, S.L.U.	—	28	343	(1,268)	(11)
Compliofficer, S.L.U.	—	6	43	(44)	(1)
Work 4 Data Lab, S.L.	—	—	140	(142)	(3)
Prosegur Alpha3 Cashlab	—	—	44	(251)	—
Prosegur Finance, S.A.	—	—	—	(10)	—
Prosegur ODH, S.L.	438	3	11	(133)	—
CASH Centroamerica UNO, S.L.	—	—	41	(2)	—
CASH Centroamerica Tres, S.L.	—	—	—	(2)	—
Gelt Cash Transfer, S.L.	—	—	19	(127)	—
Netijam Technologies, S.L.	—	—	1,553	(968)	(6)
Prosegur Global BSI Int	4	—	1	(2)	—
Tapia Seguridad, S.L.	1,771	4	142	(4)	—
Prosegur Custodia de Activos Digitales, S.L.	—	—	20	(143)	—
Prosegur BSI España, S.L.	—	—	1	(14)	—
MiRubi Internet, S.L.	—	—	—	(7)	—
PROSEGUR FOUNDATION	—	—	—	—	—
UTES	—	—	370	(362)	—
Total Spain	70,575	4,235	71,519	(161,540)	(677)

(*) On 31 July 2021, Movistar Prosegur Alarmas S.L purchased a 100% holding in Prosegur Soluciones, S.A., thus changing its status to associate in 2021.

(**) On 28 February 2020, Telefónica de Contenidos, S.A.U. purchased a 50% holding in Movistar Prosegur Alarmas, S.L. (formerly Prosegur Alarmas España, S.L.U.), changing its status to associate in 2020.

	Thousands of Euros				
	2021				
	Financial assets			Financial liabilities	
	current			current	
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)
Subsidiaries abroad					
Prosegur Group in Abu Dhabi	754	—	—	—	—
Prosegur Group in Argentina	—	1,985	75	(17)	(163)
Prosegur Group in Australia	—	63	—	—	—
Prosegur Group in Brazil	6	—	—	(143)	(75)
Prosegur Group in Chile	3	691	2,412	(2,441)	(492)
Prosegur Group in Colombia	1,025	43	319	—	(349)
Prosegur Group in the USA	—	—	11	(2)	—
Prosegur Group in France	—	—	3,550	—	—
Prosegur Group in India	—	297	—	(32)	—
Prosegur Group in Luxembourg	—	—	—	(7,926)	—
Prosegur Group in Mexico	—	2	8	(141)	(75)
Prosegur Group in Peru	11	44	72	(219)	(16)
Prosegur Group in Portugal	50	1,258	—	(1,000)	(10)
Prosegur Group in the United Kingdom	549	—	—	—	—
Prosegur Group in Uruguay	14	438	—	—	(176)
Prosegur Group in Singapore	7	—	—	—	—
Prosegur Group in Uruguay	8	—	—	—	—
Total Foreign	2,427	4,821	6,447	(11,921)	(1,356)
Total	73,002	9,056	77,966	(173,461)	(2,033)

	2020				
	Financial assets			Financial liabilities	
	current			current	
		Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)
Thousands of Euros					
Group companies and associates in Spain					
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	—	19	3,005	(23,959)	(115)
Prosegur Gestión de Activos, S.L.U.	—	141	7	(7,061)	(79)
Prosegur Global Alarmas, S.L.U.	—	2	90	(1,038)	—
Compañía Ridur, S.A.	—	—	8	(1,213)	—
Formación, Selección y Consultoría, S.A.	—	—	170	(1,613)	(5)
Prosegur Gestión de Activos Internacional, S.L.U.	51	6	—	(19)	—
Prosegur Internacional SIS, S.L.U.	5,520	10	2	(14)	—
Prosegur USAP Internacional, S.L.U.	16	—	—	(1)	—
Prosegur Internacional Alarmas, S.L.U.	—	—	—	(216)	—
Prosegur Soluciones, S.A.U.	2,918	—	1,855	—	(20)
MIV Gestión, S.A.	—	—	92	(34)	—
Prosegur Ciberseguridad, S.L.	2,994	19	—	(340)	—
Indiseg Evolium Group, S.L.	—	—	—	(140)	—

Prosegur Assets Management, S.L.U.	—	—	17,484	(47,238)	—
Prosegur Global SIS, S.L.U.	18,476	11	28	(17)	—
Prosegur Servicios de Efectivo España, S.L.U.	—	—	4,302	(2,118)	(48)
Movistar Prosegur Alarmas, S.A. (*)	—	—	427	(376)	—
Prosegur Global CIT, S.L.U.	—	—	—	(964)	—
Prosegur Cash, S.A.	—	1,344	41,513	(22,083)	(1,522)
Prosegur Berlín, S.L.U.	—	—	—	(283)	—
Prosegur BPO España, S.L.U.	—	—	107	(315)	(7)
Armor Acquisition, S.A.	—	—	—	(158)	—
Juncadella Prosegur Internacional, S.A.	—	—	—	(5,571)	—
Prosegur International CIT 1, S.L.	—	—	102	(17)	—
Prosegur International CIT 2, S.L.U.	—	—	—	(1)	—
Prosegur Global Alarmas ROW, S.L.U.	12,574	—	18,293	(12,767)	(94)
Prosegur Global CIT ROW, S.L.U.	—	—	154	(82)	—
Prosegur Global SIS ROW, S.L.U.	4,882	—	3,244	(3,213)	(27)
ESC Servicios Generales, S.L.U.	—	26	—	(1,646)	—
Integrum 2008	—	—	14	(42)	—
Contesta Teleservicios	—	—	18	(67)	(6)
Bloggers Brokers	—	—	31	(36)	—
Contesta Servicios Auxiliares	—	—	205	—	—
Prosegur Colombia 1, S.L.U.	—	—	—	(10)	—
Prosegur Colombia 2, S.L.U.	—	—	—	(10)	—
Prosegur Global Cyber Security, S.L.U.	—	—	4,020	(2,790)	(8)
Segtech Ventures SCR, S.A.	1,912	6	3	(57)	—
Prosegur Servicios de Pago	—	—	—	(118)	—
Risk Management Solutions, S.L.U.	—	—	138	—	—
Compliofficer, S.L.U.	—	—	47	(7)	—
Work 4 Data Lab, S.L.	—	—	146	(30)	—
Enclama, S.L.	—	—	21	(20)	—
Prosegur Alpha3 Cashlab	—	—	—	(2)	—
Prosegur Finance, S.A.	—	—	—	(11)	—
Prosegur ODH, S.L.	550	6	—	(26)	—
CASH Centroamerica Tres, S.L.	—	—	—	(1)	—
Netijam Technologies S.L.	—	—	—	(29)	—
Prosegur Global BSI Int	4	—	—	(1)	—
Prosegur BSI España, S.L.	—	—	—	(14)	—
PROSEGUR FOUNDATION	—	2	—	—	—
UTES	—	—	8	(3,362)	—
Total Spain	49,897	1,593	95,534	(139,130)	(1,931)

(*) On 28 February 2020, Telefónica de Contenidos, S.A.U purchased a 50% holding in Movistar Prosegur Alarmas, S.L. (formerly Prosegur Alarmas España, S.L.U.), changing its status to associate in 2020.

	Thousands of Euros				
	2020				
	Financial assets			Financial liabilities	
	current			current	
	Credits (Note 11)	Debtors (Note 11)	Other financial assets (Note 11)	Debts (Note 15)	Suppliers (Note 15)
Subsidiaries abroad					
Prosegur Group in Abu Dhabi	727	—	—	—	—
Prosegur Group in Germany	—	—	—	—	—
Prosegur Group in Argentina	2,661	3,254	39	(83)	(112)
Prosegur Group in Australia	—	63	—	—	—
Prosegur Group in Brazil	—	562	500	(141)	(635)
Prosegur Group in Chile	—	691	22	(117)	(386)
Prosegur Group in China	—	45	—	—	—
Prosegur Group in Colombia	1,263	1	320	(2)	(18)
Prosegur Group in the USA	—	18	—	(2)	—
Prosegur Group in France	3,550	—	—	—	—
Prosegur Group in India	—	307	—	(32)	—
Prosegur Group in Luxembourg	—	—	—	(4,175)	—
Prosegur Group in Mexico	—	—	8	(149)	(75)
Prosegur Group in Paraguay	—	—	—	—	(5)
Prosegur Group in Peru	—	86	44	(219)	(14)
Prosegur Group in Portugal	—	1,177	—	(1,022)	(43)
Prosegur Group in the United Kingdom	120	—	—	—	—
Prosegur Group in Uruguay	—	337	—	—	(1)
Total Foreign	8,321	6,541	933	(5,942)	(1,289)
Total	58,218	8,134	96,467	(145,072)	(3,220)

	2021
	Financial assets
	Non-current
	Credits (Note 11)
Thousands of Euros	
Group companies and associates in Spain	
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	48
Prosegur Gestión de Activos, S.L.U.	152
Prosegur Global Alarmas, S.L.U.	57
Prosegur Soluciones, S.A.U. (*)	9
Prosegur Global SIS, S.L.U.	65
Segtech Ventures SCR, S.A.U	15
Total Spain	346
Subsidiaries abroad	
Prosegur Group in Brazil	7
Prosegur Group in Chile	3
Prosegur Group in Colombia	26
Prosegur Group in Paraguay	9
Prosegur Group in Peru	12
Prosegur Group in Portugal	57
Prosegur Group in Singapore	8
Prosegur Group in Uruguay	15
Total Foreign	137
Total	483

(*) On 31 July 2021, Movistar Prosegur Alarmas S.L purchased a 100% holding in Prosegur Soluciones, S.A., thus changing its status to associate at the close of 2021.

Financial assets - the current loans correspond, on the one hand, to short-term loans delivered to Group companies within the framework of the centralised treasury management. These are denominated in EUR, accruing annual interest of 0.75% in Spain. We also found short-term loans granted mainly to subsidiaries in Abu Dhabi and in Argentina in EUR, accruing annual interest 3.75 % in Abu Dhabi, 14.75 % in Argentina and 0.5% in Spain (2020: 0.5% in Spain, 1.5% in France, 2.25% in Abu Dhabi, 10.75% in Argentina). Interest accrued amounted to EUR 657 thousand in 2021 (EUR 426 thousand in 2020).

Financial liabilities - the debts correspond, on the one hand, to short-term loans received from Group companies within the framework of the centralised treasury management. They are denominated mainly in euros, accruing annual interest of 0.75% in Spain, 0.75% in Portugal. We also found short-term loans granted to the Company mainly by subsidiaries in Luxembourg, denominated in EUR and accruing annual interest of 0.75% (0.5% in Spain, 0.5% in Portugal in 2020). Interest accrued amounted to EUR 813 thousand in 2021 (EUR 614 thousand in 2020).

Receivables and suppliers mostly reflect the outstanding balances relating to invoices for centralised services issued to and received from, respectively, the various Group companies.

The current accounts with Group companies (other financial assets), include payments and collections of balances payable to/receivable from each consolidated tax group company, as follows:

	Thousands of Euros					
	2021			2020		
	Other payments/receipts	Corporate Income Tax	Receivable/(payable)	Other payments/receipts	Corporate Income Tax	Receivable/(payable)
Prosegur Global CIT, S.L.U.	—	(2,875)	(2,875)	—	(964)	(964)
Prosegur Global CIT ROW, S.L.U.	—	(348)	(348)	—	72	72
JUNCADELLA Prosegur INT., S.A.	—	549	549	—	(5,571)	(5,571)
Prosegur Gestión de Activos, S.L.U.	351	1,192	1,543	(1,200)	(545)	(1,745)
Prosegur Servicios de Efectivo España, S.L.U.	—	1,696	1,696	327	1,858	2,185
Prosegur International SIS, S.L.U.	—	(27)	(27)	2	(14)	(12)
Prosegur Soluciones, S.A. (*)	(48)	—	(48)	1	1,855	1,856
ARMOR ACQUISITION, S.A.	—	573	573	—	(158)	(158)
Prosegur International Alarmas, S.L.U.	—	(3)	(3)	—	(27)	(27)
Prosegur Global Alarmas ROW, S.L.	(5)	(641)	(646)	5	5,520	5,525
Formación, Selección y Consultoría	1	211	212	(1)	109	108
Prosegur Global SIS, S.L.U.	(7)	(286)	(293)	7	4	11
Prosegur SIS España, S.L.U.	(65)	2,884	2,819	(594)	3,005	2,411
ESC Servicios Generales, S.L.U.	1	(474)	(473)	(1)	(808)	(809)
Prosegur Gestión Activos Int., S.L.U.	—	(18)	(18)	—	(19)	(19)
Prosegur USAP International, S.L.U.	—	(1)	(1)	—	(1)	(1)
Transportadora de Caudales	37	—	37	(16)	—	(16)
Prosegur Berlín, S.L.U.	—	—	—	—	(283)	(283)
Prosegur International CIT 1, S.L.U.	—	10	10	—	85	85
Prosegur International CIT 2, S.L.U.	—	(3)	(3)	—	(1)	(1)
Prosegur Global SIS ROW, S.L.U.	891	(465)	426	4	25	29
Prosegur Global Alarmas, S.L.U.	—	(400)	(400)	—	(15)	(15)
Compañía Ridur, S.A.	(9)	(6)	(15)	(6)	—	(6)
Prosegur Ciberseguridad, S.L.	(2)	—	(2)	(4)	(336)	(340)
Prosegur Assets Management, S.L.U.	(299)	72	(227)	(265)	(50)	(315)
Prosegur Cash, S.A.	—	(10,671)	(10,671)	—	(12,512)	(12,512)
MIV Gestión, S.A.	—	51	51	—	58	58
Indiseg Evolium Group, S.L.	—	—	—	—	(27)	(27)
Prosegur SIS USA Inc.	(2)	—	(2)	(2)	—	(2)
Prosegur Technology International Incorporated	11	—	11	—	—	—
Xiden SACI	27	—	27	(3)	—	(3)
Prosegur Tecnología Argentina	(2)	—	(2)	(2)	—	(2)
General Industries Argentina	(8)	—	(8)	(8)	—	(8)
Prosegur Holding, S.A.	6	—	6	(12)	—	(12)
Prosegur Inversiones, S.A.	(1)	—	(1)	(1)	—	(1)
Prosegur Argentina, S.A.	2	—	2	2	—	2
Prosegur Seguridad, S.A.	(2)	—	(2)	(3)	—	(3)
Gelt Cash Transfer, S.L.U.	—	(107)	(107)	—	—	—
Prosegur Tecnología	(143)	—	(143)	(141)	—	(141)
Compañía de Seguridad Peru	(187)	—	(187)	(187)	—	(187)
Proseguridad	20	—	20	20	—	20
Prosegur Cajeros, S.A.	(2)	—	(2)	(32)	—	(32)
Prosegur Tecnología Peru	2	—	2	2	—	2
Orus, S.A.	14	—	14	14	—	14
Prosegur Activa Peru	7	—	7	7	—	7
Segtech Ventures	(67)	(98)	(165)	1	(55)	(54)
SingPai India Private	(32)	—	(32)	(32)	—	(32)
Occupational Skills building	(1)	—	(1)	(1)	—	(1)
Servicios de Seguridad	(116)	—	(116)	(116)	—	(116)
Empresa de Transportes Cia de Seguridad Chile	15	—	15	15	—	15
Prosegur Gestión de Activos Chile Ltda.	67	—	67	—	—	—
Prosegur Chile	7	—	7	7	—	7
Esta Service SAS	3,551	—	3,551	—	—	—

Prosegur Seguridad Privada	6	—	6	6	—	6
Prosegur Consultoria	(141)	—	(141)	(141)	—	(141)
Prosegur Custodias	2	—	2	2	—	2
Grupo Mercurio de Transporte	—	—	—	(8)	—	(8)
Integrum 2008	—	(11)	(11)	—	(28)	(28)
Bloggers Brokers	—	(37)	(37)	—	(4)	(4)
Contesta TeleServicios	—	(76)	(76)	—	(49)	(49)
Tapia Seguridad S.L.U	—	138	138	—	—	—
Prosegur Global Cyber Security, S.L.U.	3,400	—	3,400	3,733	—	3,733
Contesta Servicios Auxiliares	—	279	279	—	205	205
Prosegur AVOS	—	43	43	—	(208)	(208)
Prosegur Colombia 2	—	(13)	(13)	—	(10)	(10)
Prosegur Colombia 1, S.L.U.	—	(13)	(13)	—	(10)	(10)
Prosegur Servicios de Pago	—	(60)	(60)	—	(117)	(117)
Risk Management Solutions, S.L.U.	—	153	153	—	138	138
Compliofficer, S.L.U.	—	(1)	(1)	—	40	40
Work4Data Lab, S.L.	—	(2)	(2)	—	116	116
Prosegur ODH, S.L.	—	—	—	—	(26)	(26)
Prosegur Alpha3 Cashlab	—	(121)	(121)	—	(2)	(2)
Prosegur Finance, S.A.	—	(207)	(207)	—	(1)	(1)
CASH Centroamerica Uno, S.L.	—	(1)	(1)	—	(2)	(2)
CASH Centroamerica Tres, S.L.	—	39	39	—	(1)	(1)
Netijam Technologies S.L.	—	(1)	(1)	—	(29)	(29)
Prosegur Global BSI Int	—	948	948	—	(1)	(1)
Prosegur Custodia de Activos Digitales, S.L.	—	(1)	(1)	—	—	—
Prosegur BSI España, S.L.	—	(123)	(123)	—	(1)	(1)
MiRubi Internet S.L.U	—	—	—	—	—	—
Compañía Transportadora de Valores Prosegur de Colombia, S.A.	—	(7)	(7)	129	—	129
Inversiones BIV S.A.S.	129	—	129	143	—	143
Prosegur Vigilancia y Seguridad Privada Ltda	143	—	143	44	—	44
Prosegur Tecnología SAS	40	—	40	2	—	2
Servimax Servicios Generales	2	—	2	(2)	—	(2)
GPS de Colombia SAS	2	—	2	1	—	1
Prosegur Seguridad Elec	1	—	1	1	—	1
Italy (EP)	1	—	1	(362)	—	(362)
France (EP)	—	—	—	(3,000)	—	(3,000)
United Kingdom (EP)	—	—	—	500	—	500
Total	7,597	(8,259)	(662)	(1,165)	(8,785)	(9,950)

Transactions between the Company, the Group companies and associates are as follows:

	Thousands of Euros				
	2021				
	Income			Expense	
Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)	
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	1,875	—	—	(313)	(313)
Prosegur Gestión de Activos, S.L.U.	(368)	1	—	(441)	(3)
Prosegur Global Alarmas, S.L.U.	—	5	4,071	—	—
Compañía Ridur, S.A.	—	—	—	—	(9)
Formación, Selección y Consultoría, S.A.	—	—	—	—	(14)
Prosegur International SIS, S.L.U.	—	54	—	—	—
Prosegur International Alarmas, S.L.U.	—	4	—	—	—
Prosegur Soluciones, S.A.U.	7	11	—	(7)	(1)
Prosegur Ciberseguridad, S.L.	6	22	—	—	—
Prosegur Assets Management, S.L.U.	—	—	—	—	(326)
Prosegur Global SIS, S.L.U.	(93)	32	—	(6)	—
Prosegur Servicios de Efectivo España, S.L.U.	8	—	—	(379)	—
Prosegur Cash, S.A.	15,859	—	15,991	(2)	—
Prosegur Avos España, S.L.U.	374	6	8,100	—	—
Prosegur Global Alarmas ROW, S.L.U.	—	7	26,250	—	(5)
Prosegur Global SIS ROW, S.L.U.	—	41	—	—	(4)
ESC Servicios Generales, S.L.U.	1	1	—	(2)	(23)
Contesta Teleservicios, S.A.U.	—	7	—	(105)	—
Integrum 2008 S.L.U.	—	—	—	—	(4)
Bloggers Brokers, S.L.	—	—	—	—	(2)
Contesta Servicios Auxiliares, S.L.	—	—	—	—	(5)
Prosegur Global Cyber	—	—	—	—	(16)
Segtech Ventures, S.A.	8	4	—	(8)	(1)
Risk Management Solutions, S.L.U.	23	—	—	—	(12)
Compliofficer, S.L.U.	5	—	—	—	(2)
Work 4 Data Lab, S.L.	—	—	—	—	(3)
Prosegur ODH, S.L.	—	3	—	—	—
Netijam Technologies S.L.	—	—	—	—	(7)
Tapia Seguridad, S.L.	—	5	—	—	—
Prosegur Foundation	2	—	—	(2)	—
Movistar Prosegur Alarmas, S.A. (**)	14	—	13,683	(15)	—
Prosegur Group in Abu Dhabi	—	27	—	—	—
Prosegur Group in Mexico	2	—	—	—	—
Prosegur Group in Argentina	(717)	381	119	—	—
Prosegur Group in the United Kingdom	—	8	—	—	—
Prosegur Group in Brazil	(193)	—	—	—	—
Prosegur Group in Peru	(94)	—	—	(17)	—
Prosegur Group in Chile	(60)	—	—	—	—
Prosegur Group in Portugal	1,211	—	—	—	(7)
Prosegur Group in Colombia	(411)	38	—	—	—
Prosegur Group in Uruguay	248	—	—	—	—
Prosegur Group in Paraguay	(15)	—	—	—	—
Prosegur Group in Luxembourg	—	—	—	—	(56)
Prosegur Group in India	27	—	—	—	—
Total	17,719	657	68,214	(1,297)	(813)

(*) On 31 July 2021, Movistar Prosegur Alarmas S.L purchased a 100% holding in Prosegur Soluciones, S.A., thus changing its status to associate at the close of 2021.

(**) On 28 February 2020, Telefónica de Contenidos, S.A.U. purchased a 50% holding in Movistar Prosegur Alarmas, S.L. (formerly Prosegur Alarmas España, S.L.U.), changing its status to associate in 2020.

	Thousands of Euros				
	2020				
	Income			Expense	
Services provided and other income	Interest (Note 3)	Dividends (Note 3)	Services rendered	Interest (Note 4)	
Prosegur Soluciones Integrales de Seguridad España, S.L.U.	10	—	—	(348)	(106)
Prosegur Gestión de Activos, S.L.U.	(165)	—	2,317	(300)	(47)
Prosegur Global Alarmas, S.L.U.	—	3	—	—	—
Compañía Ridur, S.A.	—	—	—	—	(6)
Formación, Selección y Consultoría, S.A.	—	—	—	—	(6)
Prosegur Gestión de Activos Internacional, S.L.U.	—	6	—	—	—
Prosegur International SIS, S.L.U.	—	13	—	—	—
Prosegur Soluciones, S.A.U.	—	—	—	—	(19)
Prosegur Ciberseguridad, S.L.	5	15	—	53	—
Prosegur Assets Management, S.L.U.	—	—	12,800	(1)	(265)
Prosegur Global SIS, S.L.U.	(124)	19	—	(1)	—
Prosegur Servicios de Efectivo España, S.L.U.	—	—	—	5	—
Prosegur Alarmas España, S.L.U.	225	—	—	—	(6)
Prosegur Cash, S.A.	15,129	—	32,514	(1)	—
Prosegur Global Alarmas ROW, S.L.U.	(64)	—	180,000	—	(89)
Prosegur Global CIT ROW, S.L.U.	—	—	—	(1)	—
Prosegur Global SIS ROW, S.L.U.	—	(30)	—	—	(23)
ESC Servicios Generales, S.L.U.	—	25	—	(4)	—
Contesta Teleservicios	—	—	—	(16)	—
Prosegur Global Cyber	—	—	—	—	(9)
Segtech Ventures, S.A.	—	6	—	—	—
Prosegur ODH, S.L.	—	7	—	—	—
Prosegur Foundation	—	—	—	(1)	—
Telefónica, S.A.	—	—	7,672	—	—
Prosegur Group in Abu Dhabi	—	16	—	—	—
Prosegur Group in Germany	—	—	—	(2)	—
Prosegur Group in Argentina	997	306	—	—	—
Prosegur Group in Brazil	(177)	—	—	—	—
Prosegur Group in Peru	(32)	—	—	(11)	—
Prosegur Group in Chile	23	—	—	—	—
Prosegur Group in China	—	—	—	(2)	—
Prosegur Group in France	(5)	36	—	—	—
Prosegur Group in Colombia	(123)	4	—	—	—
Prosegur Group in Uruguay	320	—	—	(1)	—
Prosegur Group in Paraguay	(16)	—	—	—	—
Prosegur Group in Portugal	1,093	—	—	(1)	(5)
Prosegur Group in Singapore	—	—	—	(2)	—
Prosegur Group in Luxembourg	—	—	—	—	(33)
Prosegur Group in India	15	—	—	12	—
Total	17,111	426	235,303	(622)	(614)

Within the services provided and other income, the most significant are EUR 19,192 thousand (EUR 17,111 thousand in 2020) invoiced for trademark assignment. In this sense, Prosegur Compañía de Seguridad, S.A., owner of the 'Prosegur' brand, concedes its brand to the rest of the Group companies and invoices them based on the utility that it reports to the different lessee entities. The Company policy follows the OECD Guidelines on Transfer Pricing.

Interest income and borrowing costs reflect the amounts accrued on the aforementioned current loans extended to and by Group companies.

b) Other related parties

Procurement of goods and services

During the year, Euroforum Escorial, S.A. (controlled by Gubel S.L.) invoiced no service to Prosegur Compañía de Seguridad, S.A.

Through the company Gestconsult, S.A. Prosegur invested USD 50,000 thousand in a fixed income fund in 2017, for which an expense was recognised for a management fee of 0.60%. The president of Gestconsult, Juan Lladó Fernandez-Urrutia, is a person related to Mr Christian Gut Revoredó. Following a favourable report from the corresponding Committee, on 3 April 2017 the Board of Directors authorised this related transaction. During financial year 2019, EUR 20,000 thousand were deinvested in the aforementioned fixed income fund and in financial year 2020, EUR 29,621 thousand were deinvested.

20. Remuneration of the Board of Directors and Senior Management Personnel

a) Remuneration of members of the Board of Directors

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

	Thousands of Euros	
	2021	2020
Fixed remuneration	1,804	1,296
Variable remuneration	247	308
Remuneration for membership of the Board and Committee	168	160
Per diems	235	169
Life insurance premiums	87	79
Total	2,541	2,012

b) Remuneration of Senior Management personnel

Senior Management personnel are Company employees who hold, *de facto* or *de jure*, Senior Management positions reporting directly to the Board of Directors, executive committees or managing directors on the Board, including those with power of attorney not limited to the entity's statutory activity or specific areas or matters.

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

	Thousands of Euros	
	2021	2020
Fixed remuneration	953	605
Variable remuneration	455	325
Remuneration in kind	—	—
Life insurance premiums	9	22
Total	1,417	952

These amounts reflect the provisions for the accrued incentive, payable in cash, corresponding to the 2018-2023 Plan, the 2021-2023 Plan and the Withholding Plan (Note 25.9).

During this period, a total provision was made against the results for the year in an amount of EUR 1,963 thousand, with the following breakdown: reversal under the 18-20 Plan amounting to EUR 523 thousand, provision under the 21-23 Plan amounting to EUR 1,110 thousand and provision under the Withholding Plan of EUR 1,376 thousand (EUR 586 thousand in 2020) (Note 3).

In 2021 a sum of EUR 74 thousand was applied (EUR 83 thousand in 2020).

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the end of the year or at the payment time.

c) Information required by article 229 of the Spanish Companies Act

As required by articles 228, 229 and 230 of the Revised Text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the Board of Directors declare that they have not been involved in any direct or indirect conflicts of interest with the company in 2021.

Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. Prosegur does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from Prosegur are not material for the firm and neither do they represent a significant amount on the accounts of Prosegur. At 31 December 2021, fees totalled EUR 189 thousand (EUR 206 thousand at 31 December 2020).

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

21. Employee Information

The average headcount of the Company in these years, distributed by category, is as follows.

	2021	2020
Indirect personnel	33	32
Operations personnel	1	—
Total	34	32

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

	2021		2020	
	Women	Men	Women	Men
Indirect personnel	14	25	10	25
Operations personnel	—	1	—	—
Total	14	26	10	25

The year-end (and average) distribution by gender of the Board of Directors and Senior Management personnel is as follows:

	2021		2020	
	Women	Men	Women	Men
Directors	2	7	2	6
Senior Management	-	4	—	4
Total	2	11	2	10

There are no employees in the Company with a disability rating of 33% or more.

22. Audit Fees

In 2021 and 2020 Ernst & Young, S.L., the auditors of the Annual Accounts of the Company, invoiced the following fees and expenses for professional services:

	Thousands of Euros	
	2021	2020
Audit services	229	227
Other audit-related services	35	25
Total	264	252

Audit services detailed in the above table include the total fees for services rendered in 2021 and 2020, irrespective of the date of invoice. Other audit-related services rendered in 2021 and 2020 correspond mainly to reports on procedures rendered by Ernst & Young, S.L. to the Company.

Additionally, other entities affiliated with Ernst & Young, S.L. invoiced the Company during 2020 for fees for other professional services in an amount of EUR 229 thousand, corresponding mainly to due diligence advisory services.

23. Financial risk management

Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's business.

(i) Currency risk

The Company mainly operates on a national basis. Likewise, Prosegur Group, of which the Company is the parent, operates internationally. As a result, the Company is exposed to currency risk when operating with its subsidiaries in foreign currencies and through the assets and liabilities contracted in foreign currencies from third parties, specifically the Brazilian Real, the American Dollar and, to a lesser extent, the Argentine Peso. Currency risk is associated with recognised assets and liabilities denominated in foreign currency.

Management has a currency risk management policy to control the risk arising from the exchange of foreign currencies to its functional currency to minimise the Company's exposure. Currency risk

arises when future transactions or recognised assets and liabilities are presented in a currency other than the parent's functional currency.

When so required by its policies and market expectations, the Company uses forward contracts approved and contracted by the Treasury Department in the corresponding market to control currency risk arising on trade transactions and recognised assets and liabilities. The Treasury Department is responsible for managing the net position of each foreign currency by entering into external or local forward currency contracts, depending on their competitiveness and appropriateness.

Since the Company, as parent of the Prosegur Group, intends to remain in the foreign markets in which it is present in the long term or permanently, it does not hedge the currency risk related to equity investments in those markets.

The value of the financial assets and liabilities attributable to the Company at 31 December, by type of currency, is as follows:

	Thousands of Euros			
	2021		2020	
	Assets	Liabilities	Assets	Liabilities
Euros	314,198	1,006,639	424,706	1,030,373
Argentine Peso	—	1,236	901	—
US Dollar	827	186	5,735	7,640
Peruvian Sol	—	35	30	—
Australian Dollar	68	—	5,797	—
Brazilian Real	—	399	2,488	11,971
Chilean Peso	—	513	465	—
Colombian Peso	—	5	2,463	1,801
Singapore Dollar	—	613	—	1,565
Total	315,093	1,009,626	442,585	1,053,350

(ii) Interest rate, cash flow and fair value risks

As the Company does not have a significant amount of assets remunerated at floating interest rates, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk mainly arises from non-current borrowings. Borrowings at variable interest rates expose the Company to cash flow interest rate risks. Fixed-interest borrowings expose the Company to fair value interest rate risks.

In 2021 and 2020 the Company's borrowings at floating interest rates were basically denominated in euros.

The Company analyses its interest rate risk exposure dynamically. A simulation of various scenarios, considering refinancing, the renewal of current positions, alternative financing and hedges is performed. Based on these scenarios, the Company calculates the effect of a certain variation in interest rates on profit and loss. These scenarios are only analysed for the liabilities that represent the most significant positions in which a floating interest rate is paid.

Details of loans and borrowings by debentures and other negotiable securities and bank loans and borrowings, either at a fixed rate or using derivatives, are as follows:

	Thousands of Euros		
	2021		
	Total debt	Hedged debt	Debt exposure
Non-current (Note 15)	706,612	706,612	—
Current (Note 15)	58,482	85	—
Total debt	765,094	706,697	—

	Thousands of Euros		
	2020		
	Total debt	Hedged debt	Debt exposure
Non-current (Note 15)	748,318	748,318	—
Current (Note 15)	87,255	25,488	—
Total debt	835,573	773,806	—

(iii) Credit risk

The Company has no significant credit risk concentrations given that, following the 2013 spin-off of the private security business line to Prosegur España S.L.U. the Company's main activity has been that of a holding of Group companies.

(iv) Liquidity risk

The Company applies a prudent policy to cover its liquidity risks, based on having sufficient cash and marketable securities as well as sufficient financing through credit facilities to settle market positions. Given the dynamic nature of its underlying business, the Company's Treasury Department aims to be flexible with regard to financing through drawdowns on committed credit facilities.

Management monitors the Company's liquidity reserves, which comprise credit drawdowns (Note 15) and available cash and cash equivalents (Note 12) and are forecast based on expected cash flows.

The table below presents an analysis of the financial liabilities that will be settled for the net amount, grouped by maturities based on the period remaining from the balance sheet date until contractual maturity dates. The amounts presented in this table reflect the cash flows stipulated in the contract.

	Thousands of Euros				
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
31 December 2021	—	58,482	706,612	—	765,094
31 December 2020	—	87,255	748,318	—	835,573

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

(v) Price volatility risk

As the Company is a security-holding service business, there are no significant price volatility risks.

24. Events after the reporting date

No subsequent events have taken place following the close of financial year 2021 that might suppose any significant change to the presentation of the Annual Accounts.

25. Accounting principles

These annual accounts have been prepared using the same accounting principles as used by the Prosegur Group for preparing the Annual Accounts for the previous year, other than the amendments introduced by Royal Decree 1/2021, of 12 January, applicable for financial years starting after 1 January 2021.

25.1. Intangible assets

The assets in intangible assets are posted at purchase price. The capitalisation of production cost appears under 'Works carried out by the Company for assets' in the income statement. Intangible fixed assets are shown in the balance sheet at cost value less the amount of accumulated depreciation and impairment.

Fixed asset prepayments are recognised initially at cost. In subsequent years and provided the period between the payment and receipt of the asset exceeds one year, prepayments earn interest at the supplier's incremental rate.

a) Computer software

Computer software purchased and those developed by the Company, including costs of development of websites, are recognised insofar as they meet the criteria set for development costs. Such costs are amortised over the estimated useful lives of the applications, at 5 years.

Disbursements made for the development of a website for promotional purposes or the advertisement of products or services of the Company are recognised as expenses at the time these are incurred.

Computer software maintenance costs are charged as expenses when incurred.

b) Licences

Licences have defined useful lives and are recognised at cost less accumulated amortisation and impairment. Licences are amortised on a straight-line basis to allocate the cost over their estimated useful lives of between 10 years.

c) Trademarks

Trademarks are initially recognised at their cost of purchase and are presented at historical cost. They have defined useful lives and are recognised at cost less amortisation and accumulated impairment losses. Trademarks are amortised on a straight-line basis to allocate the cost over their estimated useful lives (between 1.6 and 30 years), and the amortisation of the Prosegur brand is in 10 years (Note 6).

25.2. Property, Plant and Equipment

Property, plant and equipment are recognised at cost of acquisition or production, less accumulated depreciation and any accumulated impairment.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is increased and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over their estimated useful life, while recurring maintenance costs are charged to the income statement during the year in which they are incurred.

The replacement of property, plant and equipment that may be capitalised carries a reduction in the carrying amount of the items replaced. When the cost of the items replaced has not been depreciated separately and the calculation of the carrying amount thereof were not feasible, the cost of replacement is used as an indication of the cost of the items at the time of acquisition or construction thereof.

Depreciation of property, plant and equipment is calculated systematically on a straight-line basis over the estimated useful lives of the assets based on the actual decline in value and use.

The Company uses the following depreciation rates:

	Depreciation rate
Technical facilities	10% to 25%
Data processing equipment	25%
Transport elements	16%
Other fixed assets	10% to 25%

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date.

When an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is written down immediately to the recoverable amount.

Profit and losses on the sale of property, plant and equipment are calculated as the difference between the consideration received and the carrying amount and are recognised in the income statement.

25.3. Impairment losses on non-financial assets

If an event or change in circumstances indicates that the carrying amount of assets subject to amortisation or depreciation may not be recoverable, Prosegur determines whether impairment losses have been incurred. The difference between the carrying amount of the asset and its recoverable amount is recognised as an impairment loss. The recoverable amount is the greater between the fair value of an asset less the costs to sell or other type of disposal, or the value in use. For impairment testing purposes, assets are grouped at the lowest level for which separate identifiable cash flows can be identified (cash-generating units, CGU). Prosegur reviews impaired non-financial assets other than goodwill at the end of each reporting period to assess whether the loss has been reversed.

25.4. Financial assets

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the Annual Accounts, in addition to the figures for financial year 2021, the Annual Accounts show those pertaining to the previous year, those of 2020, approved by the Shareholders General Meeting at 03 June 2021.

On 30 January 2021, Spanish Royal Decree 1/2021, of 12 January, was published amending the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November. Changes to the Spanish General Chart of Accounts are applicable to reporting periods commencing as of 1 January 2021, and focus on criteria for the recognition, measurement and breakdown of income and financial instruments, detailed as follows. For the financial instruments, the changes caused have not had a relevant effect on these annual accounts and have only entailed the change in balance sheet nomenclature of the heading 'Held-for-sale financial assets' included in the Annual Accounts for the previous year, to the new heading 'Financial assets at fair value with changes in Equity'.

A financial instrument is a contract that gives rise to a financial asset in one company and, at the same time, to a financial liability or an equity instrument in another company.

The Company will recognise a financial instrument on its balance sheet when it becomes a party to the contract or legal transaction in accordance with the provisions thereof, either as issuer or as holder or acquirer.

The Company determines the classification of its financial assets at the time of their initial recognition and, when allowed and appropriate, it reassesses that classification at each balance sheet date.

A financial asset is any asset that is: cash, an equity instrument from another company or involves a contractual right to receive cash or another financial asset (a debt instrument) or to exchange financial assets or liabilities with third parties in potentially favourable conditions.

The financial assets used by the Company are classified for measurement purposes under the following categories:

a) Financial assets at fair value through profit and loss

Financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid. Transaction costs directly attributable are recognised in the income statement of the financial year.

After initial recognition the company measures the financial assets contained in this category at fair value through profit or loss.

b) Financial assets at amortised cost

A financial asset will be included in this category even when it is admitted for trading on an organised market, if the company maintains the investment with the aim of receiving the cash flows resulting from the performance of the contract, and the contractual conditions of the financial asset, on specific dates, lead to cash flows which are solely the collection of principal and interest on the outstanding amount of principal.

The assets are classified as current unless they mature in more than 12 months after the balance sheet date, in which case they are classified as non-current.

Financial assets at amortised cost are included in 'Long-term financial investments', 'Loans to Group companies' and 'Loans to third parties' in the non-currents assets of the balance sheet, and in 'Trade and other receivables' in the current assets of the balance sheet.

Contractual cash flows that are solely collections of principal and interest on the outstanding amount of principal are inherent to an ordinary or common agreement, notwithstanding that the terms of the operation establish zero interest or below-market interest rates.

This category generally includes loans for commercial and non-commercial operations:

a) Loans for commercial operations: financial assets arising from the sale of goods or the rendering of services in the ordinary course of the Company's business with deferred payment, and

b) Loans for non-commercial operations: financial assets which, while not being of commercial origin, are not equity instruments or derivatives, have fixed or determinable payments and arise from loan or credit facilities granted by the company.

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid, plus any transaction costs directly attributable to them.

However, loans from commercial operations with a maturity of no more than one year and which do not have a contractual interest rate, as well as advances and loans to staff, dividends collectable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, can be valued at their par value if the effect of not adjusting the cash flows is not significant.

The financial assets included in this category are subsequently measured at amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

However, loans with a maturity of no more than one year which, according to the previous subsection, are initially measured at their par value, will continue being measured at that amount, unless they are impaired.

If the contractual cash flows of a financial asset change because of financial difficulties of the issuer, the company will assess whether it should book an impairment loss.

The necessary value adjustments should be made whenever there is objective evidence that the value of a financial asset or group of financial assets with similar risk features when valued collectively, has depreciated as a result of one or more events having occurred after initial recognition and causing a reduction or delay in estimated future cash flows, which may be due to debtor insolvency.

The impairment loss on those financial assets will be the difference between their carrying amount and the current value of estimated future cash flows including, where appropriate, those arising from the enforcement of security or personal guarantees that are expected to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at floating interest rate, the effective interest rate on the date of closing the annual accounts is used, according to the contractual conditions. The calculation for impairment losses of a group of financial assets can use models based on statistical formulae or methods.

Impairment valuation adjustments, and their reversal if the amount of that loss is reduced for reasons related to a subsequent event are recognised as revenue or expense, respectively, on the income statement. Reversal of impairment is limited to the carrying amount of the asset that would have been recognised on the date of reversal if the value impairment had not been recorded.

However, to replace the current value of the cash flows, the market value of the instrument can be used provided that it is sufficiently reliable so as to be considered as representative of the value that could be recovered by the company.

The recognition of interest in financial assets with credit impairment will follow the general rules, notwithstanding that at the same time the company must assess whether that amount will be recovered and, where appropriate, the corresponding impairment loss will be booked.

c) Financial assets at fair value with changes in equity

Financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration paid, plus any transaction costs directly attributable to them.

The amount for preferential subscription rights and similar, if, any, that may have been acquired is part of the initial valuation.

These assets will be subsequently measured at fair value, without deducting any transaction costs that are incurred in the sale. Any changes arising in fair value are recognised directly in equity until the asset is disposed of or written off, at which time the amount thus recognised will be allocated to the income statement.

However, any impairment loss adjustments and any losses and gains resulting from exchange

differences on monetary financial assets expressed in foreign currency, in accordance with the regulations on this latter case, are taken to the income statement.

The amount of interests calculated using the effective interest rate method and any dividends payable will also be recorded in the income statement.

When a value has to be allocated to these assets due to being removed from the balance sheet or for another reason, the weighted average price method for homogeneous groups will be used.

d) Financial assets at cost

Financial assets at cost are included in 'Investments in equity instruments of group companies' and 'Other short-term financial assets' in the non-current assets of the balance sheet, and in 'Other short-term financial assets' in the current assets of the balance sheet.

The investments included in this category are initially measured at cost, equivalent to the fair value of the consideration paid plus any transaction expenses that are directly attributable to them.

The equity instruments included in this category are measured for their cost less, if the case, the accumulated amount for impairment value adjustments.

When a value has to be allocated to these assets due to being removed from the balance sheet or for another reason, the weighted average price method for homogeneous groups will be used, these being taken as values having the same rights.

In the case of the sale of preferential subscription rights and similar or the segregation of those rights for exercising them, the cost amount of the right will reduce the carrying amount of the respective assets. That cost will be determined by applying any generally accepted measurement formula.

Any contributions made as a result of a joint venture or similar agreement are valued at cost, increased or decreased by the gain or loss, respectively, corresponding to the company as a passive investor and, where appropriate, less accumulated amount for impairment loss adjustments.

This same principle will be used in participating loans with contingent interest either because it is arranged at a fixed or floating interest rate subject to the borrower achieving a milestone such as obtaining profits, or because they were calculated exclusively by reference to the financial performance of the borrower. If in addition to a contingent interest, an irrevocably fixed interest rate is arranged, the latter will be booked as financial income on an accrual basis. Any transaction costs will be taken to profit or loss on a straight-line basis during the life of the participating loan.

At least at year end, the necessary impairment losses are recognised when there is objective evidence that all the amounts receivable will not be collected.

The impairment loss is calculated as the difference between the carrying amount of the asset and the current value of the estimated future cash flows, discounted at the effective interest rate upon initial recognition. Impairment losses are recognised and reversed in the income statement.

a) Disposals of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, net of transaction costs, including any new assets obtained less any new liabilities assumed and any cumulative profit or loss deferred in recognised income and expense, is recorded in equity.

b) Offsetting principles

A financial asset is offset only when the Company currently has the legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset simultaneously.

25.5. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits at banks and financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company's usual cash management policy.

25.6. Net Equity

The share capital of the Company is represented by ordinary shares.

The acquisition by the Group of equity instruments of the Parent Company is presented at acquisition cost separately as a reduction in net equity in the consolidated statement financial position, regardless of the reason for the acquisition. No profit/(loss) was recognised in transactions with own equity instruments.

The subsequent amortisation of the parent's equity instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

The transaction costs relating to own equity instruments are recognised as a reduction in net equity once any tax effect has been taken into account.

25.7. Financial liabilities

On 1 January 2021, the Company applied Royal Decree 1/2021, of 12 January, on standards for the accounting and measurement of financial instruments, with no impact on that date.

The whole or any part of the financial instruments issued, committed or assumed are classified as financial liabilities provided that their economic reality entails a direct or indirect contractual obligation for the company to hand over cash or another financial asset, or to exchange financial assets or liabilities with third parties in potentially unfavourable conditions.

The financial liabilities used by the Company, are classified for measurement purposes under the following categories:

a. Financial liabilities at amortised cost

The company classifies all financial liabilities in this category except where they are to be measured at fair value through profit and loss

This category generally includes payables from commercial operations and from non-commercial transactions:

- a) Payables from commercial operations are financial liabilities arising from the purchase of goods and services in the ordinary course of the Company's business with deferred payment, and
- b) Payables from non-commercial operations are financial liabilities which, while not being equity instruments or derivatives, are not of commercial origin but originate from loan arrangements or credit facilities received by the company. Participating loans with the features of an ordinary or regular loan are also included in this category notwithstanding that the operation may be arranged at a zero or below-market interest rate.

Financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received, adjusted by any transaction costs directly attributable.

However, payables from commercial operations with a maturity of no more than one year and which do not have a contractual interest rate, as well as disbursements demanded by third parties on holdings, the amount of which is expected to be paid short term, can be measured, both initially and later, at their nominal value if the effect of not adjusting the cash flows is not significant.

The financial liabilities included in this category are measured at amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

However, loans with a maturity of no more than one year which are initially measured at their par value, will continue being measured at that amount.

b. Financial liabilities at fair value through profit or loss

Financial liabilities meeting any of the following conditions are included in this category:

- a) They are liabilities held for trading.
- b) Upon initial recognition, they were designated by the entity as at fair value through profit or loss.

Financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the

consideration received. Transaction costs directly attributable are recognised in the income statement of the financial year.

After initial recognition the company will measure the financial liabilities contained in this category at fair value through profit or loss.

c. Derecognition of financial liabilities

The company will derecognise a financial liability, or part thereof, when the obligation has been discharged, i.e. when it has been paid, cancelled or has expired. It will also derecognise any financial liabilities that it acquires for itself, even if it intends to replace them in the future.

When an exchange of debt instruments takes place between a lender and borrower, as long as these have substantially different conditions, the Company accounts for the retirement of the original financial liability and recognises the new one that arises. The same applies to registration of a substantial modification of the current conditions of a financial liability.

The difference between the carrying amount of the financial liability or the part thereof that has been derecognised, and the consideration paid, including the costs or commissions involved, and which includes any asset assigned other than the cash amount or liability assumed, is reported in the income statement of the financial year when it arises.

d. Own equity instruments

An equity instrument is any contract that evidences, or reflects, a residual interest in the assets of an entity after deducting all of its liabilities.

If the company carries out any type of transaction with its own equity instruments, the amount of those instruments is recorded in equity, as a change in shareholders' equity and in no event can they be recognised as financial assets of the company nor shall any profit or loss be recognised on the income statement.

Any expenses arising from these transactions, including any issuance expenses, such as lawyers' fees, notary and registry fees, printing of reports, official gazettes and certificates; taxes, publications; commissions and other placement costs are charged directly under equity as a reduction of reserves.

The expenses arising from an equity transaction that is relinquished or abandoned are recognised as an expense on the income statement.

e. Guarantee bonds given and received

In guarantee bonds given and received under operating leases or for the provision of services, any difference between their fair value and the amount paid (for example due to the fact of the bond being long term and non-remunerated) will be treated as a prepaid lease collection or payment which will be allocated to profit or loss over the term of the lease or during the period in which the service is provided, in accordance with the rule on revenue from sales and services rendered.

For estimating the fair value of bonds, the remaining period is taken to be the minimum period to which they are committed under contract, during which their amount cannot be repaid, without considering the statistical pattern of the refund.

If the bond is short term, there is no need to discount the cash flows if the effect is not significant.

25.8. Current and deferred taxes

The income tax expense (income) for the year comprises current tax and deferred tax.

The current and deferred tax expense (income) is recognised in the income statement. However, the tax effect of items recognised directly in equity is recorded in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets and liabilities are calculated using the liability method on the basis of the temporary differences that arise between the tax base of assets and liabilities and their carrying amount. However, if deferred tax assets or liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit nor taxable income, they are not recognised. Deferred tax assets or liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised provided that it is likely that sufficient taxable income will be generated against which the temporary differences can be offset.

Deferred tax assets arising from deductible temporary differences are recognised provided future tax gains are likely to exist for offset thereof that will reverse within ten years. Assets arising from the initial recognition of assets and liabilities in a transaction which is not a business combination and which does not affect either the carrying profit or the taxable base on transaction date, are not subject to recognition. Assets which will reverse in a period exceeding ten years are recognised over the years, provided there is a likelihood of future tax gains.

Tax planning opportunities are only considered when assessing the recovery of deferred tax assets if the Company intends to use them or is likely to do so.

The Company recognises the reversal of a deferred tax asset in an account receivable with the Tax Administration when it is enforceable in accordance with tax legislation in force. Likewise, the Company recognises the exchange of a deferred tax asset for Public Debt Securities when ownership thereof is acquired.

25.9. Employee benefits

a) Compensations based on the quoted share price of Prosegur shares 2018-2020 and 2021-2023 Plan

The 2018-2020 Plan and 2021-2023 Plan are generally linked to value creation and envisage the payment of share-based and/or cash incentives to the Executive President, the Managing Director and the Senior Management of the Company.

The fair value of the incentives referred to the share quotation price was estimated on the basis of Prosegur's share quotation price at the close of the period.

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

Compensation based on Prosegur shares for the Retention Plan

The Retention Plan is linked to the creation of value through digital transformation and envisages the payment of share incentives to the Executive President, Managing Director and Senior Management of the Company. The Prosegur Group recognises a straight-line expense in the income statement during the length of service of the Plan, as well as the corresponding increase in equity, based on the fair value of the shares committed when the Plan was granted. The fair value of the shares at the moment of the granting was EUR 2.029 per share.

The fair value of the incentives indexed to the listed share price at the time of concession has been calculated on the basis of the average listed price during the 15-stock market session previous to the date of the session held on 29 October 2020, the amount being EUR 2.029 per share.

Quantification of the total incentive will depend on the degree of achievement of the targets established.

The accrual of the long-term incentive associated with the 18-20 Plan, 21-23 Plan and the Retention Plan for the Executive President, Managing Director and the Management of the Group is included under the heading on wages and salaries (Note 3).

During 2021 the total impact of incentives on the income statement was a greater expense of EUR 2,486 thousand.

b) Termination benefits

Termination benefits are paid to employees as a result of the Company's decision to terminate employment before the normal retirement age or when the employee accepts voluntary redundancy in exchange for these benefits. The Company recognises these benefits when it has demonstrably committed to terminating the employment of employees, in accordance with a detailed formal plan with no possibility of withdrawal, or to granting termination benefits in an offer of voluntary redundancy.

c) Profit-sharing plans and bonuses

The Company calculates the liability and expense for bonuses using a formula based on EBITDA (earnings before interest, tax, depreciation and amortisation) when these are contractually binding or where past practice has given rise to constructive obligations.

d) Management remuneration

As well as profit-sharing plans, Prosegur has incentive plans for Management linked to the achievement of certain targets set by the corresponding remuneration Committees. At the end of the reporting period, provision has been made for these plans based on management's best possible estimate of the extent to which targets will be met.

25.10. Provisions and Contingent Liabilities

Provisions for possible restructuring costs and/or litigation are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the current value of the estimated expenditure required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Any adjustments made to update the provision are recognised as a financial expense when accrued.

Provisions expiring in one year or less, the financial effect of which is immaterial, are not discounted.

Reimbursements from third parties of the expenditure required to settle a provision are recognised as a separate asset provided that it is virtually certain that the reimbursement will be received.

Possible obligations arising from past events, the materialisation of which is contingent on one or more future events beyond the control of the Company, are considered contingent liabilities. These contingent liabilities are not recognised in the Annual Accounts but are disclosed in the notes (Note 17).

25.11. Business combinations

In accordance with the third transitional provision of Royal Decree 1514/2007, the Company has only recognised business combinations that occurred on or after 1 January 2008, the date of transition to the Spanish General Chart of Accounts, using the acquisition method. Business combinations that occurred prior to that date were recognised in accordance with accounting standards prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

Business combinations carried out since 1 January 2010 are recognised by applying the acquisition method established in Recognition and Measurement Standard 19 of the Spanish General Chart of Accounts amended by article 4 of Royal Decree 1159/2010, which approves the standards for the preparation of consolidated annual accounts and amends the Spanish General Chart of Accounts.

The Company applies the acquisition method for business combinations, except for mergers, spin-offs and non-monetary contributions of a business between Group entities.

Mergers, spin-offs and non-monetary contributions between Group companies are recognised using the criteria applicable to related party transactions (Note 25.15).

Business combinations arising as a result of the acquisition of shares or equity holdings in a company are recognised using the criteria applicable to investments in group companies, jointly controlled companies and associates (Note 25.4).

The acquisition date is the date on which the Company obtains control of the acquiree.

25.12. Revenue recognition

For comparative purposes and for each item in the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the Annual Accounts, in addition to the figures for financial year 2021, the Annual Accounts show those pertaining to the previous year, those of 2020, approved by the Shareholders General Meeting at 03 June 2021.

On 30 January 2021, Spanish Royal Decree 1/2021, of 12 January, was published amending the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November. Changes to the Spanish General Chart of Accounts are applicable to reporting periods commencing as of 1 January 2021, and focus on criteria for the recognition, measurement and breakdown of income and financial instruments, detailed as follows. For the revenue recognition, the changes caused have not had a relevant effect on these annual accounts, because Company revenue from its activity is mainly from the collection of dividends from its investees.

The Company will recognise the revenue from the ordinary course of its business when control over the goods or services has been transferred in the undertakings with its clients. At that moment, the

company measures the revenue for the amount that reflects the consideration that it expects to receive in exchange for those goods or services.

To apply this key principle for accounting for revenue, the company will follow an entire process consisting of the following sequential steps:

a) Identify the contract(s) with the client, understood as an agreement between two (or more) parties which creates rights and obligations to which all are subject.

b) Identify the obligation or obligations to be fulfilled in the contract, representing the commitments to transfer goods or provide services to a client.

c) Establish the transaction price or the consideration under the contract which the company expects to receive in exchange for transferring the goods or providing the services undertaken with the client.

d) Assign the transaction price to the obligations to be performed, which must be carried out on the basis of the individual sales prices of each different item of goods or service committed under the contract or, where appropriate, following an estimated selling price when this cannot be observed separately.

e) Recognise revenue from regular business when (as) the company fulfils an obligation commitment by transferring goods or providing a service; this fulfilment takes place once the client obtains control of those goods or service, in such a way that the amount of revenue recognised from regular business will be the amount assigned to the contractual obligation that has been satisfied.

The company will recognise the income arising from a contract when (as) control over the goods or services committed is transferred to the client (that is, the obligation or obligations to be fulfilled).

Control over the goods or services (assets) refers to the capacity of having full decision over the use of those assets and to substantially obtain all of its remaining benefits. Control includes the capacity to prevent other entities from deciding on the use of the asset and obtaining its benefits.

For each obligation to be fulfilled (delivery of goods or rendering of services) that has been identified, the company will determine at the inception of the contract whether the commitment assumed will be fulfilled over time or at a specific moment.

The income arising from the commitments (generally provision of services) fulfilled over time are recognised in accordance with the level of progress toward the complete performance of the contractual obligations provided that the company gives reliable information for measuring the degree of progress.

Ordinary revenue from the sale of goods and the provision of services is measured as a monetary amount, or where appropriate, the fair value of the consideration received or expected to be received, which unless there is evidence to the contrary, is the price agreed for the assets to be transferred to the client after deducting the amount of any discounts, price reductions or other similar allowances that the company may grant, and interest added to the face value of the loans.

Work in progress is measured according to the best estimate at year-end based on the percentage of completion of the project, calculating the costs incurred and also those yet to be incurred until completion, and the margin expected in each of the contracts according to available information. Until the work is billed it remains under the heading of Clients' Receivables for Sales and Services.

As an exception to this general rule, variable consideration related to license assignment agreements, in the form of participation in the sale or use of those assets, will only be recognised when (or as) the second of the following situations occurs:

- a) The sale or subsequent use takes place; or
- b) The obligation assumed by the company under the contract, and to which some or all of the variable consideration has been fulfilled (or partially fulfilled).

In accordance with the Resolution of the Institute of Accounting and Auditing (I.C.A.C.) 79/2009 Consultation 2, regarding the classification in individual annual accounts of income and expenses of a holding company, whose main activity is the holding of shares and the financing of transactions carried out by its investees, income from dividends and interest earned from funding granted to investees are classified as 'Revenue' in the income statement. An item has been added within the operating margin to reflect impairment losses in equity instruments associated with its activity.

Initial estimates of revenues are reviewed where circumstances so require. These reviews may result in an increase or reduction in the estimated revenues and costs and are recognised in the income statement for the period in which the circumstances giving rise to the review become known to Management.

a) Provision of services

These primarily consist of brand assignment services and general services provided by the Group parent company such as management and administrative support, marketing services, information technology, legal and tax advice provided by the Company to its subsidiaries.

b) Interest received

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company writes the carrying amount down to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument and carries the discount as a reduction in interest received. Interest received on impaired loans is recognised using the effective interest method.

c) Dividend received

Dividends received are recognised in the income statement when the right to receive payment is established.

25.13. Leases

a) Operating leases - lessee

Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease (net of any incentive received) are recognised in the income statement as an expense on a straight-line basis over the lease term.

25.14. Foreign currency transactions

Foreign currency transactions are recorded at their equivalent euro value at the exchange rates prevailing at the transaction date

At the close of each financial year, the monetary items are measured using the average spot exchange rate at that date. Any exchange differences arising from this process, and any generated when settling those asset items, is recognised on the income statement for the year when it arises.

Any non-monetary items valued at historical cost continue to be measured by applying the exchange rate on the transaction date. The measurement thus obtained cannot, at year-end, exceed the amount recoverable at that time and if necessary the closing exchange rate will be applied to that amount; that is to say, the date referred to in the abridged annual accounts.

At each closing date, any non-monetary items valued at fair value are measured by applying the exchange rate on the date of the transaction i.e. at year-end.

25.15. Related party transactions

Transactions between Group companies, except those related to mergers, spin-offs and non-monetary contributions, are initially recognised at the fair value of the consideration given or received. If the agreed price differs from the fair value, the difference is recognised based on the economic substance of the transaction. Transactions are subsequently measured in accordance with applicable standards.

In the non-monetary contributions to a Group company, the contributor will value their investment at the carrying amount of the delivered equity items in the consolidated Annual Accounts on the date on which the transaction is made, according to the Standards for the Preparation of Consolidated Annual Accounts. The acquiring company will recognise them for the same amount.

In the merger and spin-off transactions between companies of the group in which the parent company of the group or the parent company of a subgroup and its subsidiary directly or indirectly intervene, the acquired equity items are valued for the amount that would correspond to them after the operation in the consolidated annual accounts of the group or subgroup according to the aforementioned Standards for the Preparation of Consolidated Annual Accounts. The difference that could be shown in the accounting entry by the application of the above criteria will be recorded in a reserves item.

Appendix I – List of shareholdings

Below is the information relating to shares held in Group companies:

Obs.	Name	Registered office	Asset	2021 Shareholding		2021 Voting rights		Auditor	
				Dir. %	Ind. %	Dir. %	Ind. %		
*	Prosegur Gestión de Activos, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global Alarmas, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
	Compañía Ridur S.A.	C/ Pajaritos, 24	Madrid	7	100%	—%	100%	—%	B
*	Prosegur Assets Management, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global SIS, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Cash, S.A.	C/ Santa Sabina, 8	Madrid	5	57%	43%	57%	43%	A
*	Prosegur Global Alarmas ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
*	Prosegur Global SIS ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global Cyber Security, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
	Prosegur Global BSI Int	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	B
	Prosegur Avos España, S.L.U.	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	A
	Tidian Europe S.L.	C/ Pajaritos, 24	Madrid	2	50%	—%	50%	—%	A
	Prosegur Finance, S.A.	C/ Pajaritos, 24	Madrid	2	100%	—%	100%	—%	B
*									
*	Prosegur Holding, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Tecnología Chile, Ltda.	Avda. Loboza 8395, Mod. 3	Pudahuel-Santiago	1	—%	100%	—%	100%	B
	Prosegur Gestão de Activos, Ltda.	Thomas Edison 813 Barra Funda	São Paulo	7	—%	100%	—%	100%	B
	Prosegur Tecnología Peru, S.A.	La Chira, 103 Surco	Lima	1	100%	—%	100%	—%	B
	Prosegur Activa Perú, S.A.	Avda. República de Panamá, 3890-Surquillo	Lima	3	—%	100%	—%	100%	B
	Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	—%	49%	—%	B
	Cipher, S.A.	Rua Alexandre Dumas, 1658	São Paulo	1	100%	—%	100%	—%	B
	Prosegur Consumer Finance Perú S.A.C.	Avda. República de Panamá, 3890-Surquillo	Lima	6	90%	—%	90%	—%	B
	Prosegur Ciberseguridad Uruguay S.A.	Guarani 1531	Montevideo	1	100%	—%	100%	—%	B
	Cipher Security Limited	45 Pall Mall, St James's, SW1Y 5JG, London	UK	1	100%	—%	100%	—%	B
	Soluciones en Negocios SpA	Nueva York 33 piso 10, comuna de Santiago, Región Metropolitana, República de Chile	Chile	2	100%	—%	100%	—%	B

Solu4B Software Company SpA	Nueva York 33 piso 10, comuna de Santiago, Región Metropolitana, República de Chile	Chile	2	100%	—%	100%	—%	B
Soluciones en Tecnología de la Información SpA	Nueva York 33 piso 10, comuna de Santiago, Región Metropolitana, República de Chile	Chile	2	20%	80%	20%	80%	B
Cipher USA	1111 Brickell Avenue, Miami, Florida 33131 - USA	USA	2	16%	84%	16%	84%	B

Obs: (*): These companies hold a share in other Group companies within their same geographical area.

Obs: ()**: Companies under dissolution

Obs: (*)**: Company under creditor intervention

Activity: 1. Comprehensive security solutions 2. Logistics 3. Alarms 4. Two or more activities 5. Holding company 6: Financial services 7: Ancillary services 8: Dormant

Auditor: A. EY B. Not subject to audit C. Others

Obs.	Name	Registered office	Asset	2020		2020		Auditor	
				Shareholding	Voting rights	Dir. %	Ind. %		
*	Prosegur Gestión de Activos, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global Alarmas, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
	Compañía Ridur S.A.	C/ Pajaritos, 24	Madrid	7	100%	—%	100%	—%	B
*	Prosegur Assets Management, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
*	Prosegur Global SIS, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Cash, S.A.	C/ Santa Sabina, 8	Madrid	5	51%	23%	51%	23%	A
*	Prosegur Global Alarmas ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
*	Prosegur Global SIS ROW, S.L.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	A
*	Prosegur Global Cyber Security, S.L.U.	C/ Pajaritos, 24	Madrid	5	100%	—%	100%	—%	B
	Prosegur Global BSI Int	C/ Pajaritos, 24	Madrid		100%	—%	100%	—%	B
*	Prosegur Holding, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A
*	Prosegur Inversiones, S.A.	Tres Arroyos 2835	Ciudad de Buenos Aires	5	9%	91%	9%	91%	A
	Prosegur Tecnología Chile, Ltda.	Avda. Loboza 8395, Mod. 3	Pudahuel-Santiago	1	—%	100%	—%	100%	B
	Prosegur Gestão de Activos, Ltda.	Thomas Edison 813 Barra Funda	São Paulo	7	—%	100%	—%	100%	B
	Prosegur Tecnología Peru, S.A.	La Chira, 103 Surco	Lima	1	99%	1%	99%	1%	B
	Prosegur Activa Perú, S.A.	Avda. República de Panamá, 3890-Surquillo	Lima	3	—%	100%	—%	100%	B
	Prosegur Servicios Administrativos, S.A.	La Chira, 103 Surco	Lima	7	99%	1%	99%	1%	B
	Prointrans, LLC	411 Lafayette Street, 6th Floor, NY 10003	New York	5	100%	—%	100%	—%	B
	Prosegur Technological Security Solutions LLC	Al Falah Street-211	Abu Dhabi	1	49%	—%	49%	—%	B
	Cipher, S.A.	Rua Alexandre Dumas, 1658	São Paulo	1	71%	—%	71%	—%	B
	Prosegur Consumer Finance Perú S.A.C.	Avda. República de Panamá, 3890-Surquillo	Lima	6	90%	—%	90%	—%	B
	Prosegur Ciberseguridad Uruguay S.A.	Guarani 1531	Montevideo	1	100%	—%	100%	—%	B
	Cipher Security Limited	45 Pall Mall, St James's, SW1Y 5JG, London	UK	1	71%	—%	71%	—%	B

Obs: (*): These companies hold a share in other Group companies within their same geographical area.

Obs: (**): Companies under dissolution

Obs: (***): Company under creditor intervention

Activity: 1. Comprehensive security solutions 2. Logistics 3. Alarms 4. Two or more activities 5. Holding company 6: Financial services 7: Ancillary services 8: Dormant

Auditor: A. EY in 2020 and KPMG in 2019 B. Not subject to audit C. Others

		2021							
Thousands of Euros		NETEQUITY				Profit/(Loss) for the Year	Total	Operating profit/(loss)	Dividends Received
Name	Country	Carrying amount	Share capital	Reserves	Other items				
Companies in Spain:									
Prosegur Gestión de Activos, S.L.U.	Spain	272,526	29,953	5,135	242,573	4,819	172,980	3,020	—
Prosegur Global Alarmas, S.L.U.	Spain	194,585	2,000	400	148,942	(473)	150,869	(762)	4,071
Compañía Ridur S.A.	Spain	49,873	881	228	89	(38)	1,160	(53)	—
Prosegur Assets Management, S.L.	Spain	85,565	52,351	10,918	33,214	2,463	98,946	(300)	—
Prosegur Global SIS, S.L.U.	Spain	340,277	3	—	332,218	(66)	332,155	1,926	—
Prosegur Cash, S.A.	Spain	86,884	30,459	270,792	(9,407)	33,600	325,444	(8,936)	15,991
Prosegur Avos España, S.L.U.	Spain	62,257	3	1	38,809	6,951	45,764	1,088	8,100
Prosegur Global Alarmas ROW, S.L.U.	Spain	75,065	3	1	54,733	21,562	76,299	(217)	26,250
Prosegur Global SIS ROW, S.L.U.	Spain	350,443	3	—	298,111	2,599	300,713	(2,046)	—
Prosegur Global Cyber Security, S.L.U.	Spain	9,990	3	5,750	3,738	(174)	9,317	(202)	—
Prosegur Finance, S.A.	Spain	13	3	—	8	(1)	10	(2)	—
Prosegur ODH, S.L.	Spain	1,003	3	—	919	(321)	601	(424)	—
Prosegur Global BSI International, S.L.	Spain	13	3	—	6	—	9	(1)	—
Euroforum Escorial, S.A.	Spain	2,595	22,156	(237)	(5,833)	(922)	15,164	(952)	—
Tidian Europe S.L.	Spain	575	3	—	651	(98)	556	(130)	—
Subsidiaries abroad:									
Prosegur Holding, S.A.	Argentina	1,707	3,251	(3,383)	13,038	305	13,211	(12)	105
Prosegur Inversiones, S.A.	Argentina	190	414	(11)	1,187	35	1,625	(11)	14
Prosegur Tecnología Chile, Ltda.	Chile	—	14,196	(2)	(13,019)	(176)	999	(152)	—
Prosegur Gestão de Activos, Ltda.	Brazil	—	15,953	3,307	6,027	786	26,073	1,265	—
Prosegur Tecnología Peru, S.A.	Peru	7,960	2,065	52	8	(1,427)	698	(1,518)	—
Prosegur Activa Perú, S.A.	Peru	101	15,262	—	(8,679)	1,848	8,431	(815)	—
Prosegur Technological Security Solutions LLC	Arab Emirates	10	60	—	(607)	(143)	(690)	(181)	—
Cipher S.A.	Brazil	15,401	886	462	—	3	1,351	280	—
Prosegur Consumer Finance Perú, SAC	Peru	85	89	—	(6)	—	83	(1)	—
Loredat, S.A.	Uruguay	23	17	—	(3)	(5)	9	(5)	—
Cipher Security Limited	UK	15,528	2,571	—	(2,495)	(85)	(9)	(97)	—
Soluciones en Negocios SpA	Chile	8,661	1,607	(375)	1,909	—	3,141	—	—
Solu4B Software Company SpA	Chile	1,072	155	—	(1,148)	—	(993)	—	—
Soluciones en Tecnología de la Información SpA	Chile	365	60	3	1,470	—	1,533	—	—
Cipher USA	USA	1,326	3,692	—	(2,517)	—	1,175	(928)	—
TOTAL		1,584,093							54,531

		2020							
		NETEQUITY					Total	Operating profit/(loss)	Dividends Received
Name	Country	Carrying amount	Share capital	Reserves	Other items	Profit/(Loss) for the Year			
Companies in Spain:									
Prosegur Gestión de Activos, S.L.U.	Spain	272,526	29,953	4,389	133,073	746	168,160	(1,394)	2,318
Prosegur Global Alarmas, S.L.U.	Spain	191,685	2,000	3,174	146,042	1,296	152,513	875	—
Compañía Ridur S.A.	Spain	49,873	881	228	89	—	1,198	(6)	—
Prosegur Assets Management, S.L.	Spain	85,565	52,351	10,752	(20,414)	12,966	55,655	(323)	12,800
Prosegur Global SIS, S.L.	Spain	321,877	3	—	348,035	(42,089)	305,948	1,183	—
Prosegur Cash, S.A.	Spain	59,305	30,891	43,858	(45,055)	301,995	331,688	(8,411)	32,514
Prosegur Global Alarmas ROW, S.L.	Spain	63,565	3	13	(113,038)	182,509	69,487	(231)	180,000
Prosegur Global SIS ROW, S.L.	Spain	345,643	3	—	335,965	(38,914)	297,053	(1,603)	—
Prosegur Global Cyber Security, S.L.U.	Spain	9,990	3	5,750	14,167	(10,429)	9,491	(184)	—
Prosegur Finance, S.A.	Spain	13	3	—	9	(1)	11	(2)	—
Prosegur ODH, S.L.	Spain	1,003	3	—	996	(76)	922	(95)	—
Prosegur Global BSI International, S.L.	Spain	13	3	—	10	(3)	10	(4)	—
Euroforum Escorial, S.A.	Spain	2,595	3	—	10	(2)	11	(3)	—
Subsidiaries abroad:									
Prosegur Holding, S.A.	Argentina	1,707	1,750	(1,872)	8,582	272	8,732	(5)	49
Prosegur Inversiones, S.A.	Argentina	190	197	(79)	811	37	965	(4)	5
Prosegur Tecnología Chile, Ltda.	Chile	—	15,663	(2)	(14,255)	(110)	1,296	(10)	—
Prosegur Gestão de Activos, Ltda.	Brazil	—	15,794	2,499	5,967	775	25,035	1,007	—
Prosegur Tecnología Peru, S.A.	Peru	6,085	865	44	148	(806)	252	(797)	—
Prosegur Activa Perú, S.A.	Peru	101	15,540	2,558	(9,335)	(2,061)	6,703	(1,797)	—
Prosegur Servicios Administrativos, S.A.	Peru	—	—	—	—	—	—	—	—
Prointrans, LLC	USA	—	—	—	—	—	—	—	—
Prosegur Technological Security Solutions LLC	Arab Emirates	10	56	—	(547)	(18)	(510)	52	—
Cipher S.A.	Brazil	15,401	(877)	186	92	—	(599)	288	—
Prosegur Consumer Finance Perú, SAC	Peru	85	90	—	—	(6)	84	(6)	—
Loredat, S.A.	Uruguay	23	17	—	(1)	(2)	14	(4)	—
Cipher Security Limited	UK	15,528	2,403	—	(2,277)	(55)	71	44	—
TOTAL		1,442,783							227,686



PROSEGUR

Directors' Report for 2021

Prosegur Compañía de Seguridad, S.A.

Table of contents

1.	The Company's situation	91
1.1	Business Model	91
1.2	Values	92
1.3.	Organisational structure and governance	95
1.4.	Strategic performance	97
	1.4.1 Creativity as a lever for growth.....	98
	1.4.2 Firmness in directives, flexibility in teams	99
	1.4.3 A world of opportunities	99
	1.4.4 The business units set out the strategy	99
1.5.	Innovation and digital transformation	100
	1.5.1 Thus do we innovate.....	101
	1.5.1.1 Emblematic projects	101
	1.5.1.2 Initiatives of collaboration and open innovation.....	103
	1.5.2 Thus do we transform.....	104
2.	Business performance and profit/(loss)	106
2.1.	Investment activity	107
2.2.	Investments	108
2.3.	Personnel	108
2.4.	Environmental issues	109
3.	Liquidity and capital resources.....	109
3.1.	Liquidity	109
3.2.	Capital resources	109
3.3.	Analysis of contractual obligations and off balance sheet obligations	110
4.	Risk management.....	111
5.	Average payment period to suppliers	112
6.	Important circumstances after the reporting period.....	112
7.	Acquisition and disposal of own shares	112
8.	Alternative Performance Measures.....	112
9.	Other significant information.....	115
10.	Statement of Non-financial Information	117

Directors' Report for 2021

This Directors' Report has been prepared in accordance with the recommendations contained in the Guidelines for the preparation of the Directors' Reports of listed companies, published by the CNMV.

1. The Company's situation

Prosegur is a multinational group, whose holding company is Prosegur Compañía de Seguridad, S.A. (hereinafter, the Company), which provides global and comprehensive security solutions adapted to the needs of our clients.

Prosegur gives private security services in the following countries: Germany, Argentina, Australia, Brazil, Chile, China, Colombia, Costa Rica, Ecuador, El Salvador, Spain, the United States, the Philippines, Guatemala, Honduras, India, Indonesia, Luxembourg, Mexico, Nicaragua, Paraguay, Peru, Portugal, United Kingdom, Singapore, South Africa and Uruguay.

The main activity of the Company is the acquisition, holding, management and administration of securities and shares or any other form of representation of interest in the capital of entities that are resident and non-resident in Spain and of funding in investee companies; and the provision of services that are complementary or ancillary to the management of activities carried out by the investee companies.

1.1 Business model

The Prosegur Group tree has five branches, all committed to a common will of guaranteeing the security of people and companies from openness to continuous innovation. These are and this is what, today, is being done in our different business lines:



PROSEGUR SECURITY

Prosegur Security offers comprehensive physical and electronic security solutions with high added value. It protects the integrity of people and undertakings 365 days a year and 24 hours a day using 360° solutions that combine technology and efficiency, placing the very latest generation tools in the hands of the best professionals.



CIPHER

Cipher is the Prosegur's cybersecurity unit, dedicated to ensuring comprehensive protection of our clients' businesses in digital environments. This includes the application of cutting-edge solutions in terms of prevention, risk detection, managed response and the provision of cyber-intelligence services.



PROSEGUR ALARMS

Prosegur Alarms is our residential and business alarms unit. It provides a wide variety of high quality services tailored to the specific protection requirements of each individual client.



PROSEGUR AVOS

Prosegur AVOS is the leading provider of specialised solutions in outsourcing of business processes for the financial and insurance sector. The perfect partner when implementing digital transformation processes, Prosegur Avos helps clients to redesign, automate and outsource their operations with cutting-edge technology.



PROSEGUR CASH

Prosegur Cash is the listed subsidiary with a leading position at world-wide level in cash-in-transit and cash management. Its activity focuses on transporting high value merchandise, integrated cash cycle management, solutions aimed at automating payments in retail establishments and financial institutions and overall ATM management.

1.2 Values

At the Prosegur Group we are very clear on what we do and why we do it. To make the world a safer place by taking care of people and companies, staying at the forefront of innovation is our main goal.

If there is one lesson that can be drawn from the turbulent year that was 2021, it is the importance of safeguarding the security and wellbeing of those around us, two aspects of our lives that we value most highly when they come under threat.

This represents the core value of our corporate culture and the guiding commitment that permeates our business activity as a whole. To this end, we contribute our experience, knowledge and proactivity to create ever more secure environments, protect assets, and in some cases, to even save lives.

Security is a team sport

Our most important asset is a workforce of more than 150,000 professionals. A highly motivated and specialised team committed to our values and equipped with a wide range of innovative and constantly evolving technological resources.

In all humility, we regard our employees as everyday heroes and pioneers, people who are willing to take risks for the benefit of others, and conscious of the fact that the essential task of protection must be carried out sensibly, creatively and intelligently. We believe that ethical, responsible and efficient management of our human capital provides a fundamental guarantee of the long-term growth and sustainability of our activities.

Empathetic surveillance, intelligent protection

At Prosegur, we associate security with foresight and forward planning. In short, our capacity to be fully prepared to deal with any circumstance that may arise. Ours is a culture centred on caring and empathetic surveillance, based on understanding and respect. Foresight, careful consideration, prudence and continuous learning are among the pillars on which our day to-day activity is based.

This also enables us to understand and respond to the requirements of our clients with a flexible approach. We never say that something cannot be done without suggesting an alternative. One of our corporate maxims is to keep our feet on the ground and our eyes wide open, never losing sight of the fact that there is always a better, safer and more efficient way to meet the challenges we face in any given situation.

Innovation for a better future

We are an ever expanding group undergoing an accelerated process of technological development and digitalisation. In 45 years of wide-ranging experience in the private security sector, since the company was founded in 1976, Prosegur has consolidated an increasingly ambitious and rigorous concept of comprehensive protection.

We believe that protection in today's world means providing maximum possible peace of mind in the physical and digital environments of our clients, the members of our teams, and the general public. New technologies such as Artificial Intelligence (AI), Data Science, Internet of Things, 3D Printing, Robotics and Extended Reality will allow us to apply our concept of 'Innovative Security' to both the physical and digital worlds. This also implies an active and concrete commitment to the societies in which we operate, and to the preservation and future of the planet as a whole.

Responsible leadership

2020 saw the presentation of a new corporate identity, which we went on to implement, develop and consolidate throughout 2021. This identity sets out our commitment to comprehensive protection and our intention to remain a pioneering and groundbreaking company open to continuous innovation.

Our new corporate purpose was defined as follows: 'To make the world a safer place by taking care of people and companies, staying at the forefront of innovation'. This declaration of intent formed the groundwork for establishing what have now become our fundamental corporate principles:



1. People matter to us

We protect society through foresight, prevention and collaboration.



2. We think positive

Building on our business experience, we remain committed to a continuous learning process that allows us to learn from our mistakes and to face crises by strengthening the confidence of our teams.



3. We are unstoppable

A concise way to underline our determination to continue growing and improving, with a vision that drives us forwards to contribute to a better future and the continuous application of technological progress in our day-to-day lives.

Sustainability is a key value

In line with the evolution of our corporate culture, last spring saw the adoption of a Sustainability Master Plan approved by our Board of Directors. It outlines the guiding principles that shape the company's commitment to the environment.

The document is based on an unwavering commitment to the 17 Sustainable Development Goals (SDGs) launched in 2015 by the United Nations, which have become an integral part of Prosegur's business strategy and governance system. The development of this programme is supervised by a newly created Sustainability Committee, led by the Group's Management Committee.

Independent recognition

This process of continuous improvement of our global ethical perspective and the responsibility and sustainability of our business model yielded tangible results over the last year.

For example, in January 2021, the annual report of the independent evaluation company MERCO certified that Prosegur had become one of the one hundred most responsible companies with the best corporate governance in Spain. Months later, in November, Prosegur and Prosegur Cash received a further accolade when they became the first companies to be awarded the AENOR Good Corporate Governance certification.

Ethical commitments and new partnerships

In addition to this independent recognition for responsibility and excellence in business practices, 2021 also saw Prosegur undertaking noteworthy major ethical commitments.

In February, both the parent company and Prosegur Cash signed up to the environmental Climate Pledge initiative. On 21 April, we announced a comprehensive decarbonisation and emissions offsetting plan, which, among other initiatives, includes an ambitious waste management project in Rio de Janeiro (Brazil).

Further specific environmental initiatives undertaken in recent months include progress in the hybridisation and electrification of the company's vehicle fleet and the use of exclusively renewable energy sources in Spain. Finally, on 25 October, Prosegur announced that it had reached an agreement to become a member of Forética, a benchmark organisation in the field of sustainability and corporate social responsibility in Spain.

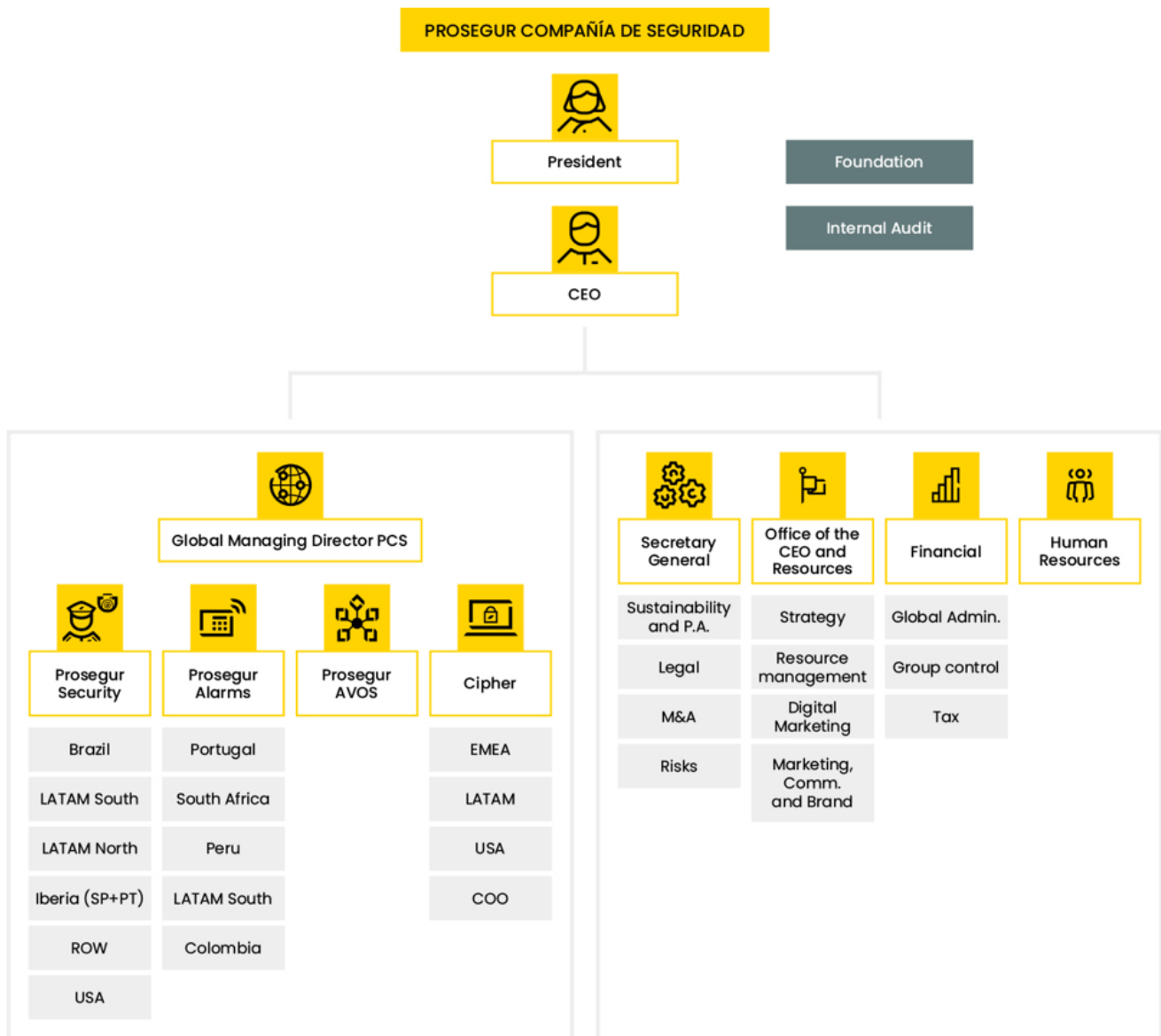
1.3. Organisational structure and governance

Our organisational structure of Prosegur is designed to improve business processes and add value to our clients. Its flexibility allows for a permanent adaptation to an ever-changing environment and the evolution of Prosegur as a business group. It also allows the growth of the Company and provides broad autonomy to the business of Prosegur Security, Cipher, Prosegur Alarms, Prosegur AVOS and Prosegur Cash , since each one has different dynamics and, therefore, different needs. This way, we ensure the best service to its clients, wherever it operates.

Business is the backbone of the organisation and is represented in the Global General Management and in the General Business Management Areas which are responsible for the design of solutions for clients and cover the main business lines.

The corporate functions are supervised by the Global Support Divisions which cover the General Secretariat, the Managing Director's Office and Resources, Financial and Personnel Management.

The organisation of Prosegur is shown in the table below:



Governance of Prosegur

The Shareholders General Meeting is the principal body representing the share capital of Prosegur, and exercises the functions granted by law and the Articles of Association. In 2021, the Annual General Meeting was held on 3June, and dealt, amongst other issues, with the approval of the Company’s Annual Accounts, approval of the Statement of Non-financial Information, approval of the proposal for the allocation of profit/(loss) for 2020, approval of the management of the Board of Directors during 2020, re-election of Directors, approval of the capital decrease and the director remuneration policy.

The representation power of the Parent Company of the Group pertains to the Board of Directors acting collectively and by majority decision. The Board has broad powers to manage the activities of the companies, with the sole exception of matters under the jurisdiction of the Shareholders General Meeting or which are not included in the Prosegur corporate purpose.

The delegated committees of the Board of Directors are the Audit Committee and the Committee for Sustainability, Corporate Governance, Appointments and Remuneration. Each one has its own responsibilities.

The responsibilities of the Audit Committee, composed 66.6% by independent directors, include, among others: proposing the appointment of the auditor; reviewing the Prosegur accounts; ensuring compliance with legal requirements and the application of generally accepted accounting principles.

For its part, the duty of the Sustainability, Corporate Governance, Appointments and Remuneration Committee is to establish and study the criteria and programmes for the composition and remuneration of the Board of Directors, and of the members of the Company management team. But these are not its only functions. It is also responsible for providing information, consultancy and proposals in areas relating to environmental, social and corporate governance. And, of course, in meeting the company's commitments to achieving the United Nations Sustainable Development Goals (SDGs).

Corporate Governance lies at the heart of Prosegur. This explains the existence of other programmes that underpin the company's responsibility and good practice. For example, the Regulatory Compliance Programme. A system that serves to enhance the functioning of the company. In practice, it is a series of procedures, best practice manuals and training activities, together with a continuous process of critical evaluation that enables an immediate response to issues such as the prevention of money laundering, defence of competition, unfair competition and combating corruption. It complements and implements the Prosegur Code of Ethics and Conduct.

In order to meet all these commitments, a series of standardised procedures have been implemented in each of the aforementioned corporate policies, along with the implementation of collegiate, internal, permanent and multidisciplinary supervision and control bodies, such as the Risk and Regulatory Compliance Committees, which are responsible for ensuring the effective implementation and promotion of the company's best practices, policies and commitments.

In October 2021, Prosegur was the first Spanish company to obtain the AENOR Good Corporate Governance Certification with the highest possible rating: G++. This achievement is recognition of the company's efforts to ensure responsible and transparent stakeholder relations and corporate governance protocols.

Annual Corporate Governance Report

The Annual Corporate Governance Report of Prosegur for 2021 forms part of the Directors' Report and is presented as a separate document in its correspondent format. It is therefore available on the CNMV and the Prosegur websites from the date of publication of the Annual Accounts.

Prosegur complies with 61 of the 64 recommendations of the Unified Code of Good Governance of Listed Companies, and partially carries out the remaining three.

Directors' Remuneration Report

The Prosegur Annual Report on Director Remuneration for 2021 forms part of the Directors' Report and is presented in a separate document in its correspondent format. It is therefore available on the CNMV and the Prosegur websites from the date of publication of the Annual Accounts.

1.4. Strategic performance

At Prosegur, we believe that the surest steps are taken by those that adhere to a flexible but well-defined roadmap. For this reason, last spring we presented our Strategic Plan for 2021-2023, a series of key lines of action aimed at consolidating and expanding the global leadership of our company in the private security market. A springboard for changing the world.

Perform & Transform are the two key concepts driving the company's commitment to the immediate future:

1. **Perform** because we want to continuously improve the way we do things. We strive to achieve continuous improvement of processes, the generation of operational efficiencies and the requisite flexibility to operate in the post-pandemic context. We set measurable goals and demand specific results in the short and medium term.
2. **Transform** because essential focus on immediate performance needs to be compatible with a medium and long-term vision that requires us to adapt to change and offer new responses to the various challenges raised by our clients. In short, it means innovation, optimisation and continuous growth.

Perform, an operational principle

'Perform' reflects our insistence on a job well done, our determination to retain and enhance the qualities that have enabled us to maintain our level of excellence for decades. Almost two years of pandemic have demonstrated just how resilient and solid our company really is. For the immediate future, continuous growth means reinforcing these strengths and focusing on three priority lines of action:

- ▶ Flexible adaptation of our traditional business model to the new reality arising from the healthcare crisis, with its expected impact on business volumes and margins.
- ▶ Increased efficiency by optimising the cost of our operations and focusing on profitability.
- ▶ Improved cash flow by optimising the management of our investments and seeking out new sources of financing.

Transform, adapting to changes

'Transform' means building the future by providing our company with a solid technological and innovation structure that consolidates our leadership in the sector. This process is based on four closely connected pillars:

- ▶ The transformation of our practices and business model must be based on solid technological foundations.
- ▶ Starting from technology, we create and underpin a new operating model.
- ▶ The result is an innovation model aimed at improving current services and the creation of new proposals.
- ▶ Finally, these transformations must be translated into a far-reaching corporate culture of innovation and technological excellence, permeating our entire structure, and reflected in all our day-to-day activities and our relationships with clients.

1.4.1 Creativity as lever for growth

On a purely quantitative level, we expect annual revenue growth in the range of 5% to 6% in our business sector. Against this background, we expect to reach a Group-wide turnover of between EUR 6,200 million and EUR 6,700 million by 2030.

Before then, we expect that further consolidation of our business plan will enable us to exceed our pre-crisis EBITA profitability in 2023, and our debt to return to its historical level of leverage as soon as the situation stabilises. The achievement of this set of objectives requires increasing diversification of sales, both geographically and by business unit.

In terms of quality, our roadmap focuses on the deployment of an increasingly comprehensive and refined technology infrastructure that will underpin our operations and make the company more profitable and better able to offer differentiated solutions to our clients. Essentially, we are working to develop the solutions and services that will be the key to our future.

1.4.2 Firmness in directives, flexibility in teams

Of course, this new strategic design also involves a far-reaching internal reorganisation, which was approved by the Board of Directors last July. This new organisation will enable us to consolidate our digital and technological transformation initiatives, and to accelerate growth in Prosegur Security, Prosegur Alarms, Prosegur AVOS and Cipher. We will therefore continue to foster the development of new technology-based products and solutions to diversify our revenue sources in the coming years.

At the same time, we seek to generate a dynamic of standardisation and continuous improvement of processes that will drive efficiencies and promote greater flexibility to operate in the current context. For its part, Prosegur Cash will also benefit from this new organisational model, which will allow it to accelerate its transformation projects and increase the penetration of its new solutions, as defined in our Strategic Plan.

1.4.3 A world of opportunities

All these measures have been adopted with a view to further propelling Prosegur's business along the same guiding path of efficiency, flexibility and operational scalability. In 2023, we forecast that our new products will already account for 35% of our total income and will have surpassed the turnover of traditional products by 2030.

In terms of geographic distribution of sales, the USA is the market where the most significant upward trend is expected. The United States currently accounts for 4% of Prosegur's revenue, but it is estimated that this figure could reach 12% by the end of 2030.

We also value very positively our capacity to continue adding inorganic growth. In the period covered by the Strategic Plan, we expect to complete operations that will add around EUR 300 million to turnover.

1.4.4 The business units set out the strategy

Each of our business units has designed specific growth strategies, based on the Perform & Transform principles

- ▶ The promising outlook for Prosegur Security is largely explained by the efficiency and high added value of our services based on Security Operations Centres (SOC). These integral security and remote video-surveillance centres provide optimal provision for the needs of a widening range of clients and are a perfect example of the transformative impact of technology on our business models. Also noteworthy is the increasing demand for our Business Continuity services and the high-value services offered by Global Risk Advisory. At the same time, our organic and inorganic expansion in the USA will enable us to consolidate our position in a highly profitable market with excellent opportunities for growth.
- ▶ As regards Cipher, the cybersecurity unit has recorded very strong growth rates in the last financial year and expects further consolidation by following a flexible strategy of commercial synergies with the Security unit.
- ▶ Prosegur Alarms has achieved further consolidation and growth through a network of partnerships, with the Spanish market as its testing ground. It continues to build on its reputation as an innovative and dynamic business unit, with the development of new smart alarm services made possible by the development of its own algorithm for video analysis, the DIY surveillance product line, and the Prosegur Hawk Eye system.
- ▶ We also expect excellent results from Prosegur AVOS, due to the development of its front office and back-office solutions, and the Prosegur AVOS Tech line. All of which are designed to support the most dynamic and innovative companies in their digital transformation processes.
- ▶ Prosegur Cash remains highly focused on its transformation projects, which are progressively gaining importance in the company's activity. In 2022, we expect further consolidation of initiatives such as Crypto and Cash Today, as well as our correspondent banking services and our ATM network.

1.5. Innovation and Digital Transformation

At Prosegur, we believe in the transformative power of technology. Ours is a company focused on the accelerated and systematic transformation of its entire corporate structure, business lines, processes, equipment, products and services. And achieving this goal necessarily entails a far-reaching and simultaneous cultural transformation. Our aim is to respond to a rapidly changing world with equally rapid progress. We cannot afford to be late for our appointment with the future.

Our company is investing heavily in the development of disruptive technologies. We consider this an area of utmost importance and are determined to spare no resources in achieving this objective. Hence the importance of the fact that the EIB (European Investment Bank) has granted us a loan of EUR 57.5 million to finance innovation, digitisation and sustainability projects up to 2023. This not only represents a substantial financial boost, but also a symbolic endorsement of the confidence shown in our transformation plan by a leading financial institution.

The projects that will receive this financial backing are part of the Innovation and Digital Transformation Plan, which aims to optimise flexibility, processes and operational efficiency. They also focus on energy efficiency and emissions reduction to meet our Sustainability Master Plan.

1.5.1 Thus do we innovate

Private security is currently at an exciting technological crossroads. The major advances introduced in the sector in recent years have created a scenario in which a radical transformation of our business is both possible and necessary. We cannot afford to wait.

For this reason, in the last financial year we have focused on exponentially strengthening our capacity for innovation, while designing a working methodology focused on the development of new products and services. This methodology is built on three basic pillars:

- ▶ Desirability (generating desire).
- ▶ Feasibility (we ensure it is viable).
- ▶ Scalability (we try to make it scalable).

In practice, this involves listening to clients, identifying their problems and understanding their expectations and necessities. Only through this process of active listening and thorough understanding can we launch products that respond to the real demands of the market. Of course, the product is confirmed with the client and if the result is satisfactory, an action plan is designed that can be implemented on a massive scale.

This new model has served not only to bring potentially transformative ideas to reality, but also as a response to the difficulties imposed by the pandemic on face-to-face working models. Despite the impact of the health crisis, we can say that innovation has continued to grow at Prosegur over the past year in both qualitative and quantitative terms.

Innovation is allowing us to develop new proposals that add value to our clients and makes us stand out from our competitors. Properly protecting this knowledge forms an intrinsic part of the innovation processes.

With this in mind, Prosegur has a Corporate Policy as a cornerstone of its Intellectual and Industrial Property. The Intellectual Property Committee is responsible for supervising this Corporate Policy and makes decisions on management and marketing strategy. The Committee is made up of representatives of the Innovation Division; the Global Strategy and Development Division; the Global Media Management Division; the Global Human Resources Management Division; the Tax Division; the Global Institutional Relations Division; the Marketing Division, and the Legal Division.

1.5.1.1 Emblematic projects

During 2021 we have been working on developing and putting into practice more than 30 world-wide applied technological innovation projects. This entails a certified total investment of EUR 26.6 million.

The basis of all these projects has been our specific knowledge of the security sector, the creativity and technological skills of our equipment and the use of the data available to us. These combined qualities enable us to build a unique proposal for solutions. Alone, in close collaboration with start-ups or in the framework of corporate partnerships, we have become specialists in technological fields such as Artificial Intelligence (AI), Data Science, Internet of Things or blockchain.

Some of the main initiatives resulting from this effort are described below.

An intelligent, evolutionary platform

The new, continuously evolving intelligent GENZAI platform that Prosegur presented in 2020, has been recognised by the Spanish magazine Actualidad Económica as one of the hundred best ideas in 2021. This is an advanced image and video processing tool that makes it possible to implement the Security, Safety and Business Continuity activities.

The platform brings together detection, monitoring and analysis technology based on Big Data, AI and IoT to contribute to the creation of secure environments. As a result, it is possible to have centralised, speedy and efficient coordination and management of the cameras, sensors and other devices used in the space that is to be protected.

The tool is versatile and scalable, it can be adapted to the specific needs of each client and it is used both for surveillance and protection of public spaces and work environments (GENZAI-Security) and in private homes (GENZAI-Home).

A qualitative leap in the safekeeping of digital files

Our new Prosegur Crypto service, inaugurated at the end of 2020, has consolidated a comprehensive, groundbreaking model for digital asset custody which combines our infrastructures and protocols for physical security with the latest cybersecurity and cryptography technologies.

This initiative is intended to provide a response to the growing frequency and virulence of cyberattacks that focus on cryptocurrencies, a problem that is far more pressing in these times of accelerated digitalisation. It consists of offering institutions, financing institutions, funds, managers or businesses an impregnable space both on a physical and digital level, for protecting management passwords, systems or processes. There our clients can store cryptocurrencies or any other digital assets to be able to manage them safely using a mobile application.

Its private passwords are stored in that physical infrastructure without being connected to the internet and the assets are protected with military standard cryptographic layers and logical security. Blockchain transactions are also performed without direct internet connection to maximise shielding against any cyberattack.

This literally involves a bunker located in one of the 550 Prosegur strong-rooms around the world, with armoured entrance doors, CCTV, biometric access systems, rooms with insulation monitors and custody by armed guards. It is isolated from any external communication exterior using firewalls with specific settings and the cybersecurity systems have over a hundred protection measures in six integrated layers that prevent any possibility of a physical or cyber attack.

Intelligent alarms

In the home security field, we have created the first alarm on the market that used artificial intelligence for both residential clients and companies. This capacity enables it to analyse the habits of each individual user, learn patterns and on the basis of these, to improve the protection against oversights and carelessness. Spain has been the first market in which this new feature has been launched, and will be extended to the rest of the markets in which our alarm business unit operates.

For example, if a user does not programme the alarm at a certain time and day when they usually do so, they will receive a suggestion from the system for them to consider the possibility of doing so. In fact, the features of the service and the development of the algorithms are also fed with information on the users and their proposals.

Safe surfing at home

As part of our agreement with Telefónica, the joint venture Movistar Prosegur Alarmas has also launched a service, called Digital Security, which protects surfing using the home WiFi system from threats such as malware or fraud. The fact of these becoming more frequent is explained by the increase in digital activity in homes and a level of protection which is generally less thorough than in the corporate environment. Digital Security has been designed precisely to eliminate that vulnerability and prevent it from being exploited by cybercrime.

It is a service developed by our company and conceived for users of Movistar WiFi networks, it requires no installation and both access and management are centralised in a mobile app. It also protects mobile phones, tablets and PCs, even if they use networks other than Movistar. In that case, it includes five free antivirus licences for protecting personal data. From the App the user can control the security system. It displays the devices connected to the Wi-Fi network both from inside and outside the home and makes it possible to disconnect any which are considered to be intruders and, in the case of a threat, they are automatically blocked to avoid risks and safeguard the users' privacy.

1.5.1.2 Initiatives for collaboration and open innovation

Canvassing and cooperation with start-ups

Within the framework of firmly counting on collaborative solutions, in 2020 Prosegur launched the first edition of COME IN, its Open Innovation program, which is a groundbreaking initiative in our sector seeking to respond to future security challenges. With this, our company wants to open its doors, on a worldwide basis, to the talent and creativity of any company offering innovative and transformative solutions in the field of security.

In the two editions held so far, more than 550 proposals have been presented. Prosegur already works with fifteen or so of the finalist start-ups, from countries such as Spain, South Korea, Finland and the United Kingdom. Some of them, such as Luminance, Veridas or Thinger.io, are already part of our business ecosystem.

Prosegur Tech Ventures

As a complement to this open innovation program, Prosegur is the only private security company to have a corporate venture capital (CVC) fund, known as Prosegur Tech Ventures. Funded with EUR 30 million, this project contributes to the financing of new external development trends and technologies which could have a disruptive impact on our sector.

Other initiatives

Innovative talent is also present within our organisation and we have set ourselves the goal of bringing it to the surface. With this goal in mind, in 2021 we launched the first edition of our global ideation program: The Best Rocket. The innovation team, in cooperation with the various business areas, set a series of challenges to respond to the needs of each division. By way of an online platform, all employees had the opportunity to propose, comment on and build upon the proposals of their colleagues in order to construct the Prosegur of the future. The results went far beyond all of our expectations. We received 1,135 ideas, more than 7,000 employees from 21 countries have participated at one time or another in the process and, in total we registered more than 40,000 interactions with the ideas presented.

The 5 projects which were elected, one for each business department, have gone through to the second phase: the global intrapreneurship program. With The Explorer Rocket our aim is to convert the selected proposals into solutions in order to include them in our portfolio of services. To this end, we have put together five teams, in which 27 professionals have worked for six months to create a prototype. Each team received training and guidance from academic experts and from our managers, and they have been able to count on the support of the business units and the Innovation team. During the Innovation workshops, the participants presented their solutions to the committee of experts, who then selected the winners.

Prosegur has an internal Observatory of technological innovation where highly qualified professionals closely observe the changes and trends that are taking place, and work to identify new opportunities for each of our lines of business.

In the field of higher education, we cooperate actively with the Connected Industry Department at the Escuela Técnica Superior de Tecnología (ICAI) at the Comillas Pontificia University in Madrid, where we are developing various courses of action. These include the organisation of hackathons and the development of projects with students and researchers from the Prosegur Chair.

Finally, being part of the Industrial Liaison programme of the prestigious Massachusetts Institute of Technology (MIT) gives us a broad perspective of the latest technological trends, offers us high quality training programs and allows us to make contact with the start-ups emerging from this academic environment, which is so rich and conducive to innovation. We have also signed up, as a cooperating partner, to MIDE (Madrid innovation Driven Ecosystem), an initiative aimed at developing the entrepreneurship and innovation ecosystem in the Madrid region with a global perspective.

1.5.2 This is how we transform

At Prosegur, we have a digital transformation plan for all of our activities, which we have named the Global Optimum program. In addition to specific initiatives of varying scope, the programme pursues a series of objectives from which we hope to derive future opportunities and levers for growth:

- ▶ Bringing continuity to our technological development, thus reducing the risk of obsolescence of our IT systems.
- ▶ Automating and optimising the monitoring and control of our activities and permitting a homogeneous comparison of business in all the territories where we operate.
- ▶ Improving client experience of interaction with Prosegur in order to raise levels of satisfaction with our services.
- ▶ Streamlining our financial management and control of such crucial aspects such as OPEX, CAPEX, working capital and revenue guarantees.

Implementation of this plan is being carried out country by country: we began in Portugal in 2021 and by 2023 we will have extended it to a number of countries which will together represent two thirds of our global income.

Technological solutions in alliance with Microsoft

During 2021, our company and the technology multi-national reached a strategic collaboration agreement. The alliance accelerates the digitalisation programs we have been developing at Prosegur since 2018 in order to optimise operations and boost flexibility, connectivity and process automation. Such close cooperation is making it possible for us to strengthen our security and cybersecurity, to coordinate them optimally with physical surveillance capacities and to generate the foundation for a new intellectual property which it is hoped will increase our differential value.

It also strengthens the physical security services which we provide to Microsoft and consolidates one of the pillars of our digital evolution: the cultural transformation of our whole workforce by way of new technological skills training programs. For example, in artificial intelligence systems.

Centralised management on a new platform

As a result of the new international expansion policy of our company, over the years we had created an extremely heterogeneous and broadly distributed server infrastructure. In 2021, we took the step to combine the administration of all of these environments from a single control panel as a result of the Microsoft Azure Arc platform. This has meant significant savings in time, effort and costs and has also, at the same time strengthened the security and scalability of our administration system.

Prosegur currently has a collection of 3,500 Windows and 1,500 Linux servers distributed over the 26 countries where we operate, with particular concentrations in Germany, Argentina, Australia, Brazil, Spain and the United States and we also execute workloads on Google Cloud, Amazon Web Services and Microsoft Azure. To date, we have already moved 1,500 of these servers over to the Microsoft software solution and it is foreseen that we will have transferred 95% of the total during the first quarter of 2022. As a result, we now enjoy a centralised administration system which is compatible with all of the tools we are using and which is perfect for reducing errors and saving time.

Business solutions integrated into the Cloud

Integration of our global structure using the Dynamics 365 for Sales platform is another innovation project we are sharing with Microsoft. Developed by the technological multi-national and complete with artificial intelligence, it allows us to share client service tools in all markets and identify the best of local practices in order to replicate them in other countries. It can be accessed from the public Cloud and projects a 360-degree view which avoids compartmentalisation of information, applications and processes.

As a result of its capacity to integrate systems and data sources, the tool broadens our strategic knowledge country by country. It helps us to give more personalised attention to each client and identify the commercial practices which perform best, take better advantage of business opportunities and unify all of the company's data in a single shared-access database.

In the same way, standardisation and automation of processes not only increase productivity, but also free up our employees from the more tedious tasks allowing them to concentrate on those which generate more value, such as improving business intelligence capacities.

Digital contract signing

Another of the novelties to come out of developing our transformation programme in 2021 is that more than 90 % of new contracts are signed digitally using a manager to unify them. This process improves transparency and eliminates any possible errors when processing manually, in addition to guaranteeing that no contracts are signed without the unit specialised in money laundering previously checking the client. It also strengthens the validation and approval processes between departments in order to guarantee compliance with regulations in operations with clients

2. Business performance and profit/(loss)

The Company has obtained positive results in 2021 of EUR 75.68 million derived from its income as a holding. The comparison with the results of the previous year are shown below:

(Millions of Euros)	2021	2020	Variation
Sales	87,986	253,889	(65.3) %
EBITDA	72,877	223,786	(67.4) %
<i>Margin</i>	83 %	88 %	
PPE depreciation and computer software	(681)	(686)	
EBITA	72,196	223,100	(67.6) %
<i>Margin</i>	82 %	88 %	
Amortisation of other intangible assets	(3,937)	(3,932)	
EBIT	68,259	219,168	(68.9) %
<i>Margin</i>	78 %	86 %	
Financial profit/(loss)	(318)	(113,217)	
Profit/(loss) before tax	67,941	105,951	(35.9) %
<i>Margin</i>	77 %	42 %	
Taxes	7,741	(21,213)	
<i>Tax rate</i>	-11 %	20 %	
Net result	75,682	84,738	(10.7) %

The most significant events reflected in the income statement of 2021 are the following:

	Thousands of Euros									
	National		Europe		AOA (*)		LatAm		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Dividend received:										
- Group companies and	68,095	235,303	—	—	—	—	119	—	68,214	235,303
Loan interest income	203	62	8	36	27	18	419	310	657	426
Provision of services:										
- General services	19,162	16,067	1,211	1,087	—	15	(1,258)	991	19,115	18,160
Total	87,460	251,432	1,219	1,123	27	33	(720)	1,301	87,986	253,889

(*) AOA: includes India, United States, Australia and Abu Dhabi in 2020, and India, United States.

2.1. Investment activity

The changes in the composition of the Prosegur Group during 2021 were mainly due to the following acquisitions:

- ▶ Cash business combinations in LatAm: In 2021, we have acquired a series of companies in LatAm devoted to payment and collection management. The total purchase price was EUR 59,102 thousand, comprising a cash consideration of EUR 24,267 thousand, a deferred contingent consideration amounting to a total of EUR 21,771 thousand, due in 2022, 2023 and 2024 and a deferred payment of EUR 13,064 thousand, due in 2022.
- ▶ Cash business combinations in LatAm: During 2021, we acquired a number of security companies in LatAm providing ancillary banking services and a number of assets related to services for the maintenance and repair of ATMs. The total purchase price was EUR 59,102 thousand, comprising a cash consideration of EUR 24,267 thousand, a deferred contingent consideration amounting to a total of EUR 21,771 thousand, due in 2022, 2023 and 2024 and a deferred payment of EUR 13,064 thousand, due in 2022.
- ▶ Security Business combinations in ROW: During 2021, in ROW we acquired a number of assets related to providing security services combining surveillance, electronics, patrol and research services. The total purchase price was EUR 3,571 thousand, comprising a cash payment of EUR 2,780 thousand, and a deferred contingent consideration totalling EUR 791 thousand maturing in 2022, 2023 and 2024.
- ▶ AVOS business combinations in LatAm: In 2021 we acquired a number of companies in Latin America providing business process outsourcing services to improve operational management through redesign, automation and digital transformation in our clients. The total purchase price was EUR 11,737 thousand, comprising a cash payment of EUR 2,324 thousand, and a deferred contingent consideration totalling EUR 9,414 thousand maturing in 2022, 2023 and 2024.

The following companies were incorporated or wound up in 2021:

- ▶ In January 2021, Garantıs Sumarmas, S.L. was wound up in Spain.
- ▶ In May 2021, Prosegur Alarm Hizmetleri Anonim Şirketi was wound up in Turkey.
- ▶ In November 2021, Evolium Group, S.L.U. was wound up in Spain.
- ▶ In August 2021, Dinero Gelt SAS was incorporated in Colombia.
- ▶ In September 2021 Prosegur Global Risk Services LLC was incorporated in the United States.
- ▶ In December 2021, Prosegur Exchange Pty Limited was incorporated in Australia.
- ▶ In December 2021, Roytronic S.A. was wound up in Uruguay.
- ▶ In December 2021, Coral Melody S.A. was wound up in Uruguay.

Furthermore, the following mergers took place between subsidiaries in 2021:

- ▶ In June 2021, the takeover merger of Servicios Auxiliares Petroleros, S.A., by Prosegur Gestión de Activos ARG, S.A., was formalised in Argentina, with effect on 1 January 2021.
- ▶ In August 2021, in Brazil the takeover merger of Segurpro Sistemas de Segurança Ltda. and Prosegur Administracao de Recebiveis Ltda. by Segurpro Tecnologia em Sistemas de
- ▶ In December 2021, the takeover merger of Compliofficer S.L.U and Work 4 Data Lab S.L.U., was formalised by Risk Management Solutions S.L.U, with effect on 1 January

Sale of 100% of Prosegur Soluciones S.A. to Movistar Prosegur Alarmas S.L.

On 30 July 2021 Prosegur sold 100% of the company Prosegur Soluciones S.A. to Movistar Prosegur Alarmas España, a company in which Prosegur has a 50% holding. Prosegur Soluciones S.A. is mainly engaged in marketing the services of Movistar Prosegur Alarmas España and managing the closing of the corresponding contract with end clients of Movistar Prosegur Alarmas España on behalf of the latter, through the Door to Door channel under the marketing contract signed between both parties.

The total purchase price was set at EUR 19,510 thousand and was calculated as the sum of the amount of commissions due and not paid under the marketing contract signed between them up until 31 July 2021 plus the amount of the fees due and not paid under the Call Center service contract up until 31 July 2021 plus/minus the net financial debt as at 31 July 2021 less 50% of the value of the Items Payable of Prosegur Soluciones S.A. at 31 July 2021

Purchase of Dinero Gelt México SA de C.V. and Costumbres del Sur, S.A.

In April 2021, the inactive Mexican company Dinero Gelt Mexico S.A. de CV. was purchased, and in October 2021 the inactive company Costumbres del Sur S.A. was acquired in Uruguay.

2.2. Investments

All of the Company's investments are analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 600 thousand are submitted to the Executive Committee for approval.

Amortisation and depreciation charges totalled EUR 4,618 thousand in 2021 (2020: EUR 4,618 thousand). Property, plant and equipment accounts for EUR 681 thousand (2020: EUR 683 thousand) and intangible fixed assets EUR 3,937 thousand (2020: EUR 3,935 thousand).

EUR 20 thousand was invested in property, plant and equipment in 2021 (2020: EUR 33 thousand). Investments were not made in intangible assets during 2021 (2020: EUR 301 thousand).

2.3. Personnel

The workforce of the company at the end of 2021 was of 40 employees. At the close of 2020, the workforce of the company was 35 employees.

2.4. Environmental issues

At the end of 2021, the Company has no environment-related contingencies, legal claims or income and expenses relating to the environment.

3. Liquidity and capital resources

3.1. Liquidity

Prosegur keeps a reasonable level of liquid reserves and a great financing capacity available to ensure flexibility and rapidity in meeting the requirements of working capital, of investing capital or inorganic growth.

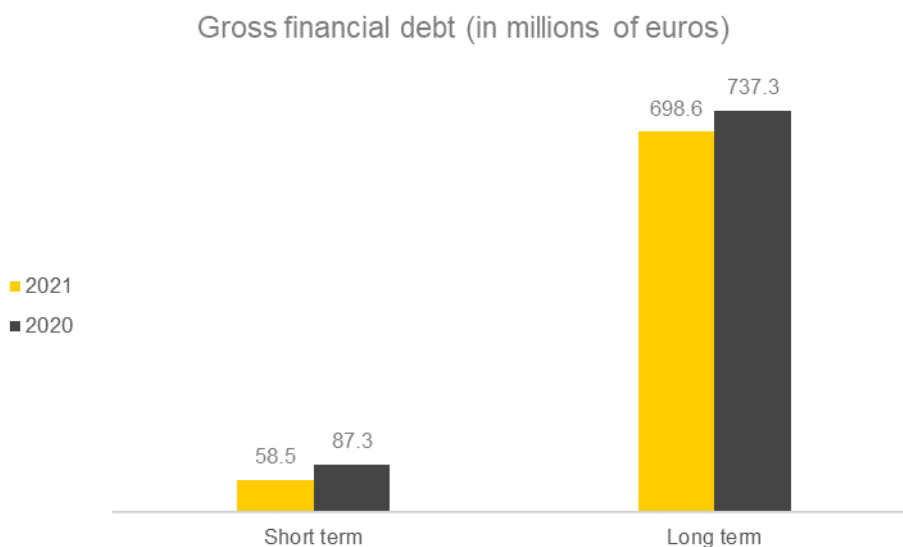
3.2. Capital resources

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

- ▶ On 8 February 2018, an issue of uncovered bonds with a nominal value of EUR 700 million, maturing on 8 February 2023, has been made. The bonds are traded on the secondary market, on the Irish Stock Exchange. They accrue an annual coupon of 1.00% payable at the end of each year.
- ▶ On 17 February 2017, Prosegur arranged a five-year syndicated credit financing facility of EUR 200 million maturing in 2025 to provide the company with long-term liquidity. At 31 December 2021 the company had not drawn down any of the syndicated loan.

Long-term gross financial debt totals EUR 698.6 million in 2021 (2020: EUR 737.3 million).

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



In 2021 financial debt had an average cost of 0.96% (0.91% in 2020).

3.3. Analysis of contractual obligations and off balance sheet obligations

Note 18 of the Annual Accounts included the amounts of future minimum payments arising from operating lease contracts by maturity tranches.

4. Risk management

The Prosegur Group is a complex, diversified organisation operating in four continents, and as such it is exposed to numerous risk factors associated with the nature of each of those markets, including financial risks. Note 3 of the Consolidated Directors' Report includes a more detailed breakdown of the Group's risk management.

Financial risk management is handled by the Financial Department with the back-up of other company departments. These financial risks can be broken down into the following specific categories:

- ▶ **Interest rate risk.** Related to monetary assets and liabilities on the company's balance sheet. To monitor them we carry out a dynamic analysis of our exposure to fluctuating rates and simulation of different scenarios which take into consideration refinancing, the renewal of current positions at any given time, alternative financing and hedging. On the basis of these scenarios, we calculate the effect that a specific variation of the interest rate could have on profits/(losses). The different simulations use the same variation in the interest rate for all currencies and they are only performed on liabilities that represent the most significant positions subject to variable interest. In 2021 the Group's financial liabilities at floating interest rates are mainly denominated in Euros and Australian Dollars.
- ▶ **Exchange rate risk.** The natural coverage made by Prosegur is based on the capital expenditure required in the industry, which varies by business area, is in line with the operating cash flow and it is possible to time the investments in each country based on operating requirements. In 2021, we held debts in the currencies of our main countries to minimise the exchange rate risk. Most of the Group's borrowing is held in Euros (88%), Argentine Pesos (3%), Australian Dollars (2%) and Brazilian Reals (2%); the rest (5%) is distributed among the currencies of the countries where we operate. Note 24 of the Consolidated Annual Accounts reflects the value of financial liabilities by currency. And Note 32.1 sets forth relevant information—which affects assets and liabilities—on the exposure to the exchange rate through the prices of the main currencies.
- ▶ **Credit related risk.** To manage and control this type of risk, our Credit and Collection Departments in each country assess client risk on the basis of basic contracting information, they establish credit limits and payment terms registered in the Prosegur management systems which are regularly updated, they perform monthly monitoring of clients' credit standing and make any necessary valuation allowances based on clearly established policies. Note 32.1 of the Consolidated Annual Accounts shows tables of representativity of the main clients over the overall turnover of the Company.

As for financial investments and other operations, these are carried out with defined rating entities and financial transaction framework agreements are entered into (CMOF or ISDA). The counterparty risk limits are clearly defined in the corporate policies of the Financial Department and updated credit limits and levels are periodically published.

5. Average payment period to suppliers

The average payment period to suppliers in 2021 was 60 days (2020: 82 days).

6. Important circumstances after the reporting period

No subsequent events have taken place following the close of financial year 2021 that might suppose any significant change to the presentation of the Annual Accounts.

7. Acquisition and disposal of own shares

At 31 December 2021, the Company holds 44,726,830 shares in Treasury stock (2020: 38,765,674 shares), with an amount estimated at EUR 29.4 million (2020: EUR 14.5 million).

8. Alternative Performance Measures

In order to comply with ESMA Guidelines on APMs, Prosegur presents this additional information to enhance the comparability, reliability and understanding of its financial reporting. The company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the Company's performance. Prosegur provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.

APM	Definition and calculation	Purpose
CAPEX	Capex (Capital Expenditure) is the expense that a company incurs in capital goods and that creates benefits for the company, whether through the acquisition of new fixed assets or by means of an increase in the value of fixed assets already in existence. CAPEX includes additions of property, plant and equipment as well as additions of computer software of the intangible assets.	CAPEX is an important indicator of the life cycle of a company at any given time. When the company grows rapidly, the CAPEX will be greater than fixed asset depreciations, which means that the value of the capital goods is increasing rapidly. On the other hand, when the CAPEX is similar to the depreciations or even less, it is a clear sign that the company is decapitalising and may be a symptom of its clear decline.
EBIT margin	The EBIT margin is calculated by dividing the operating profit/(loss) of the company by the total figure of revenue.	The EBIT margin provides the profitability obtained of the total revenue accrued.
Net Financial Debt	The Company calculates financial debt as the sum of the current and non-current financial liabilities (including other payables corresponding to deferred M&A payments and financial liabilities with Group companies) minus cash and cash equivalents, minus current investments in group companies and minus other current financial assets.	The net debt provides the gross debt less cash in absolute terms of a company.

APM	Definition and calculation	Purpose
EBITA	EBITDA is calculated on the basis of the profit/(loss) for the period without including the profit/(loss) after taxes from discontinued operations, taxes on earnings, financial income or costs, or depreciations of Goodwill or the amortisation of intangible assets but including the depreciation of computer software.	The EBITA provides an analysis of earnings before taxes, tax burden and amortisation of intangible assets.
EBITDA	EBITDA is calculated on the basis of the profit/(loss) for the period for a company, excluding earnings after taxes from discontinued operations, income taxes, financial income or costs, and amortisation expenses or depreciation on goodwill.	The purpose of the EBITDA is to obtain a fair view of what the company is earning or losing in the business itself. The EBITDA excludes variables not related to cash that may vary significantly from one company to another depending upon the accounting policies applied. Amortisation is a non-monetary variable and thereof of limited interest for investors.

The reconciliation of Alternative Performance Measures is as follows:

CAPEX (in thousands of Euros)	31/12/2021	31/12/2020
Other installations and furniture	2	27
Other property, plant and equipment	18	6
Additions of property, plant and equipment	20	33
Additions of computer software	—	—
Total CAPEX	20	33
EBIT margin (in thousands of Euros)	31/12/2021	31/12/2020
EBIT	68,259	219,168
Revenue	87,986	253,889
EBIT margin	78 %	86 %
Net financial debt (in thousands of Euros)	31/12/2021	31/12/2020
Financial liabilities (A)	838,644	910,404
Cash and cash equivalents (B)	(124,047)	(170,917)
Less: Other current financial assets (C)	(668)	(150,721)
Total Net Financial Debt (A+B+C)	713,929	588,766
Less: Other non-bank borrowings (D)	(81,569)	(85,827)
Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A payments (A+B+C+D))	632,360	502,939
EBITA (In thousands of Euros)	31/12/2021	31/12/2020
Profit/(loss) for the year	75,682	84,738
Income tax	(7,741)	21,213
Net financial expenses	318	113,217
PPE depreciation and computer software	3,937	3,932
EBITA	72,196	223,100
EBITDA (In thousands of euros)	31/12/2021	31/12/2020
Profit/(loss) for the year	75,682	84,738
Income tax	(7,741)	21,213
Net financial expenses	318	113,217
Total depreciation and amortisation	4,618	4,618
EBITDA	72,877	223,786

9. Other significant information

Stock market information

Prosegur focuses its efforts on the creation of value for its shareholders, increasing profits and transparency. The policy of relationship with shareholders and investors of our Company aims to establish a communication that is direct, personal and stable over time. Prosegur has a close relationship with its shareholders, private and institutional investors and with the main stock analysts, to whom it provides detailed information on a continuous basis.

Our company uses a variety of channels to comply with this commitment to transparency. By way of example, we would mention the quarterly webcast held to inform on the profit/(loss), the Investors' Newsletter or the publication of various information contents aimed at investors.

Communication has been a strategic priority for Prosegur in 2021. Despite the difficulty of travelling and holding meetings in person, the company has been in contact with the shareholders and investors in a manner very similar to that of previous years. The statistics tell the whole story. Not only has our activity moved to the virtual world, but meetings are also held online. In fact, we have been in contact with more than 190 investment funds and 22 analysis institutions, we have participated in 12 sector conferences and, to the extent that the health situation permitted, we have held an international roadshow.

In June, at Prosegur we held a Capital Markets Day. A whole day in which the Managing Director and the top executives (COO, CFO and the business Directors) made a virtual presentation to the market of the 21-23 Strategic Plan, the proposals for innovation and development for each business area and our ambitious digital transformation project. The event was attended by more than 80 representatives from investment funds and financial analysis firms from 20 different countries.

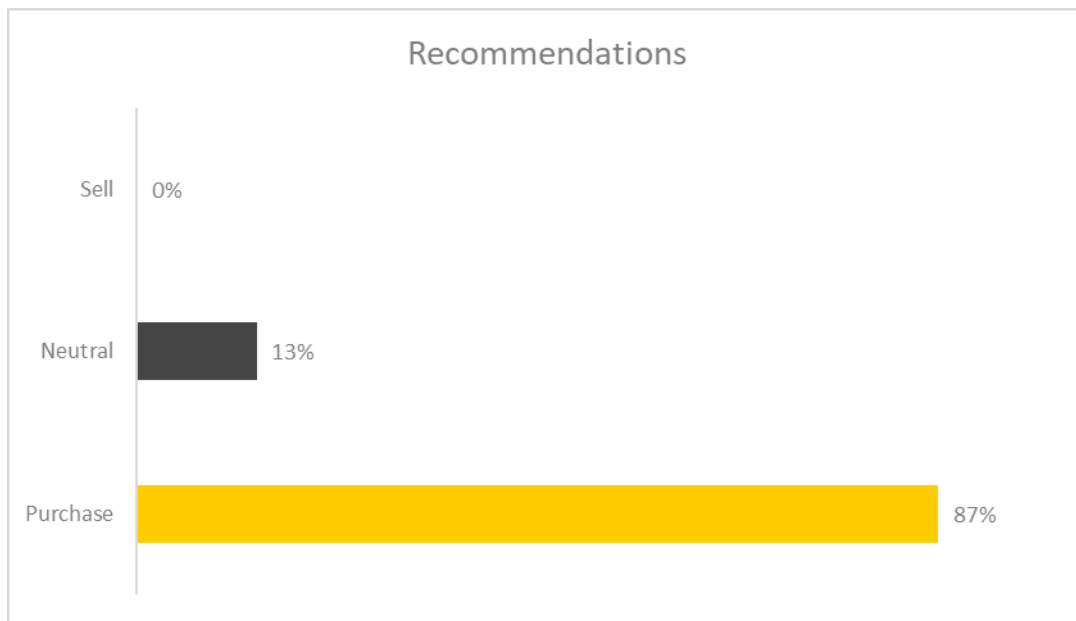
In the days following the event, the market recognised the value of Prosegur's proposal and this was reflected in an increase in the share price, which surpassed three Euros. The Capital Markets Day was judged very positively and the messages were well received by the investment community.

As far as environmental, social and good governance criteria are concerned, the company has responded this year to a large number of consultations and questions relating to its specific policies in these fields. These are not empty words. Nor is it greenwashing (a type of 'environmental whitewashing'). It is tangible. Prosegur Cash is among the main ESG ratings and pertains to the FTSE4Good IBEX index, which independently assesses and classifies the companies that best manage sustainability and meet standards of good practice and corporate social responsibility.

Analysts coverage

2021 has been a year of certain changes in the stock markets. There have been some variations in the coverage of the analysts who regularly inform the market about the company. The Mifid 2 European regulation greatly limited the possibility of entities to distribute funds without giving any type of investment advice. This has increased the cost of the sales process and has obliged distributors to search for products for their clients with lower commissions. The regulation has been a two-way street. Some agencies have been obliged to close or suspend cover. Others, however, started new covers in Prosegur.

At the close of the 2021 market, the balance is very positive: of the 15 analysis institutions which regularly cover Prosegur's activities, only two maintain a neutral recommendation (there were three in 2020). The other 13 recommend buying, the same number as in 2020. None of the experts recommends selling or gives a negative evaluation of our shares.



Prosegur’s shares started 2021 listed at EUR 2.46 per share, and at close, on 31 December at EUR 2.31 per share. Over the year, the share value of the company has fallen by 6.1%.

In the first half of the financial year, the share price maintained an eminently upwards trend despite the predominantly negative tendency of the stock markets, and stood at around EUR 2.8, reaching its maximum daily value after the Capital Markets Day (Investors’ Day) was held, when it reached EUR 3.05.

Despite this positive trend, after the end of July, a series of macroeconomic events occurred, which negatively affected the evolution of the share price. The principal European and world indexes underwent serious adjustments resulting from the anticipation of high inflation during the second half of the year, energy and fuel prices and – finally – the health alert brought about by the emergence of the COVID-19 Omicron variant.

The same as for the majority of shares on the market, the Prosegur share price displayed a negative reaction to these effects and fell back from the levels reach up to July, closing the year at a price of EUR 2.31 per share

Main shareholders

The shareholding structure of a Company reflects its strength and the soundness of its long-term corporate commitment and goes beyond specific junctures and opportunist strategies. At present, 65.77% of the Prosegur capital was in the hands of significant shareholders, 1.99% are own shares and the remaining (32.24%) are free float.

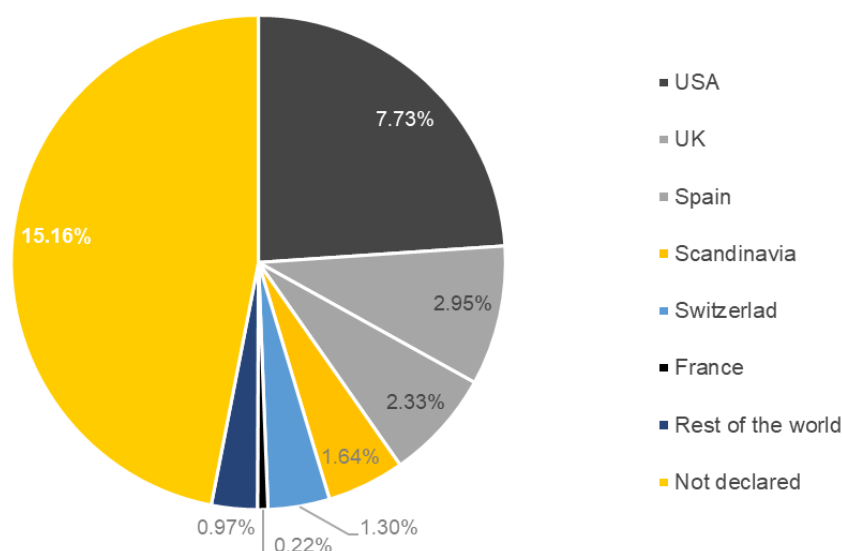
This distribution is evidence of the strong presence of the Board of Directors in the shareholder structure. This is a huge advantage as it enables the management bodies to define the strategic lines and take decisions with the interests of all its shareholders in mind. A strong, stable shareholder structure is a sound framework. As we have seen, Prosegur is largely composed of significant shareholders and institutional investors. The best travelling companions for our company to engage in its project and attain its objectives.

Estimated free float at 31 December 2021	32.24 %
Own shares	1.99 %
Ms Mirta María Giesso	6.36 %
Members of the Board of Directors	59.41 %

Geographical distribution of free float

Excluding the significant stakes corresponding to Gubel S.L. and AS Inversiones, representing 65.77% of the share capital, the remaining 32.30% (excluding treasury stock) of the Prosegur shareholding structure is geographically distributed as follows:

Shareholder distribution by geographies



At an international level and given its growth potential, Prosegur has always been well accepted among investors from different countries. There has been no significant change in the shareholdings in 2021 compared with 2020. Although the impact of certain investment funds has been noted. COVID-19 and the programme for purchase of treasury stock launched by Prosegur has meant that some of these institutions have protected their liquidity by selling their more profitable holdings. And also, in various cases, using the buy-back offer to transfer them to the Company.

An analysis of the geographical distribution of the shareholders reveals the strong presence of the United States and the United Kingdom, nations which have the principal financial markets and the greatest number of investment funds centred on the long term. Behind the British, come Scandinavia, Switzerland and Spain, these forming the lion's share of the European investors.

10. Statement of Non-financial Information

The Statement of Non-financial Information of Prosegur Compañía de Seguridad, S.A. is described in the Consolidated Directors' Report of Prosegur Compañía de Seguridad.

STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL REPORT OF 2021

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. hereby confirm that, to the best of our knowledge, the individual Annual Accounts of 2021, authorised for issue by the Board of Directors at the meeting held on 24 February 2022 and prepared in accordance with applicable accounting principles and the European Unique Electronic Format, present fairly the equity, financial position and profit/(loss) of Prosegur Compañía de Seguridad, S.A., and that the respective individual Directors' Reports provide a reliable analysis of the Company's performance and results and the position of Prosegur Compañía de Seguridad, S.A., together with the main risks and uncertainties facing the Company.

Madrid on 24 February 2022.

Ms Helena Irene Revoredo Delvecchio
President

Mr Isidro Fernández Barreiro
Vice-president

Mr Christian Gut Revoredo
Managing Director

Mr Fernando D'Ornellas Silva
Director

Ms Chantal Gut Revoredo
Director

Mr Ángel Durández Adeva
Director

Mr Fernando Vives Ruiz
Director

Mr Eugenio Ruiz-Gálvez Priego
Director

Mr. Rodrigo Zulueta Galilea
Consejero

DIRECTORS' RESPONSIBILITY OVER THE ANNUAL ACCOUNTS

The Annual Accounts of Prosegur Compañía de Seguridad, S.A. are the responsibility of the Directors of the Company and have been prepared in accordance with General Accounting Plan endorsed by Spain.

The Directors are responsible for the completeness and objectivity of the Annual Accounts, including the estimates and judgements included therein. They fulfil their responsibility mainly by establishing and maintaining accounting systems and other regulations, supporting them adequately using internal accounting controls. These controls have been designed to provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations and regulations laid down by Management and that accounting records are reliable for the purposes of drawing up the Annual Accounts. The automatic correction and control mechanisms are also a relevant part of the control environment, insofar as corrective action is taken when weaknesses are observed. Nevertheless, an effective internal control system, irrespective of how perfect its design may be, has inherent limitations, including the possibility of circumventing or invalidating controls, and can therefore provide only reasonable assurance in relation with preparation of the Annual Accounts and the protection of assets. However, the effectiveness of internal control systems may vary over time due to changing conditions.

The Company evaluated its internal control system at 31 December 2021. Based on this evaluation, the Directors believe that existing internal accounting controls provide reasonable assurance that the Company's assets are protected, that transactions are performed in accordance with the authorisations laid down by Management, and that the financial records are reliable for the purposes of drawing up the Annual Accounts.

Independent auditors are appointed by the shareholders at their Shareholders General Meeting to audit the Annual Accounts, in accordance with the technical standards governing the audit profession. Their report, with an unqualified opinion, is attached separately. Their audit and the work performed by the Company's internal services include a review of internal accounting controls and selective testing of the transactions. The Company's management teams hold regular meetings with the independent auditors and with the internal services in order to review matters pertaining to financial reporting, internal accounting controls and other relevant audit-related issues.

Ms Maite Rodríguez Sedano

Chief Financial Officer

