



**PROSEGUR**

# Condensed interim consolidated financial statements for the six-month period ended 30 June 2021

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

Prosegur Compañía de Seguridad, S.A. and Subsidiaries

## Table of contents

<b>I.</b>	<b>CONSOLIDATED INCOME STATEMENT – EXPENSE BY FUNCTION</b> .....	<b>4</b>
<b>II.</b>	<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>5</b>
<b>III.</b>	<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b> .....	<b>6</b>
<b>IV.</b>	<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> .....	<b>7</b>
<b>V.</b>	<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> .....	<b>9</b>
<b>VI.</b>	<b>EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS</b> .....	<b>10</b>
1.	General Information .....	10
2.	Basis for presentation, estimates made and accounting policies .....	11
3.	Changes to the Group's structure.....	12
4.	Events occurred since the end of 2020 .....	13
5.	Revenue .....	13
6.	Cost of sales and administration and sales expenses .....	14
7.	Employee benefits expenses .....	15
8.	Other income and expenses.....	15
9.	Net financial expenses.....	16
10.	Segment reporting .....	17
11.	Property, plant and equipment, goodwill and other intangible assets.....	20
11.1.	Property, Plant and Equipment .....	20
11.2.	Property investments.....	21
11.3.	Goodwill.....	21
11.4.	Rights of use.....	23
11.5.	Other intangible assets .....	25
12.	Non-current financial assets .....	26
13.	Investments accounted for using the equity method .....	27
	Joint arrangements.....	27
14.	Other financial assets .....	28
15.	Cash and cash equivalents.....	28
16.	Inventories .....	29
17.	Net Equity .....	29
17.1.	Share capital.....	29
17.2.	Share premium.....	30
17.3.	Own shares.....	30
17.4.	Cumulative translation difference .....	30
17.5.	Dividends .....	31
17.6.	Earnings per share .....	31
17.7.	Non-controlling interests and other changes .....	32
18.	Provisions .....	34

19.	<b>Financial liabilities .....</b>	<b>36</b>
20.	<b>Taxation.....</b>	<b>38</b>
21.	<b>Contingencies .....</b>	<b>40</b>
22.	<b>Business combinations .....</b>	<b>42</b>
22.1.	Goodwill added in 2021 .....	42
22.2.	Goodwill added in 2020 whose valuation is being reviewed in 2021 .....	43
22.3.	Goodwill added in 2020 not reviewed in 2021 .....	44
23.	<b>Related parties .....</b>	<b>46</b>
24.	<b>Average headcount .....</b>	<b>49</b>
25.	<b>Events after the reporting date .....</b>	<b>49</b>
	<b>APPENDIX I. – Summary of the main accounting policies</b>	<b>50</b>
	<b>Directors' report</b>	<b>51</b>

**I. CONSOLIDATED INCOME STATEMENT – EXPENSE BY FUNCTION**

(In thousands of Euros)	Note	Six-month period ending at 30 June	
		2021	2020
Revenue	5	1,637,427	1,845,042
Cost of sales	6, 7	(1,276,276)	(1,471,061)
<b>Gross Profit/(Loss)</b>		<b>361,151</b>	<b>373,981</b>
Other income	8	23,876	514,570
Administration and sales expenses	6, 7	(303,362)	(358,116)
Other expenses	8	(3,209)	(87,353)
Equity accounted for using the equity method	13	(142)	(640)
<b>Operating profit/(loss) (EBIT)</b>		<b>78,314</b>	<b>442,442</b>
Financial income	9	23,467	4,419
Financial expense	9	(27,280)	(50,668)
Net financial expenses		(3,813)	(46,249)
<b>Profit/(loss) before tax</b>		<b>74,501</b>	<b>396,193</b>
Income tax	20	(45,835)	(74,978)
<b>Post-tax profit of ongoing operations</b>		<b>28,666</b>	<b>321,215</b>
<b>Consolidated profit/(loss) for the period</b>		<b>28,666</b>	<b>321,215</b>
Attributable to:			
Owners of the parent		26,333	315,646
Non-controlling interests		2,333	5,569
<b>Proceeds per share from ongoing activities attributable to the owners of the parent company (Euro per share)</b>			
- Basic	17	0.05	0.57
- Diluted	17	0.05	0.57

The Notes on pages 10 to 49 form an integral part of these condensed interim consolidated financial statements.

**II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(In thousands of Euros)	Six-month period ending at 30 June	
	<u>2021</u>	<u>2020</u>
<b>Profit/(loss) for the period</b>	<b>28,666</b>	<b>321,215</b>
<b>Other comprehensive income:</b>		
<b>Items that are not going to be reclassified to profit/(loss)</b>		
Changes in the fair value of equity instruments	31,204	(50,812)
	<u>31,204</u>	<u>(50,812)</u>
<b>Items that are going to be reclassified to profit/(loss)</b>		
Translation differences for foreign operations	51,271	(182,004)
<b>Total comprehensive income for the period, net of tax</b>	<u><b>111,141</b></u>	<u><b>88,399</b></u>
Attributable to:		
- Owners of the parent	101,019	117,317
- Non-controlling interests	10,122	(28,918)
	<b>111,141</b>	<b>88,399</b>

The Notes on pages 10 to 49 form an integral part of these condensed interim consolidated financial statements.

**III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(In thousands of Euros)	Note	30/06/2021	31/12/2020
<b>ASSETS</b>			
Property, Plant and Equipment	11	610,747	596,896
Rights of use	11	83,777	82,903
Goodwill	11	643,081	590,672
Other intangible assets	11	310,075	295,611
Property investments	11	48,767	44,351
Investments accounted for using the equity method	13	269,577	268,047
Non-current financial assets	12	224,751	190,845
Deferred tax assets		112,816	99,238
<b>Non-current assets</b>		<b>2,303,591</b>	<b>2,168,563</b>
Inventories	16	51,460	46,526
Clients and other receivables		724,979	675,685
Current tax assets		84,254	105,709
Other financial assets	14	-	150,000
Cash and cash equivalents	15	582,376	767,011
<b>Current assets</b>		<b>1,443,069</b>	<b>1,744,931</b>
<b>Total assets</b>		<b>3,746,660</b>	<b>3,913,494</b>
<b>EQUITY</b>			
Share capital	17	32,916	32,916
Share premium	17	25,472	25,472
Own shares	17	(28,496)	(14,550)
Translation differences		(762,103)	(805,584)
Retained earnings and other reserves		1,503,443	1,456,951
<b>Equity attributed to holders of equity instruments of the Parent</b>		<b>771,232</b>	<b>695,205</b>
Non-controlling interests		35,241	22,912
<b>Total equity</b>		<b>806,473</b>	<b>718,117</b>
<b>LIABILITIES</b>			
Financial liabilities	19	1,477,335	1,584,737
Lease liabilities	11	58,941	64,627
Deferred tax liabilities		64,978	66,834
Provisions	18	192,248	186,520
Other non-current liabilities		21,307	20,846
<b>Non-current liabilities</b>		<b>1,814,809</b>	<b>1,923,564</b>
Suppliers and other payables		698,759	714,941
Current tax liabilities		163,220	168,053
Financial liabilities	19	190,223	325,300
Lease liabilities	11	33,660	27,889
Provisions	18	1,377	4,962
Other current liabilities		38,139	30,668
<b>Current liabilities</b>		<b>1,125,378</b>	<b>1,271,813</b>
<b>Total liabilities</b>		<b>2,940,187</b>	<b>3,195,377</b>
<b>Total equity and liabilities</b>		<b>3,746,660</b>	<b>3,913,494</b>

The Notes on pages 10 to 49 form an integral part of these condensed interim consolidated financial statements.

**IV. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**PERIOD ENDED 30 JUNE 2021**

(In thousands of Euros)

	Equity attributed to holders of equity instruments of the Parent					Total	Non-controlling interests	Total equity
	Capital (Note 17)	Share premium (Note 17)	Own shares (Note 17)	Translation differences (Note 17)	Retained earnings and other reserves			
<b>Balance at 1 January 2021</b>	<b>32,916</b>	<b>25,472</b>	<b>(14,550)</b>	<b>(805,584)</b>	<b>1,456,951</b>	<b>695,205</b>	<b>22,912</b>	<b>718,117</b>
Total comprehensive income for the period ended 30 June 2021	—	—	—	43,481	57,538	101,019	10,122	<b>111,141</b>
Purchase of own shares	—	—	(14,328)	—	-	(14,328)	-	<b>(14,328)</b>
Exercise of share incentives to employees	—	—	382	—	2,092	2,474	-	<b>2,474</b>
Other changes	—	—	—	—	(13,138)	(13,138)	2,207	<b>(10,931)</b>
<b>Balance at 30 June 2021</b>	<b>32,916</b>	<b>25,472</b>	<b>(28,496)</b>	<b>(762,103)</b>	<b>1,503,443</b>	<b>771,232</b>	<b>35,241</b>	<b>806,473</b>

The Notes on pages 10 to 49 form an integral part of these condensed interim consolidated financial statements.

## PERIOD ENDED 30 JUNE 2020

(In thousands of Euros)

	Equity attributed to holders of equity instruments of the Parent					Total	Non-controlling interests	Total equity
	Capital (Note 17)	Share premium (Note 17)	Own shares (Note 17)	Translation differences (Note 17)	Retained earnings and other reserves			
<b>Balance at 31 December 2019</b>	<b>35,921</b>	<b>25,472</b>	<b>(107,927)</b>	<b>(187,965)</b>	<b>1,060,609</b>	<b>826,110</b>	<b>72,230</b>	<b>898,340</b>
Reclassification IAS 29	—	—	—	(423,772)	423,772	—	—	—
<b>Balance at 1 January 2020</b>	<b>35,921</b>	<b>25,472</b>	<b>(107,927)</b>	<b>(611,737)</b>	<b>1,484,381</b>	<b>826,110</b>	<b>72,230</b>	<b>898,340</b>
Total comprehensive income for the period ended 30 June 2020	—	—	—	(147,517)	264,834	117,317	(28,918)	<b>88,399</b>
Purchase of own shares	—	—	(61,450)	—	—	(61,450)	—	<b>(61,450)</b>
Exercise of share incentives to employees	—	—	641	—	(267)	374	—	<b>374</b>
Reinvestment programme for the second payment of the interim dividend for 2019	—	—	18,930	—	(8,027)	10,903	—	<b>10,903</b>
Prosegur Cash capital increase	—	—	—	—	—	—	890	<b>890</b>
Other changes	—	—	—	—	(5,432)	(5,432)	(802)	<b>(6,234)</b>
<b>Balance at 30 June 2020</b>	<b>35,921</b>	<b>25,472</b>	<b>(149,806)</b>	<b>(759,254)</b>	<b>1,735,489</b>	<b>887,822</b>	<b>43,400</b>	<b>931,222</b>

Notes on pages 10 to 49 form an integral part of these condensed interim consolidated financial statements.



**V. CONSOLIDATED STATEMENT OF CASH FLOWS**

(In thousands of Euros)

**Six-month period ending at 30 June**

	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>			
<b>Profit / (Loss) of the period</b>		<b>28,666</b>	<b>321,215</b>
<i>Adjustments for:</i>			
Depreciation and amortisation	6, 11	93,109	94,307
Other income and expenses	6.8	4,529	(497,171)
Impairment losses on trade receivables and inventories	8, 16	515	8,691
Loss for impairment of non-current assets	8	—	62,018
Investments accounted for using the equity method	13	142	640
Changes in provisions	18	10,152	45,908
Financial income	9	(24,406)	(4,419)
Financial expense	9	27,280	56,665
(Profit)/loss from disposals and sales of fixed assets		1,891	10,022
Income tax	20	45,835	74,978
<b>Changes in working capital, excluding the effect of acquisitions and translation differences</b>			
Inventories	16	(4,003)	(1,651)
Clients and other receivables		(25,185)	35,934
Suppliers and other payables		2,793	(11,117)
Payments of provisions	18	(9,520)	(7,357)
Other current liabilities		8,747	10,286
<b>Cash generated from operations</b>			
Interest payments		(19,171)	(25,741)
Income tax paid		(32,584)	(35,943)
<b>Net cash generated from operating activities</b>		<b>108,790</b>	<b>137,263</b>
<b>Cash flows from investing activities</b>			
Proceeds from the sale of subsidiaries, net of cash and cash equivalents		—	(3,112)
Proceeds from the sale of property, plant and equipment		—	1,042
Interest received		2,510	2,277
Proceeds from the sale of financial assets	14	150,000	30,000
Investments accounted for using the equity method		(1,424)	(2,529)
Purchase of subsidiaries, net of cash and cash equivalents	22	(17,999)	(18,436)
Payments for the purchase of property, plant and equipment	11	(41,548)	(54,262)
Payments for the purchase of intangible assets	11	(14,474)	(11,791)
Payments for the purchase of non-controlling interests		—	(6,830)
Payments for the purchase of financial assets	12	(108)	(2,846)
Dividend collection		9,809	—
<b>Net cash generated from investing activities</b>		<b>86,766</b>	<b>(66,487)</b>
<b>Cash flows from financing activities</b>			
Payments from the purchase of own equity instruments.	17	(25,100)	(61,450)
Proceeds from debts with credit institutions	19	169,257	773,957
Payments from debts with credit institutions	19	(444,220)	(176,441)
Payments from lease liabilities	11	(24,314)	(23,291)
Payments from other financial liabilities		(13,869)	(53,328)
Paid dividends	17	(40,507)	(38,086)
<b>Net cash generated from financing activities</b>		<b>(378,753)</b>	<b>421,361</b>
Net increase (decrease) in cash and cash equivalents		(183,197)	492,139
Cash and cash equivalents at the beginning of the year		767,011	530,677
Effect of exchange differences on cash		(1,438)	(57,199)
<b>Cash and equivalents at the end of the year</b>		<b>582,376</b>	<b>965,617</b>
includes:			
- Cash and cash equivalents at the end of the period of ongoing operations		582,376	963,812
- Cash and cash equivalents at the end of the period of ANMV (Note 11)		—	1,805

The Notes on pages 10 to 49 form an integral part of these condensed interim consolidated financial statements.

## VI. EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

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

Prosegur is organised into the following business lines:

- Security.
- Cash.
- Alarms.
- Cybersecurity.
- AVOS (added-value outsourcing services).

Prosegur is controlled by Gubel S.L., which was incorporated in Madrid, and holds 59.368% of the shares of Prosegur Compañía de Seguridad, S.A., which consolidates Prosegur’s financial statements.

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

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

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

The individual and consolidated annual accounts of Prosegur Compañía de Seguridad, S.A. for 2020 were approved by the Shareholders General Meeting held on 3 June 2021.

## **Structure of Prosegur**

Prosegur Compañía de Seguridad, S.A. is the Parent of a Group made up of subsidiaries, listed in Appendix I of the Notes to the Consolidated Annual Accounts at 31 December 2020. Likewise, Prosegur has Joint Arrangements in place (Notes 16, 17 and Appendix II of the Notes to the Consolidated Annual Accounts at 31 December 2020).

Prosegur holds interests of less than 20% in the share capital of other entities. It does not exert significant influence over these entities (Note 18 of the Consolidated Annual Accounts at 31 December 2020).

Details of the principles applied to prepare the Prosegur Consolidated Annual Accounts and define the consolidation scope are provided in Note 35.2 and Note 2 to the Consolidated Annual Accounts at 31 December 2020, respectively.

## **2. Basis for presentation, estimates made and accounting policies**

These condensed interim consolidated financial statements of Prosegur, for the six-month period ended 30 June 2021, have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

In accordance with the provisions of IAS 34, interim financial reporting is prepared solely with the intention of updating the content of the latest Consolidated Annual Accounts prepared by Prosegur, emphasising the new activities, events and circumstances that occurred during the six-month period ended 30 June 2021, and not duplicating the information previously published in the Consolidated Annual Accounts for 2020.

Therefore, and for a proper understanding of the information included in these condensed interim consolidated financial statements, they should be read together with Prosegur Consolidated Annual Accounts for the year ended 31 December 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS), adopted for use in the European Union and approved by the current European Commission Regulations and other applicable financial reporting regulations (IFRS-EU).

### **Significant changes in accounting policies**

Except for the new standards effective as of 1 January 2021, described in Appendix I, the accounting policies applied in these condensed interim consolidated financial statements at 30 June 2021, are consistent with those applied in the preparation of Prosegur’s Consolidated Annual Accounts at 31 December 2020, the detail of which is included in Note 35 of said Consolidated Annual Accounts.

### **Estimates, assumptions and relevant judgements**

The preparation of the condensed interim consolidated financial statements has required the application of relevant accounting estimates and the making of judgements, estimates and assumptions in the process of application of Prosegur accounting policies and valuation of the assets, liabilities and profit and loss. The estimates are the same as indicated in the Notes to the Consolidated Annual Accounts for 2020.

Although estimates made by the Prosegur Group's Directors were calculated based on the best information available at 30 June 2021, the COVID-19 pandemic has made estimates more complicated, so future events may require changes to them in subsequent years. Any effect on the condensed interim financial statements of adjustments to be made in subsequent years would be recognised prospectively, where appropriate.

Corporate Income Tax for the six-month period ended 30 June 2021 is calculated using the tax rate that is estimated to be applicable to the profit/(loss) for the year.

### **Comparative information**

For comparative purposes and for each item in the consolidated statement of financial position, in the consolidated income statement, in the consolidated statement of comprehensive income, in the consolidated statement of cash flows, in the consolidated statement of changes in equity and in the notes to the condensed interim financial statements, in addition to the consolidated figures for the six-month period ended 30 June 2021, the condensed interim consolidated financial statements show those for the same period the previous year, except for the consolidated statement of financial position which shows the consolidated figures for the twelve-month period ended 31 December 2020.

### **3. Changes to the Group's structure**

In Appendix I to the Consolidated Annual Accounts for the year ended 31 December 2020, relevant information is provided on the Group companies that were consolidated at that date.

The following companies were wound up during the first half of 2021:

- In January 2021, Garantís Sumarmas, S.L. was wound up in Spain.
- In May 2021, Prosegur Alarm Hizmetleri Anonim Sirket was wound up in Turkey.

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 1 January 2021.

During April 2021 the dormant company Dinero Gelt México SA de C.V was acquired in Mexico.

Additionally, other changes to the consolidation scope in the first half of 2021 are acquisitions of subsidiaries, details of which are provided in Note 22.

#### 4. Events occurred since the end of 2020

In addition to what is reflected in Note 3 on the changes to the structure of the Group, the most relevant transactions and events that occurred during the first half of 2021 are detailed below:

##### COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic.

Although the vaccination campaign started at the beginning of the year, the availability of vaccines in countries where the Prosegur Group operates is very unequal and some governments continue to take prevention measures that cause the economy to contract and limit access to the market in which the Group operates in its different lines of business.

At 30 June 2021, the main impacts on the interim consolidated financial statements of the Prosegur Group were as follows:

- Deferred payment of tax liabilities in several countries where Prosegur operates, included under the heading Suppliers and other payables in the consolidated statement of financial position, for EUR 13,024 thousand.
- Granting of government aid to maintain jobs in the security sector related to the aviation industry in the United States in the context of the COVID-19 pandemic included under the heading “Other income” in the consolidated income statement, for EUR 16,353 thousand (Note 8).
- Policy of containing operating and structural costs during the first six months of 2021 (Notes 6 and 7).

#### 5. Revenue

Details of revenue for the periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
Provision of services	1,573,353	1,778,278
Sale of goods	8,559	3,344
Proceeds from operating leases	55,515	63,420
<b>Total revenue</b>	<b>1,637,427</b>	<b>1,845,042</b>

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

See Note 10 for further information on revenue by segment and geographical area.

## 6. Cost of sales and administration and sales expenses

The main cost of sales and administration and sales expenses in the income statement for the six-month periods ended 30 June 2021 and 2020 are as follows:

		Thousands of Euros	
		Period ended 30 June	
		2021	2020
Supplies		70,450	73,255
Employee benefits expenses	(Note 7)	979,728	1,168,532
Operating leases		13,707	12,143
Supplies and external services		105,716	108,041
Depreciation and amortisation		35,090	39,486
Other expenses		71,585	69,604
<b>Total cost of sales</b>		<b>1,276,276</b>	<b>1,471,061</b>
		<b>2021</b>	<b>2020</b>
Supplies		2,652	3,816
Employee benefits expenses	(Note 7)	154,328	192,560
Operating leases		1,228	3,085
Supplies and external services		67,826	64,155
Depreciation and amortisation		58,019	54,821
Other expenses		19,309	39,679
<b>Total administration and sales expenses</b>		<b>303,362</b>	<b>358,116</b>

Total supplies in the consolidated income statement for the six-month period ended 30 June 2021 amount to EUR 73,102 thousand (2020: EUR 77,071 thousand).

The general decline of almost all items arises as a result of the COVID-19 pandemic (Note 4).

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

The costs for leases by right of use corresponding to contracts for a period equal to or less than one year and to lease contracts of low value assets for an amount equal to or less than USD 5 thousand are included under the heading on "Operating leases". The remaining contracts are included in the heading on rights of use (Note 11.4).

## 7. Employee benefits expenses

Details of employee benefits expenses for the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
Wages and salaries	871,194	1,017,893
Social Security expenses	214,537	251,550
Other employee benefits expenses	32,265	47,151
Indemnities	16,060	44,498
<b>Total employee benefits expenses</b>	<b>1,134,056</b>	<b>1,361,092</b>

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

The accrual of the long-term incentive associated with the 2018-2020 Plan, 2021-2023 Plan and the Retention Plan for the Executive Director and the Senior Management of Prosegur is included under the heading on wages and salaries (Note 18).

The heading on indemnities includes the provision for occupational risks (Note 18).

## 8. Other income and expenses

### Other expenses

Details of "Other expenses" in the income statement for the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
Loss for impairment of receivables	(270)	(6,075)
Loss for impairment of non-current assets	—	(62,018)
Net losses on disposal of fixed assets	(1,891)	(10,022)
Other expenses	(1,048)	(9,238)
<b>Total other expenses</b>	<b>(3,209)</b>	<b>(87,353)</b>

### Other income

The heading on "Other income" for the first six months of 2021 primarily records the following income:

- Income generated from the non-refundable subsidies accrued awarded by the Administration to maintain jobs in the security sector related to the aviation industry in the United States in the context of the COVID-19 pandemic for EUR 16,353 thousand.

- Income generated from the property investments located in Argentina and France (Note 11.2). Income generated during the first six months of 2021 amounted to EUR 1,954 thousand (EUR 2,566 thousand at 30 June 2020 of income generated by property investments located in Argentina).

The heading “Other income” for the first six months of 2020 primarily recorded the following income:

- The profit mainly results from the sale of a 50% stake in Prosegur’s Alarms business in Spain (Note 13).
- Income generated from the non-refundable subsidies accrued awarded by the Administration for the maintenance of employment in the context of the COVID-19 pandemic for EUR 9,070 thousand.
- Income generated from the property investments located in Buenos Aires (Note 11.2). Income generated during the first six months of 2020 amounted to EUR 2,566 thousand (EUR 2,960 thousand at 30 June 2019).

## 9. Net financial expenses

Details of net financial expenses for the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
Borrowing costs	(11,900)	(16,606)
Interest received	2,199	1,901
Net (loss)/profit on foreign currency transactions	(13,088)	(8,382)
Financial expenses for the update of lease liabilities	(2,292)	(3,116)
Net financial income from the net monetary position	10,732	2,518
Dividend collection	9,810	—
Other expenses and net financial income	726	(22,564)
<b>Total net financial expenses</b>	<b>(3,813)</b>	<b>(46,249)</b>

The main variation is associated with interest expenses on bank borrowings which have decreased due to reduced contracting of financial transactions and as a result of the volatility of currencies included under the heading of net gains/losses from foreign currency transactions.

Other net financial income and expenses have decreased as a result of the reversal of the registration of late payment interest associated with tax liabilities related to the disputed tax assessments initiated by the Spanish Administration that were registered during the first six months of fiscal year 2020 for EUR 12,324 thousand, and the reduction in financial expenses due to the monetary adjustment of deferred payments of business combinations and court deposits associated with labour actions opened in Brazil.

In addition, as a result of the application during the first six months of 2021 of IAS 29, net financial income has arisen from the net monetary position for the amount of EUR 10,732 thousand (Note 2). That item reflects the exposure to the change in the purchasing power of the Argentine currency.



## 10. Segment reporting

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

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

- Security: mainly includes the activities of guarding and protection of premises, goods and individuals and activities related to technological security solutions.
- Cash: mainly includes the transportation, storage, safekeeping, counting and classification of coins and bank notes, deeds, securities and other items that require special protection due to their economic value or associated risk.
- Alarms: this includes the installation and maintenance of home alarm systems, as well as the alarm monitoring service by Alarm Reception Centre (ARC).
- Cybersecurity: includes managed detection and response services, managed security services, cyberintelligence services, readteam services, management, risk and compliance, and integration of cybersecurity technology.
- AVOS (added-value outsourcing services): includes business process outsourcing services to improve operational management through redesign, automation and digital transformation in financial and insurance companies.

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

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

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

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

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

Details of revenue by geographical areas for the six-month periods ended 30 June 2021 and 2020 are as follows:

Thousands of Euros	Europe		ROW		LatAm		Total	
	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020
	<b>Total Sales</b>	<b>692,191</b>	<b>779,202</b>	<b>170,131</b>	<b>167,789</b>	<b>775,105</b>	<b>898,051</b>	<b>1,637,427</b>
<i>% of total</i>	42%	42%	10%	9%	48%	49%	100%	100%

Details of sales and EBITA by business are as follows:

Thousands of Euros	Cash		Security		Alarms		Cybersecurity		AVOS		PGA and unallocated		Total	
	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020	at 30 June 2021	at 30 June 2020
	Total sales	692,424	771,767	825,890	891,622	96,802	103,134	7,289	-	15,022	-	-	78,518	1,637,427
<b>EBITA</b>	<b>70,260</b>	<b>75,824</b>	<b>26,868</b>	<b>21,101</b>	<b>16,891</b>	<b>10,367</b>	<b>(1,002)</b>	<b>-</b>	<b>930</b>	<b>-</b>	<b>(21,261)</b>	<b>404,547</b>	<b>92,686</b>	<b>511,839</b>

As of 30 June 2021, the Cybersecurity segment is presented separately as a result of Prosegur's strategy based on a business-oriented model and due to the greater weight and future expectations of that business line. The Cybersecurity business was led by the Prosegur Assets Management (hereinafter PGA) support area for the six-month period ended 30 June 2020. For the six-month period ended 30 June 2020, the total sales figure for the cybersecurity business amounted to EUR 7,989 thousand, included in PGA and unallocated.

On 31 March 2021, Prosegur Compañía de Seguridad, S.A. signed with its subsidiary Prosegur Cash, S.A. a sale agreement for the purchase by Prosegur of certain areas of the added-value outsourcing services (AVOS) business for financial institutions and insurance companies, as well as the associated technology, from Prosegur Cash. As a result of this sale, the added-value outsourcing services (AVOS) business line on 31 March 2021 was no longer integrated in the CASH segment and was created as a new segment of the Group called AVOS (added-value outsourcing services).

Unallocated costs consist of the support costs of the Security, Alarms, Cybersecurity and AVOS (added-value outsourcing services) business, as well as any exceptional costs incurred during the year which are not considered as the outcome of any of the four business lines themselves. The main change in the unallocated item corresponds to the capital gain derived from the sale of 50% of Prosegur Alarmas España during the first six months of 2020 and the impairment losses on non-current assets also recorded during the first six months of 2020. Additionally, the unallocated heading included during the first six months of 2020 the sales and EBITA associated with France Security whose sale took place on 1 October 2020 and the costs associated with the company's digital transformation, which increased in 2021 over the previous year.

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

	Thousands of Euros	
	at 30 June 2021	at 30 June 2020
EBITA allocated to segments	113,947	107,292
Unallocated EBITA	(21,261)	404,547
EBITA for the period	92,686	511,839
Depreciation for the period	(14,372)	(69,397)
Net financial expenses	(3,813)	(46,249)
Profit/(loss) before tax	74,501	396,193
Income tax	(45,835)	(74,978)
Post-tax profit of ongoing operations	28,666	321,215
Non-controlling interests	2,333	5,569
<b>Profit/(loss) of the period attributable to the owners of the parent company</b>	<b>26,333</b>	<b>315,646</b>

Details of assets allocated to segments and a reconciliation with total assets at 30 June 2021 and 31 December 2020 are as follows:

Thousands of Euros	Cash		Security		Alarms		Cybersecurity		AVOS		Not allocated to segments		Total	
	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020
<b>Assets allocated to segments</b>	1,259,436	1,327,538	715,980	696,302	419,778	431,304	41,067	—	55,710	—	398,795	306,143	2,890,766	2,761,287
<b>Other non-allocated</b>	—	—	—	—	—	—	—	—	—	—	855,894	1,152,207	855,894	1,152,207
Other non-current financial	—	—	—	—	—	—	—	—	—	—	224,751	190,845	224,751	190,845
Property investments	—	—	—	—	—	—	—	—	—	—	48,767	44,351	48,767	44,351
Other current financial assets	—	—	—	—	—	—	—	—	—	—	—	150,000	—	150,000
Cash and cash equivalents	—	—	—	—	—	—	—	—	—	—	582,376	767,011	582,376	767,011
	<b>1,259,436</b>	<b>1,327,538</b>	<b>715,980</b>	<b>696,302</b>	<b>419,778</b>	<b>431,304</b>	<b>41,067</b>	<b>—</b>	<b>55,710</b>	<b>—</b>	<b>1,254,689</b>	<b>1,458,350</b>	<b>3,746,660</b>	<b>3,913,494</b>

Details of liabilities allocated to segments and a reconciliation with total liabilities at 30 June 2021 and 31 December 2020 are as follows:

Thousands of Euros	Cash		Security		Alarms		Cybersecurity		AVOS		Not allocated to segments		Total	
	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020	at 30 June 2021	at 31 December 2020
<b>Liabilities allocated to segments</b>	603,222	679,706	366,971	347,898	81,861	66,747	11,459	—	23,428	—	313,122	294,627	1,400,063	1,388,978
<b>Other non-allocated liabilities</b>	—	—	—	—	—	—	—	—	—	—	1,540,124	1,806,399	1,540,124	1,806,399
Bank borrowings	—	—	—	—	—	—	—	—	—	—	1,540,124	1,806,399	1,540,124	1,806,399
	<b>603,222</b>	<b>679,706</b>	<b>366,971</b>	<b>347,898</b>	<b>81,861</b>	<b>66,747</b>	<b>11,459</b>	<b>—</b>	<b>23,428</b>	<b>—</b>	<b>1,853,246</b>	<b>2,101,027</b>	<b>2,940,187</b>	<b>3,195,377</b>

## 11. Property, plant and equipment, goodwill and other intangible assets

### 11.1. Property, Plant and Equipment

Details of changes in property, plant and equipment for the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
<b>Cost</b>		
<b>Opening balances</b>	<b>1,288,667</b>	<b>1,491,380</b>
Translation differences	35,691	(132,800)
Transfer to non-current assets held for sale	—	(14,744)
Business combinations	4,008	16,217
Additions	41,548	56,662
Write offs due to disposals or by other means	(13,282)	(19,229)
Disposal of the scope of consolidation	-	(108,738)
<b>Closing balances</b>	<b>1,356,632</b>	<b>1,288,748</b>
<b>Accumulated depreciation</b>		
<b>Opening balances</b>	<b>(691,771)</b>	<b>(774,953)</b>
Translation differences	(16,201)	60,553
Transfer to non-current assets held for sale	—	14,416
Write offs due to disposals or by other means	9,462	14,592
Provisions charged against the income statement	(47,375)	(50,958)
Disposal of the scope of consolidation	—	64,358
Provision for impairment losses recognised in profit/(loss) (Note 8)	—	(1,591)
<b>Closing balances</b>	<b>(745,885)</b>	<b>(673,583)</b>
<b>Net assets</b>		
<b>Opening balances</b>	<b>596,896</b>	<b>716,427</b>
<b>Closing balances</b>	<b>610,747</b>	<b>615,165</b>

Additions for the year were reduced mainly due to the effect of COVID-19 and the associated cash containment measures.

During the first half of 2021, investments in property, plant and equipment made by Prosegur came to EUR 41,458 thousand (at 30 June 2020: EUR 56,662 thousand). These investments correspond mainly to cash automation equipment fitted in clients premises and purchasing and conditioning bases and armoured vehicles in Spain, Germany, Australia, Chile, Colombia, Brazil and Argentina.

No assets are subject to restrictions on title or pledged as security for particular transactions at 30 June 2021.

## 11.2. Property investments

Details of changes in property investments for the first six-month period ended 30 June 2021 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
<b>Cost</b>		
<b>Opening balances</b>	54,640	48,534
Translation differences	5,565	(1,628)
<b>Closing balances</b>	<b>60,205</b>	<b>46,906</b>
<b>Accumulated depreciation</b>		
<b>Opening balances</b>	(10,289)	(4,424)
Provisions charged against the income statement	(566)	(435)
Translation differences	(583)	149
<b>Closing balances</b>	<b>(11,438)</b>	<b>(4,710)</b>
<b>Net assets</b>		
<b>Opening balances</b>	<b>44,351</b>	<b>44,110</b>
<b>Closing balances</b>	<b>48,767</b>	<b>42,196</b>

## 11.3. Goodwill

Details of changes in goodwill for the six-month period ended 30 June 2021 are as follows:

	Thousands of Euros
	<b>2021</b>
<b>Net carrying amount at 31 December 2020</b>	<b>590,672</b>
Additions to the scope (Note 22)	40,262
Additions	91
Translation differences	12,056
<b>Net carrying amount at 30 June 2021</b>	<b>643,081</b>

For the six-month period ended 30 June 2021, goodwill from the following business combinations has been incorporated:

	Thousands of Euros
	<b>2021</b>
Cash business combinations in LatAm <sup>(1)</sup>	40,262
	<b>40,262</b>

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

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

	Thousands of Euros
	<b>2021</b>
Security business combinations in Europe	91
	<b>91</b>

Prosegur tests goodwill for impairment at the end of each reporting period, or earlier if there are indications of impairment, in accordance with the accounting policy described in Note 35.10 of the Consolidated Annual Accounts at December 2020. As of 30 June 2021, there were no additional elements indicating impairment with respect to recognised goodwill.

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

	Thousands of Euros
	<b>2020</b>
<b>Net carrying amount at 31 December 2019</b>	<b>634,027</b>
Additions to the scope (Note 22)	61,439
Additions	1,743
Provision for impairment losses recognised in profit/(loss)	(44,420)
Translation differences	(46,918)
<b>Net carrying amount at 30 June 2020</b>	<b>605,871</b>

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

	Thousands of Euros
	<b>2020</b>
Cash business combinations in LatAm	59,932
Security business combinations in Europe	1,507
	<b>61,439</b>

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

	Thousands of Euros
	<b>2020</b>
Cash business combinations in Europe	1,743
	<b>1,743</b>

#### 11.4. Rights of use

Details of changes in right of use assets for the six-month periods ended 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
<b>Cost</b>		
<b>Opening balance</b>	<b>139,298</b>	<b>159,382</b>
Additions	19,760	7,397
Transfer to non-current assets held for sale	-	(11,106)
Disposals and cancellations	-	(3,332)
Translation differences	1,474	(8,617)
Disposal of the scope of consolidation	-	(5,500)
<b>Closing balances</b>	<b>160,532</b>	<b>138,224</b>
<b>Accumulated depreciation</b>		
<b>Opening balances</b>	<b>(56,395)</b>	<b>(38,863)</b>
Transfer to non-current assets held for sale	-	5,057
Provisions charged against the income statement	(20,366)	(20,529)
Translation differences	6	2,721
Disposal of the scope of consolidation	-	2,361
<b>Closing balances</b>	<b>(76,755)</b>	<b>(49,253)</b>
<b>Net assets</b>		
<b>Opening balances</b>	<b>82,903</b>	<b>120,519</b>
<b>Closing balances</b>	<b>83,777</b>	<b>88,971</b>

Details of changes in lease liabilities for the six-month periods ended 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
<b>Cost</b>		
<b>Opening balance</b>	<b>(92,516)</b>	<b>(132,021)</b>
Additions	(20,168)	(7,397)
Disposals and cancellations	24,314	26,623
Financial expenses (Note 9)	(2,292)	(3,116)
Translation differences	(1,939)	8,714
Liabilities transferred directly to non-current assets held for sale	-	6,471
Disposal of the scope of consolidation	-	3,301
<b>Closing balances</b>	<b>(92,601)</b>	<b>(97,425)</b>

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

	<b>Average rate</b>		
	<b>First 5 years</b>	<b>5-10 years</b>	<b>10-15 years</b>
Germany	0.92 %	1.22 %	1.62 %
Brazil	6.91 %	8.71 %	9.59 %
Peru	3.36 %	4.09 %	5.02 %
Argentina	37.90 %	36.61 %	34.75 %
Colombia	5.69 %	6.37 %	7.83 %
Chile	3.77 %	4.46 %	5.11 %
Spain	0.92 %	1.18 %	1.68 %

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

The Group decided to not recognise in the balance sheet the lease liabilities and the right of use asset corresponding to short-term lease contracts (leases for one year or less) and leases for low value assets (USD 5 thousand or less). Those exceptions have been recorded entirely under the heading on operating leases (Note 6).



## 11.5. Other intangible assets

Details of changes in intangible assets for the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	Period ended 30 June	
	2021	2020
<b><u>Cost</u></b>		
<b>Opening balances</b>	<b>658,897</b>	<b>723,391</b>
Additions	14,474	16,435
Transfer to non-current assets held for sale	-	(34,281)
Business combinations	3,495	40,154
Write offs due to disposals or by other means	(572)	(11,923)
Disposal of the scope of consolidation	-	(5,191)
Translation differences	33,749	(77,074)
<b>Closing balances</b>	<b>710,043</b>	<b>651,511</b>
<b><u>Accumulated depreciation</u></b>		
<b>Opening balances</b>	<b>(363,286)</b>	<b>(373,468)</b>
Transfer to non-current assets held for sale	-	34,361
Write offs due to disposals or by other means	205	5,495
Provisions charged against the income statement	(24,802)	(22,385)
Disposal of the scope of consolidation	-	3,864
Translation differences	(12,085)	29,524
Provision for impairment losses recognised in profit/(loss) (Note 8)	-	(16,007)
<b>Closing balances</b>	<b>(399,968)</b>	<b>(338,616)</b>
<b><u>Net assets</u></b>		
<b>Opening balances</b>	<b>295,611</b>	<b>349,923</b>
<b>Closing balances</b>	<b>310,075</b>	<b>312,895</b>

Intangible assets allocated to the valuation of the following business combinations were included in the additions for the first half of 2021:

Thousands of Euros	Thousands of Euros	
	Computer software	Total
Cash business combinations in LatAm (1)	3,495	3,495
	<b>3,495</b>	<b>3,495</b>

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

Prosegur tests intangible assets for impairment at the end of each reporting period, or earlier if there are indications of impairment. As of 30 June 2021, there were no additional elements indicating impairment with respect to recognised other intangible assets.

## 12. Non-current financial assets

Details of non-current financial assets at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	<b>30/06/2021</b>	<b>31/12/2020</b>
Equity instruments	212,538	181,579
Deposits and guarantees	8,843	6,938
Other non-current financial assets	3,370	2,328
<b>Total non-current financial assets</b>	<b>224,751</b>	<b>190,845</b>

As described in Note 18 to the Consolidated Annual Accounts for the year ended 31 December 2020, the equity instruments item includes non-controlling financial interests in certain companies in which the Prosegur Group has no management influence. These interests are not recorded at fair value. At 30 June 2021, there were no indicators of impairment with respect to the financial interests.

The equity instruments item mainly includes 49,545,262 shares of Telefónica S.A. which arose as a result of the sale of 50% of the Alarms business in Spain during the first six months of 2020 and which was paid through the delivery of the aforementioned shares.

The Telefónica S.A. shares have been classified in the category of equity instruments at fair value with changes in other comprehensive income, because they are not held for mere trading purposes. As a consequence, only the associated dividends are recognised in profit/(loss), and in their sale, the amounts recognised to date in equity will not be reclassified to profit/(loss). They have also been classified in Level 1 of the levels of the fair value hierarchy since the valuation is performed by directly using the actual quotation price of the equity instrument, which can be observed and taken from independent sources, and referred to an active market.

At 30 June 2021, the share in Telefónica S.A. was valued at EUR 195,208 thousand and represents a 0.88% interest in its share capital.

Deposits and guarantees were recorded at amortised cost. Items that do not accrue interest explicitly are recorded at their nominal amount, provided that the effect of not financially updating the cash flows is not significant.

The heading on other non-current financial assets mainly includes a loan granted to one of the Prosegur Group subsidiaries in India, SIS Cash Services Private Ltd, which is consolidated using the equity method, not being eliminated therefore in the consolidation process, and which is recorded at amortised cost for the amount of EUR 2,224 thousand.

During the first half of 2021, no significant purchases, sales, issues or settlements of non-current financial assets were made.

### 13. Investments accounted for using the equity method

#### Joint arrangements

The main Joint Arrangements of Prosegur at 30 June 2021 correspond to 50% of Prosegur's alarms business in Spain and companies operating in India engaged in the Cash business line. These Joint Arrangements are structured as separate vehicles and Prosegur has a share of their net assets. Consequently, Prosegur has classified these shareholdings as Joint Ventures.

Details of changes in the investments in joint ventures accounted for under the equity method for the six-month periods ended 30 June 2021 and 2020 were as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
<b>Opening balance</b>	<b>268,047</b>	<b>9,452</b>
Additions	1,424	261,400
Participation in profits/(losses)	(142)	1,198
Loss for impairment	—	(1,838)
Translation differences	248	(405)
<b>Closing balance</b>	<b>269,577</b>	<b>269,807</b>

Details of the main figures of investments accounted for under the equity method at the end of 2020 are included in Appendix III of the Consolidated Annual Accounts for the year ended 31 December 2020.

The additions for the period correspond mainly to capitalisation in the company Dinero Gelt, S.L. in April 2021 and the creation of a joint venture for carrying out cash in transit through UAVs (unmanned aerial vehicles) in Brazil from base to base in June 2021.

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

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

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

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

## 14. Other financial assets

### Other financial assets

Details of balances and changes in the heading Other financial assets for the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
<b>Balance at 1 January</b>	150,000	319,621
Interest	—	379
Disposals	(150,000)	(30,000)
<b>Balance at 30 June</b>	<b>—</b>	<b>290,000</b>

Details and the issue dates of financial assets at 30 June 2020 were as follows:

Description	Issue date	Thousands of Euros	
		Principal	Balance at 30 June 2020
Fixed-term deposit	22/06/2017	150,000	150,000
Fixed-term deposit	20/03/2018	140,000	140,000
		<b>290,000</b>	<b>290,000</b>

## 15. Cash and cash equivalents

Details of the heading Cash and Cash equivalents at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Cash in hand and at banks	491,404	670,757
Current bank deposits	90,972	96,254
	<b>582,376</b>	<b>767,011</b>

The effective interest rate on current bank deposits is 6.17% (at 31 December 2020: 2.19%) and the average term of the deposits held during the first half of 2021 was 44 days (at 31 December 2020: 81 days).

## 16. Inventories

Details of inventories at 30 June 2021 and 31 December 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
Works and work in progress	11,240	6,115
Trade inventories, fuel and others	41,155	41,578
Operative material	2,090	1,806
Uniforms	6,305	5,628
Impairment of inventories	(9,330)	(8,601)
	<b>51,460</b>	<b>46,526</b>

No inventories have been pledged as securities for liabilities.

The changes in impairment losses for the six-month periods ended 30 June 2021 and 30 June 2020 are as follows:

	Thousands of Euros	
	30/06/2021	31/12/2020
<b>Balance at 1 January</b>	(8,601)	(8,377)
Additions	(245)	(2,616)
Applications and others	19	709
Disposal of the scope of consolidation	—	770
Transfer to non-current assets held for sale	—	29
Translation differences	(503)	455
<b>Balance at 30 June</b>	<b>(9,330)</b>	<b>(9,030)</b>

## 17. Net Equity

### 17.1. Share capital

Share capital consists of:

	Thousands	Thousands of Euros			
	Number of shares	Share capital	Share premium	Own shares	Total
01/01/2020	598,679	35,921	25,472	(107,927)	46,534
31/12/2020	548,604	32,916	25,472	(14,550)	43,838
30/06/2021	548,604	32,916	25,472	(28,496)	29,892

At 30 June 2021, the share capital of Prosegur Compañía de Seguridad, S.A. totals EUR 32.916 thousand and is represented by 548,604,222 shares with a par value of EUR 0.06 each, fully subscribed and paid. These shares are listed on the Madrid, Bilbao, Valencia and Barcelona Stock Exchanges and traded via the Spanish Stock Exchange Interconnection System (SIBE).

## 17.2. Share premium

The share premium amounts to EUR 25,472 thousand, is freely distributable and did not change in 2020 or in the six-month period ended 30 June 2021.

## 17.3. Own shares

Details of changes in own shares for the six-month period ended at 30 June 2021 are as follows:

	Number of shares	Thousands of Euros
<b>Balance at 31 December 2020</b>	<b>5,260,042</b>	<b>14,550</b>
Purchase of own shares	5,433,771	14,328
Other awards	(141,300)	(382)
<b>Balance at 30 June 2021</b>	<b>10,552,513</b>	<b>28,496</b>

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

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

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

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

The Programme has the following features:

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

#### 17.4. Cumulative translation difference

The change in the balance of the cumulative translation differences at 30 June 2021 as compared to 31 December 2020 for EUR 43,481 thousand results mainly from the appreciation of the Brazilian Real and the positive impact of hyperinflation in Argentina.

#### 17.5. Dividends

On 17 December 2020, the Board of Directors approved the distribution of a regular dividend of EUR 0.1240 per share on account of the 2020 profits, or a total maximum dividend of EUR 68,027 thousand (considering that the share capital is currently represented by 548,604,222 shares). This resolution of the Board of Directors was approved by the Shareholders General Meeting held on 3 June 2021. The amount that is not distributed as a dividend on the total maximum agreed, by reason of the treasury stock existing on the date of each payment, will be allocated to voluntary reserves and is reflected in the item "Other changes" of the consolidated statement of changes in equity.

On 28 January 2021 the first payment of the interim regular dividend was made against 2020 profits, for a maximum amount of EUR 17,007 thousand (at a rate of EUR 0.0310 gross per outstanding share and with economic rights on that date).

On 20 April 2021 the second payment of the interim regular dividend was made against 2020 profits, for a maximum amount of EUR 17,007 thousand (at a rate of EUR 0.0310 gross per outstanding share and with economic rights on that date).

On 20 July 2021 the third payment of the interim regular dividend to the shareholders was made against 2020 profits, for a maximum amount of EUR 17,007 thousand (at a rate of EUR 0.0310 gross per outstanding share and with economic rights on that date).

The remaining payment, until completing the approved dividend of EUR 0.124 per share, considering that the share capital on the date of approval of said dividend was divided into 548,604,222 shares, will be made in October 2021.

#### 17.6. Earnings per share

- **Basic**

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

	Thousands of Euros	
	<u>30/06/2021</u>	<u>30/06/2020</u>
Year profit attributable to the owners of the parent company	26,333	315,646
Weighted average ordinary shares in circulation	540,203,909	557,937,479
<b>Basic earnings per share</b>	<u><b>0.05</b></u>	<u><b>0.57</b></u>

- ***Diluted***

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

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

### **17.7. Non-controlling interests and other changes**

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

On 23 February 2021, Prosegur Cash S.A. agreed to temporarily suspend the execution of the own share buyback programme, which was approved by the Board of Directors of Prosegur Cash S.A. on 3 June 2020.

On 23 February 2021 the Board of Directors of Prosegur Cash decided to implement a new own share buyback programme.

The programme has been put into effect under the provisions of Regulation (EU) no. 596/2014 on market abuse and the Commission Delegated Regulation 2016/1052, making use of the authorisation granted by the Shareholders General Meeting held on 6 February 2017 for the purchase of own shares, for the purpose of meeting the commitments and obligations derived from the share-based remuneration plans for the Company's executive directors and employees.

The programme has the following features:

- Maximum amount allocated to the Programme: EUR 28,000 thousand.
- Maximum number of shares that can be acquired: up to 14,000,000 shares representing approximately 0.91% of the Company's share capital.
- Maximum price per share: shares will be purchased in compliance with the price and volume limits established in the Regulations. In particular, the Company cannot buy shares at a price higher than the highest of the following: (i) the price of the last independent trade; or (ii) that corresponding to the highest current independent bid on the trading venues where the purchase is carried out.



- Maximum volume per trading session: in so far as volume is concerned, the Company cannot purchase more than 25% of the average daily volume of the shares in any one day on the trading venues on which the purchase is carried out.
- Duration: the Programme has a maximum duration until 5 February 2022. Notwithstanding the above, the Company reserves the right to conclude the Programme if, prior to the end of said maximum term of one year, it has acquired the maximum number of shares authorised by the Board of Directors, if it has reached the maximum monetary amount of the Programme or if any other circumstances arise that call for it.

At 30 June 2021, the treasury stock held by Prosegur Cash, S.A. is composed of 37,833,843 shares.

At 30 June 2020, the treasury stock held by Prosegur Cash, S.A. was composed of 3,921,844 shares

All the purchases and other movements of own shares performed by Prosegur Cash, S.A. are mainly registered under the heading “Other changes” of the Consolidated Statement of Changes in Equity.

## 18. Provisions

Details of the balance and changes under this heading for the six-month period ended 30 June 2021 are as follows:

Thousands of Euros	Occupational risks	Legal risks	Employee benefits	Other risks	Total
<b>Balance at 1 January 2021</b>	<b>42,638</b>	<b>26,938</b>	<b>17,295</b>	<b>104,611</b>	<b>191,482</b>
Provisions charged against the income statement	3,628	2,478	-	8,343	<b>14,449</b>
Reversals credited to the income statement	(3,142)	(368)	-	(787)	<b>(4,297)</b>
Applications	(4,528)	(571)	-	(4,421)	<b>(9,520)</b>
Financial effect of discounting	637	751	-	5,105	<b>6,493</b>
Transfers	-	-	-	(12,603)	<b>(12,603)</b>
Business combinations	-	147	-	-	<b>147</b>
Translation differences	1,334	674	866	4,600	<b>7,474</b>
<b>Balance at 30 June 2021</b>	<b>40,567</b>	<b>30,049</b>	<b>18,161</b>	<b>104,848</b>	<b>193,625</b>
Non-Current 2021	40,567	30,049	18,161	103,471	192,248
Current 2021	-	-	-	1,377	1,377

### a) Occupational risks

The provisions for occupational risks, which amount to EUR 41,433 thousand (31 December 2020: EUR 42,638 thousand), are calculated individually based on the estimated probability of success or failure. In addition, an internal review is carried out of the probabilities of reaching agreements in each of the cases, depending on the past experience of Prosegur, in order to arrive at the final provision to be recorded.

The provision for occupational risks is composed mainly of labour legal cases in Brazil. The characteristics of labour legislation in that country result in such processes becoming drawn out, and has led to a provision in 2021 of EUR 19,949 thousand (31 December 2020: EUR 22,955 thousand).

A provision is also included for EUR 2,336 thousand (31 December 2020: EUR 2,116 thousand) related to the business combination carried out in 2005 with Transpev.

The settlement of these provisions is highly probable.

### b) Legal risks

The provisions for legal risks, which amount to EUR 30,049 thousand (31 December 2020: EUR 26,938 thousand), correspond mainly to civil claims which are analysed on a case-by-case basis. The settlement of these provisions is highly probable, but both the value of the final settlement as well as the moment are uncertain and depend upon the outcome of the processes under way.

### c) Employee benefits

As indicated in Note 5.2 of the Consolidated Annual Accounts for the year ended 31 December 2020, Prosegur maintains defined benefit schemes in Germany, Brazil, Honduras, Nicaragua, El Salvador, Ecuador and Mexico. The actuarial valuation, carried out by qualified actuaries, of the value of the benefits to which the Company is committed is updated every year. The last update occurred at the end of 2020 applicable to the current period.

In addition, Prosegur holds obligations by law under defined benefit schemes arising from the termination of employment contracts by dismissal or following a mutual agreement in Honduras, Nicaragua and El Salvador.

The defined benefit schemes of Germany and Ecuador consist of Pension and retirement schemes, while the benefit scheme defined for Mexico consists of a seniority scheme. In Brazil they consist of post-employment healthcare compliant with local legislation (Act 9656).

#### **d) Other risks**

The provision for other risks, which amounts to EUR 104,848 thousand (31 December 2020: EUR 104,611 thousand), includes multiple items.

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

We list the most significant ones below:

#### **Tax risks**

These mainly refer to tax risks in Brazil, Argentina and Spain amounting to EUR 96.033 thousand (31 December 2020: EUR 71,540 thousand).

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

Tax risks are classified as material on the basis of opinions in external studies according to the analysis of case law in the matter of reference. In addition, internal analyses are conducted based on similar cases that have occurred in the past at Prosegur or at other companies.

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

Provisions charged against and reversals credited to the income statement are included under the heading Other expenses in Note 6.

#### **Comcare Australia**

In the first half of 2021, payments were made for commitments associated with the occupational accident insurance plan in Australia amounting to EUR 271 thousand, resulting in a total provision of EUR 2,297 thousand (31 December 2020: EUR 2,498 thousand), of which EUR 334 thousand are due in the short term (31 December 2020: EUR 427 thousand).

#### **Accruals with personnel**

These provisions include the accrued incentive in the 18-20 Plan, the 21-23 Plan and the Long-Term Incentive Plan for the Executive President, Executive Director and Senior Management of the Prosegur Group. During the year, provisions to profit/(loss) amounted to EUR 5,638 thousand (30 June 2020: EUR 907 thousand), resulting in a total provision of EUR 5,089 thousand. Expenses are included under the heading on wages and salaries in Note 6.

As detailed in Note 35.20 of the Consolidated Annual Accounts for the year ended 31 December 2020, the 18-20 Plan is generally linked to the creation of value during 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.

For both plans, for the purpose of determining the value of each share to which the beneficiary is entitled, the average quotation price of Prosegur Compañía de Seguridad shares on the Stock Exchange will be taken as reference during the last fifteen trading sessions of the month prior to the one in which the shares must be delivered.

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. The period of measurement covers for most cases from 1 January 2021 to 31 December 2023. 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 measurement period 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.

At 30 June 2021, the positive impact on retained earnings and other reserves of the equity was EUR 2,092 thousand.

During the first half of 2021, a total amount of EUR 4,102 thousand associated with the last payment of the 18-20 Plan was settled.

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

## 19. Financial liabilities

Details of the balances of this heading under the consolidated statement of financial position at 30 June 2021 and 31 December 2020 are as follows:

Thousands of Euros	30/06/2021		31/12/2020	
	Non-current	Current	Non-current	Current
Debentures and other negotiable securities	1,293,963	6,084	1,292,898	13,725
Bank borrowings	108,379	121,461	239,086	215,061
Credit accounts	—	10,237	—	45,629
Other payables	74,993	52,441	52,753	50,885
	<b>1,477,335</b>	<b>190,223</b>	<b>1,584,737</b>	<b>325,300</b>

The most significant items that make up the balance at 31 December 2020 are detailed in Note 24 of the Consolidated Annual Accounts for the year ended on that date.

During the six-month period ended 30 June 2021, there has been no default or non-compliance with any agreement regarding the loans and credit facilities granted to Prosegur.

### **Syndicated credit facility (Spain)**

#### **Syndicated financing facility of EUR 200,000 thousand**

On 10 February 2017 Prosegur arranged a new five-year syndicated credit financing facility of EUR 200,000 thousand to provide the company with long-term liquidity. On 7 February 2019 this syndicated credit facility was renewed, and its maturity extended by another 5 years. In February 2020 the maturity was extended until February 2025. Additionally, on February 2021 its maturity was extended again until February 2026. At 30 June 2021 the balance drawn down from this credit amounted to EUR 20,000 thousand.

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

#### **Syndicated financing facility of EUR 300,000 thousand**

On 10 February 2017 Prosegur's subsidiary, Prosegur Cash, S.A., arranged a new five-year syndicated credit financing facility of EUR 300,000 thousand to provide the Company with long-term liquidity. On 7 February 2019 this syndicated credit facility was renewed, and its maturity extended by another 5 years. In February 2020 the maturity was extended until February 2025. Additionally, on February 2021 its maturity was extended again until February 2026. At 30 June 2021, no amount of this credit facility has been drawn down.

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

### **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.

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

### **Bailment**

Prosegur in Australia has signed a bailment for the supply of cash to automated teller machines belonging to Prosegur. The cash is, according to the contract, owned by the bailor. Prosegur has access to this money for the sole purpose of loading cash into the ATM belonging to it, supplied by this contract. The settlement of the assets and liabilities is carried out via regulated clearing systems, such as the right of set-off of balances. As a result of the foregoing, no assets and liabilities are shown in these consolidated financial statements for this item. The amount of outstanding cash at 30 June 2021 was AUD 154,827 thousand (equivalent to EUR 97,683 thousand); at 31 December 2020 it was AUD 251,833 thousand (equivalent to EUR 158,245 thousand).

### Syndicated loan (Australia)

On 28 April 2017, Prosegur, via its subsidiary Prosegur Australia Investments Pty, arranged a syndicated credit financing facility in the amount of AUD 70,000 thousand for a 3-year term. The first maturity took place during the first six months of 2021 for 10,000 thousand Australian dollars. The two remaining maturities will take place in 2022 and 2023.

At 30 June 2021, the drawn down capital corresponding to the loan amounts to AUD 60,000 thousand (at 30 June 2021 equivalent to: EUR 37,855 thousand).

### Loan in Peru

On 2 June 2021, Prosegur, via its subsidiary in Peru Compañía de Seguridad Prosegur S.A., arranged a credit financing facility for 300,000 thousand Peruvian sol for a five-year term. At 30 June 2021, the drawn down capital was 300,000 thousand Peruvian sol (equivalent at the end of the first half of 2021 to: EUR 65,298 thousand).

### Other payables

The most significant items that make up the balance at 31 December 2020 are detailed in Note 24 of the Consolidated Annual Accounts for the year ended on that date.

Other payables mainly relate to pending payments of business combinations.

## 20. Taxation

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

	Thousands of Euros Period ended 30 June	
	2021	2020
Current tax	61,269	37,446
Deferred tax	(15,434)	37,532
<b>Total</b>	<b>45,835</b>	<b>74,978</b>

	Thousands of Euros Period ended 30 June	
	2021	2020
Expense from income tax	45,835	74,978
Profit/(loss) before tax	74,501	396,193
<b>Effective tax rate</b>	<b>61.52 %</b>	<b>18.92 %</b>

The effective tax rate stood at 61.52% in the first half of 2021 compared to 18.92% in the same period the previous year, which represents an increase of 42.60 percentage points mainly for two reasons: the decline in inactivity caused by the health crisis which began in 2020 and the recording in 2020 of the extraordinary accounting result generated from the sale of 50% of the shares of the subsidiary Prosegur Alarmas España, S.A.

On 6 June 2018 the Technical Office issued a settlement resolution for EUR 1,354 thousand, of which EUR 1,195 thousand was for the capital and EUR 159 thousand for late-payment interest for “deductibility of directors’ remuneration” from 2011 to 2014. Against this Agreement, the Company has filed an administrative action with the National Court, with a decision on this pending. Despite the fact that there are good defence arguments for the resolution of this dispute, the Company has deemed it advisable to record a provision to cover the accounting impact that could arise from a different interpretation of the legislation to that of the Company’s.

On 6 May 2021 and through cassation appeal number 1208/2020, the Supreme Court upheld the administrative appeal filed by the Company against the decision of the Central Court for Economic-Administrative issues. This decision confirmed the criteria of the State Tax Administration (AEAT) on corporate income tax for 2005, 2006 and 2007, by which the tax debt of the recovery of the loss of value generated in 2002 was claimed. Consequently, the Company has reversed the tax provision that it had provided under that heading and for the subsequent litigation of the 2008, 2009 and 2019 periods with the same legal background as the litigation now upheld (Note 18).

On 4 April 2019 the Brazilian Tax Authority notified Prosegur Brasil S.A. Transportadora de Valores e Segurança of a tax settlement decision regarding Corporate Income Tax, Social Security and withholdings at source in relation to the corporate cost incurred from 2014 to 2016. The amount under that notice was BRL 214,820 thousand (tax liability BRL 102,938 thousand, interest BRL 30,833 thousand and penalties BRL 81,049 thousand), equivalent at 30 June 2019 to EUR 49,371 thousand. The resolution was challenged by the subsidiary in the administrative stage on 29 April 2019, having been partially admitted by the Brazilian authority on 26 August 2019. Against said resolution, the subsidiary decided to lodge an appeal to the CARF (Conselho Administrativo de Recursos Fiscais). That appeal is awaiting a decision. The Company has not established any provision associated with that lawsuit since it considers unlikely the chances of failure in the defence of that process, having for this purpose two external tax opinions to support that consideration. Additionally, a bilateral valuation agreement (MAP) from the Central Unit of Major Taxpayers of the Spanish Administration has been requested, in order to reach an agreement between the administrations that eliminates the double taxation that the action of the Receita Federal seeks to generate.

The other Group companies are subject to the local jurisdictions in the countries in which they operate. Due to the different interpretations that could be made of the fiscal legislation in force, additional tax liabilities could arise in the event of inspection. In any event, the Directors of the Company do not consider that any such liabilities that could arise would have a significant effect on the Consolidated Annual Accounts.

## 21. Contingencies

Note 28 of the Consolidated Annual Accounts for the year ended 31 December 2020 provides information on contingent assets and liabilities at that date.

### **National Commission on Markets and Competition**

#### **CNMC sanctioning file**

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

On 13 January 2017 Prosegur announced it planned to file, in the National Court, 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 2019, 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 agreed not to accept the appeal for constitutional protection presented by Prosegur for not considering it to have the special constitutional significance which, as a condition for its acceptance, the law requires. Whereby in 2020 the possibility of any legal appeals concluded.

Due to the events in 2020, Prosegur decided to record a provision in 2020 based on the best estimate available to it and which remains current on the date of preparation of these financial statements for EUR 8,695 thousand.

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.

## 22. Business combinations

Details of changes in goodwill during the first half of 2021 are presented in Note 11.3.

### 22.1. Goodwill added in 2021

Details of the net assets acquired and goodwill recognised on business combinations during the first half of 2021 are as follows:

Thousands of Euros	Cash payment	Deferred at fair value	Total purchase price	Fair value of identifiable net assets	Goodwill
Cash business combinations in LatAm <sup>(1)</sup>	24,057	25,518	49,575	9,313	40,262
	<b>24,057</b>	<b>25,518</b>	<b>49,575</b>	<b>9,313</b>	<b>40,262</b>

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

Goodwill is not tax deductible.

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

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	Cash outflow in acquisition
Cash business combinations in LatAm (1)	24,057	(6,058)	17,999
	<b>24,057</b>	<b>(6,058)</b>	<b>17,999</b>

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

### Cash business combinations in LatAm

During the first half of 2021, Prosegur acquired a number of security companies in LatAm providing auxiliary banking services. The total purchase price was EUR 49,575 thousand, comprising a cash consideration of EUR 24,057 thousand, a deferred contingent consideration amounting to a total of EUR 13,151 thousand, due in 2022 and 2023 and a deferred payment of EUR 12,367 thousand, due in 2022.

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

(Thousands of Euros)	<u>Carrying amount of the business acquired</u>	<u>Fair value</u>
Cash and cash equivalents	6,058	6,058
Property, Plant and Equipment	4,008	4,008
Inventories	338	338
Clients and other receivables	9,208	9,208
Suppliers and other payables	(9,704)	(9,704)
Current tax assets	1,395	1,395
Current tax liabilities	(1,273)	(1,273)
Non-current financial assets	353	353
Other intangible assets	3,495	3,495
Provisions	(147)	(147)
Long-term financial liabilities	(4,739)	(4,739)
Deferred tax asset	321	321
<b>Identifiable net assets acquired</b>	<b>9,313</b>	<b>9,313</b>

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

## 22.2. Goodwill added in 2020 whose valuation is being reviewed in 2021

Details of the net assets acquired and goodwill recognised on business combinations during 2020 whose valuation is being reviewed in 2021 are as follows:

Thousands of Euros	<u>Cash payment</u>	<u>Deferred at fair value</u>	<u>Total purchase price</u>	<u>Fair value of identifiable net assets</u>	<u>Goodwill</u>
Security business combinations in Europe	900	1,499	2,399	1,084	1,315
	<b>900</b>	<b>1,499</b>	<b>2,399</b>	<b>1,084</b>	<b>1,315</b>

Goodwill is not tax deductible.

At 31 December 2020, total goodwill of EUR 1,224 thousand was recognised on these additions for the Europe Security business combinations. The difference generated by the verification of the fair values in 2021 corresponded to the reassessment of the postponed contingent payments associated with Europe Security business combinations. Prosegur has not restated 2020 figures as the changes are not significant.

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

Thousands of Euros	<u>Cash payment</u>	<u>Cash and cash equivalents acquired</u>	<u>Cash outflow in acquisition</u>
Security business combinations in Europe	900	(619)	281
	<b>900</b>	<b>(619)</b>	<b>281</b>

## Security business combinations in Europe

During 2020, Prosegur acquired a security company in Europe specialising in the installation and maintenance of security equipment. The total purchase price was EUR 2,399 thousand, comprising a cash payment of EUR 900 thousand, and a deferred contingent consideration totalling EUR 1,499 thousand maturing in 2020, 2021 and 2022.

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

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

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

### 22.3. Goodwill added in year 2020 not reviewed in 2021

Details of the net assets acquired and goodwill recognised on business combinations during 2020 whose valuation has not been reviewed in 2021 are as follows:

Thousands of Euros	Cash payment	Deferred at fair value	<b>Total purchase price</b>	Fair value of identifiable net assets	<b>Goodwill</b>
Cash business combinations in LatAm	24,816	50,863	<b>75,679</b>	15,747	<b>59,932</b>
Business combinations in Cash Europe	2,247	3,854	<b>6,101</b>	3,083	<b>3,018</b>
Business combinations in Cash ROW	10,454	—	<b>10,454</b>	10,346	<b>108</b>
	<b>37,517</b>	<b>54,717</b>	<b>92,234</b>	<b>29,176</b>	<b>63,058</b>

Goodwill is not tax deductible.

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

Thousands of Euros	Cash payment	Cash and cash equivalents acquired	Cash outflow in acquisition
Cash business combinations in LatAm	24,816	(6,661)	18,155
Business combinations in Cash Europe	2,247	(227)	2,020
Business combinations in Cash ROW	10,454	—	10,454
	<b>37,517</b>	<b>(6,888)</b>	<b>30,629</b>

### Cash business combinations in LatAm

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

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

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

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

### Cash business combinations in Europe

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

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

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

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

### Cash business combinations in ROW

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

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

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

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

## 23. Related parties

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

### Procurement of goods and services

During the first half of 2021, Proactinmo, S.L.U. (controlled by Gubel, S.L.) invoiced Prosegur for the rental of four properties located in Madrid for EUR 2,848 thousand (at 30 June 2020: EUR 1,481 thousand for three properties located in Madrid). The four leases are at market prices.

During the first half of 2021, the Euroforum Group (controlled by Gubel, S.L.) invoiced Prosegur for hotel services amounting to EUR 44 thousand (at 30 June 2020: EUR 50 thousand).

During the first half of 2021, Agrocinegética San Huberto (controlled by Gubel, S.L.) invoiced Prosegur EUR 120 thousand (at 30 June 2020: EUR 318 thousand).

### Provision of services

During the first half of 2021 Prosegur provided services to Gubel, S.L. in the amount of EUR 9 thousand (at 30 June 2020 Prosegur had not provided services to Gubel, S.L.).

During the first half of 2021, Prosegur provided security services to Proactinmo, S.L.U. (controlled by Gubel, S.L.) for EUR 35 thousand (at 30 June 2020: EUR 68 thousand).

During the first half of 2021, Prosegur provided security services to the Euroforum Group (controlled by Gubel, S.L.) amounting to EUR 15 thousand (at 30 June 2020: EUR 39 thousand).

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

#### 1. Remuneration of members of the Board of Directors

Details of the remuneration accrued by members of the Board of Directors for all items during the six-month periods ended 30 June 2021 and 2020 are as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Fixed remuneration	465	264
Variable remuneration	506	506
Remuneration for membership of the Board and Committee	11	10
Life insurance premiums	33	29
Per diems	629	468
	<b>1,644</b>	<b>1,277</b>

#### 2. Remuneration of Senior Management personnel

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

The remuneration accrued by all the Senior Management personnel of Prosegur for the six-month periods ended 30 June 2021 and 2020 is as follows:

	Thousands of Euros	
	30/06/2021	30/06/2020
Total remuneration accrued by Senior Management	1,723	1,623

The total commitment acquired by the Company at 30 June 2021 related to the 2018-2020 and 2021-2023 Plan incentives is recorded in liabilities for a total amount of EUR 5,089 thousand (Note 18).

### **Loans to related parties**

At 30 June 2021 and 2020 there were no loans to related companies except for the loan granted from Prosegur to one of its subsidiaries in India, SIS Cash Services Private Ltd, which is consolidated using the equity method for the amount of EUR 2,224 thousand (Note 12).

### **Information required by article 229 of the Spanish Companies Act**

As required by articles 228, 229 and 230 of the Revised Text of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010 and amended by Act 31/2014 concerning improvements to corporate governance, the members of the Board of Directors and their related parties declare that they have not been involved in any direct or indirect conflicts of interest with the Company during the first half of 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 30 June 2021 the fees amounted to EUR 503 thousand, representing less than 0.5% of Prosegur's total administration and sales expenses (Note 6) (at 30 June 2020 the amount was EUR 514 thousand).

In addition, in the six-month period ended 30 June 2021 Prosegur provided surveillance services to the law firm J&A Garrigues, S.L.P. The surveillance services invoiced to J&A Garrigues, S.L.P. at 30 June 2021 stood at EUR 377 thousand, accounting for less than 0.5% of Prosegur's sales (at 30 June 2020 it was EUR 329 thousand).

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



## 24. Average headcount

Details of the average headcount of Prosegur for the six-month periods ended 30 June 2021 and 30 June 2020 are as follows:

	30/06/2021	30/06/2020
Men	122,912	138,101
Women	28,622	30,076
	<b>151,534</b>	<b>168,177</b>

## 25. Events after the reporting date

On 6 July 2021, the deed for the reduction of share capital (and resulting by-law amendment) of Prosegur Cash was registered in the Mercantile Registry of Madrid, relating to the reduction of capital through the redemption of 21,589,296 own shares of Prosegur Cash, each with a par value of EUR 0.02, thus reducing the share capital by EUR 431,785.92, from EUR 30,890,719.58 to EUR 30,458,933.66. The capital reduction was carried out without refund of contributions and was made against free reserves by provisioning an unavailable voluntary reserve for the same amount as the capital reduction (that is EUR 431,785.92), in accordance with article 335 (c) of the Spanish Companies Act.

This capital reduction was approved by the Shareholders General Meeting of Prosegur Cash held on 28 October 2020, under item thirteen of its agenda.

## APPENDIX I. – Summary of the main accounting policies

The accounting policies used to prepare these condensed interim consolidated financial statements are the same as those applied in the consolidated annual accounts for the year ended 31 December 2020.

The Group intends to adopt modifications to the standards issued by the IASB, which are not mandatory in the European Union, when they come into force, if applicable. Although the Group is currently analysing their impact, based on the analyses carried out to date, the Group considers that their initial application will not have a significant impact on its condensed interim consolidated financial statements, except for the following amendments issued:

- Amendments to IFRS 3 - Business combinations: These amendments, issued by the IASB in May 2020, aim to replace the reference to the 1989 Conceptual Framework with a reference to that of 2018, without significantly changing its requirements. The IASB also added an exception to the requirements of IFRS 3 to avoid possible gains or losses on “day 2” resulting from liabilities or contingent liabilities (within the scope of the IAS 37 or IFRIC 21) if incurred separately. At the same time, the IASB has decided to clarify the already existing guide of the IFRS 3 to recognise contingent liabilities that will not be affected by the references to the Conceptual Framework.

These amendments are effective for periods that start 1 January 2022 or later, and are applied prospectively. The Group does not expect any impact from these amendments.

- Amendments to IAS 16 Property, plant and equipment: Amounts obtained prior to the intended use. These amendments, issued by the IASB in May 2020, prohibit deducting the amount of the sales obtained from the asset from the acquisition cost of the asset while it is taken to the place and conditions necessary for it to be able to operate in the manner foreseen by the Management. Instead, these amounts will be recorded in the income statement.

These amendments are effective for periods that start on 1 January 2022 or later, and have to be applied retrospectively only to assets taken to the place and conditions necessary for them to be able to operate in the manner foreseen by the Management from the start of the first period presented in the financial statements in which they are applied for the first time. The Group does not expect any significant impact from these amendments.

- Amendments to IAS 37 Costs of fulfilling a contract. These amendments, issued by the ISAB in May 2020, detail the costs that entities have to include when evaluating whether a contract is onerous or in losses. The amendments propose a "direct cost approach". Costs related directly to a delivery of goods or service contract include both, incremental costs, as well as an allocation of those directly related to the contract. Administrative and general costs are not directly attributable to a contract, so they are excluded from the calculation unless they are explicitly attributable to the counterparty under the contract. These amendments are effective for periods that start 1 January 2022 or later.



**PROSEGUR**

Directors' interim  
consolidated report  
for the six-month  
period ended  
30 June 2021

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

## Table of contents

<b>1.</b>	<b>Events occurred since the end of 2020</b>	<b>53</b>
<b>2.</b>	<b>Performance of the business</b>	<b>53</b>
2.1.	Sales by geographical area	53
2.2.	Sales by Sales by business area	54
2.3.	Margins	54
2.4.	Outlook for the second half of 2021	55
<b>3.</b>	<b>Average headcount</b>	<b>56</b>
<b>4.</b>	<b>Investments</b>	<b>57</b>
<b>5.</b>	<b>Financial management</b>	<b>57</b>
<b>6.</b>	<b>Own shares</b>	<b>57</b>
<b>7.</b>	<b>Innovation</b>	<b>58</b>
<b>8.</b>	<b>Alternative performance measures</b>	<b>59</b>
<b>9.</b>	<b>Subsequent events</b>	<b>62</b>

## **Directors' interim consolidated report for the six-month period ended 30 June 2021**

### **1. Events occurred since the end of 2020**

The most important transactions and events occurred during the first half of 2021 are detailed below:

#### **COVID-19**

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 to be a pandemic.

Although the vaccination campaign started at the beginning of the year, the availability of vaccines in countries where the Prosegur Group operates is very unequal and some governments continue to take prevention measures that cause the economy to contract and limit access to the market in which the Group operates in its different lines of business.

At 30 June 2021, the main impacts on the interim consolidated financial statements of the Prosegur Group were as follows:

- Deferred payment of tax liabilities in several countries where Prosegur operates, included under the heading Suppliers and other payables in the consolidated statement of financial position, for EUR 13,024 thousand.
- Granting of government aid to maintain jobs in the security sector related to the aviation industry in the United States in the context of the COVID-19 pandemic included under the heading "Other income" in the consolidated income statement, for EUR 16,353 thousand (Note 8).
- Policy of containing operating and structural costs during the first six months of 2021 (Notes 6 and 7).

### **2. Performance of the business**

#### **2.1. Sales by geographical area**

Prosegur consolidated sales for the first half of 2021 amounted to EUR 1,637.4 million (at 30 June 2020: EUR 1,845.0 million), representing a decline of 11.3% due to 4.2% decrease in the inorganic growth, mainly as a result of the interruption of the operations in France during 2020, and due to the 9.8% negative foreign exchange effect. Those two effects offset the 2.8% organic growth registered during the first half of 2021.

Consolidated sales are distributed by geographical area as follows:

(Millions of Euros)	June 2021	June 2020	Growth
Europe	692.2	779.2	(11.1 %)
ROW	170.1	167.8	1.3 %
LatAm	775.1	898.0	(13.7 %)
<b>Total Prosegur</b>	<b>1,637.4</b>	<b>1,845.0</b>	<b>(11.3 %)</b>

In Europe, the fall in sales was 11.1% compared to the same period the previous year, with a 0.2% in pure organic growth which has been offset by a 11.3% drop in inorganic growth mainly due to the interruption of the operations in France in 2020. Sales have also dropped in LatAm, with a 13.7% decrease compared to the same period in 2020. The variation in sales in LatAm corresponds to 4.9% pure organic growth, 0.9% inorganic growth and the rest is attributed to the negative effect of the exchange rate. Finally, ROW sales increased by 1.3%, mainly due to organic and inorganic growth, which resulted in an increase of 3.4% and 1.9%, respectively, which were partially offset by the negative effect of the exchange rate of 4.1%.

## 2.2. Sales by business area

Consolidated sales are distributed by business areas as follows:

(Millions of Euros)	June 2021	June 2020
Security	825.9	970.1
<i>% of total</i>	50.4 %	52.6 %
Cash	692.4	771.8
<i>% of total</i>	42.3 %	41.8 %
Alarms	96.8	103.1
<i>% of total</i>	5.9 %	5.6 %
AVOS	15.0	—
<i>% of total</i>	0.9 %	— %
Cybersecurity	7.3	—
<i>% of total</i>	0.5 %	— %
<b>Total Prosegur</b>	<b>1,637.4</b>	<b>1,845.0</b>

## 2.3. Margins

EBITA for the first half of 2021 was EUR 92.7 million (at 30 June 2020: EUR 511.8 million). The EBITA margin at the end of the first half of 2021 was 5.7% (at 30 June 2020: 27.7%). This represents a significant reduction compared to the same period in 2020, when 50% of the alarm business in Spain was sold, recording for this transaction income included under the heading "Other income" in the consolidated income statement.

The EBITA margin is as follows:

(Millions of Euros)	June 2021	June 2020
Sales	1,637.4	1,845.0
EBITA	92.7	511.8
EBITA margin	5.7 %	27.7 %

#### 2.4. Outlook for the second half of 2021

The negative effects of the COVID-19 pandemic suffered by most global economies continued during the first half of the year, made worse in Europe by the severe winter storms and extreme health lockdown situations of the population, especially in Portugal and Germany.

Fortunately, expectations for the second half of 2021 are more positive as the vaccination programme reaches more layers of the population, which is resulting in the relaxation of lockdown measures and limitation on store opening hours in many regions.

It is hoped that these new circumstances will have a positive effect on all of Prosegur's lines of business, although they are being treated with the obvious caution generated by the global uncertainty on the end of the pandemic. It is therefore expected that all businesses will begin to grow again during the second half of the year, albeit with different dynamics in each of them.

Cash is the activity that has most suffered the effect of business closures and social confinement. During these periods, the volumes of cash operated and the amounts transported were significantly reduced due to lower consumption and the closing of bank branches.

Additionally, its income has also suffered a further reduction due to the negative translational effect of the devaluation in the main LatAm currencies, the Argentine Peso and the Brazilian Real, although to a lesser extent than the effects seen during the same period in 2020.

However, the cash in transit and cash management business has shown rapid recovery capability as soon as conditions normalise and the volumes of cash in circulation recover, without impairments or losses with respect to the pre-pandemic situation.

The Security business was also affected by the lockdowns and business closures; however, its volume losses have been lower due to the need for clients to maintain a minimum level of security, even when their work centres are closed, and due to the sharp increase in demand from the food and hospital retail sectors to ensure their clients and users comply with social distancing and hygiene measures.

This entire set of new solutions has become known as "Safety Solutions". Their future is very promising and it is hoped that they will strongly boost technological solutions based on remote monitoring, thermography and intelligent image processing.

Furthermore, increased penetration of the use of remote monitoring technology through control centres or SOC's (Security Operation Centres) is facilitating the growth of a third line of solutions called "Business Continuity", through which the client is provided with monitoring, control and maintenance services for critical business processes such as temperature control, sensor reading, remote measurement and many other elements of industrial process management.

However, despite the positive outlook in expected demand for this new type of services, the Security business has yet to recover the volume losses of the first half of the year –lower than Cash, but with a slower recovery– and also to overcome certain negative profitability impacts in some countries caused by protectionist labour measures which have prevented adapting labour costs to the fall in volumes proportionally.

Finally, Alarms is also a business that is recovering quickly from the temporary impact suffered during the worst months of the pandemic, showing very positive recovery prospects.

During the main months of the lockdown, in virtually all our countries, the ability to access clients' homes or businesses to sell new connections or install those already sold was limited entirely.

This situation continued partially during the first half of 2021 but as normality returns positive growth is expected to be recovered in the installed base during the second half of this year, until reaching rates similar to previous years.

Moreover, the joint venture created in Spain with Telefónica –Movistar Prosegur Alarmas– after resuming commercial activity, shows again excellent growth forecasts higher than those reported during the first half of the year, almost 5 times the growth of previous years, despite the persistence of the pandemic, and expanding its operations also to Colombia, where it has signed a commercial distribution agreement with Telefónica too.

At the consolidated level of the Prosegur Group, it is worth noting the good result which is being obtained both in cash and in working capital from the application of measures aimed at protecting the company's liquidity.

The labour cost adjustment measures to adapt it to the reduction in volumes, the intense focus on strengthening client payment collection policies and the offers to the market of the possibility of dividend payouts via shares are proving highly beneficial for the generation of cash which will possibly improve proportionally to sales compared to other years. Of note too is the strength of the company's balance sheet, ensuring its ability to meet its financial and growth commitments without compromise over the coming years.

Worth mentioning finally is the excellent reception in the financial markets of the holding at the end of June 2021 of Capital Markets Day. The main lines of the new Strategic Plan 2021-23, as well as the company's long-term growth strategy to 2030, with a strong emphasis on innovation, digitisation of processes and new products in all business areas, were presented to the international investment community at this event.

The two new businesses, AVOS and Cipher, were also presented to the market at the event as well as specific details on the company's growth and profit improvement objectives for 2023 and 2030.

### 3. Average headcount

Details of the average headcount of Prosegur for the six-month periods ended 30 June 2021 and 2020 are as follows:

	30/06/2021	30/06/2020
Men	122,912	138,101
Women	28,622	30,076
	<b>151,534</b>	<b>168,177</b>



#### 4. Investments

All of Prosegur's investments are always analysed by the corresponding technical and operating areas and the management control department, which estimate and examine the strategic importance, return period and yields of the investments before these are approved. Subsequently these are submitted to the Investment Committee for a final decision on whether to proceed with the investment. Investments in excess of EUR 1 million are submitted to the Board of Directors.

During the first half of 2021, investments in Property, Plant and Equipment were approved for EUR 78.8 million (at 30 June 2020: EUR 38.9 million).

#### 5. Financial management

Prosegur calculates net financial debt as follows: total current and non-current borrowings (excluding other non-bank payables) plus net derivative financial instruments, minus cash and cash equivalents, minus equity instruments in listed companies (included under the heading non-current financial assets), and minus other current financial assets.

Net financial debt at 30 June 2021 amounted to EUR 762.6 million (at 31 December 2020: EUR 728.6 million euros) (its calculation is detailed in Note 8 of the Directors' Report).

The ratio of net financial debt to equity (including equity instruments in listed companies and current and non-current lease liabilities) was 1.1 at 30 June 2021 (at 31 December 2020: 1.1).

#### 6. Own shares

Details of changes in own shares during the first half of 2021 are as follows:

	Number of shares	Millions of Euros
<b>Balance at 31 December 2020</b>	<b>5,260,042</b>	<b>14.55</b>
Purchase of own shares	5,433,771	14.33
Other awards	(141,300)	(0.38)
<b>Balance at 30 June 2021</b>	<b>10,552,513</b>	<b>28.50</b>

## 7. Innovation

In Prosegur an Innovation team expert in emerging technologies and the latest trends in Security has been created to cover the client's needs through its three basic pillars: Digitisation, Innovation and Growth. Prosegur has therefore exponentially grown its leadership in the industry and is now among the top 20 companies that invest the most in innovation in Spain. Through the different initiatives that the company has launched as part of an ambitious Digital Transformation Plan, technology is now no longer an instrument but rather an intrinsic part of the activity.

Innovation has become a cornerstone of the Company's future business. In 2020 Prosegur invested more than EUR 21 million in projects certified as Innovation by the governments of the countries in which it operates, equating to growth of more than 100% compared to the equivalent investment in 2018, year of the launch of the Company's Strategic Plan 2018-2020. Likewise, during this strategic plan a direct investment of more than EUR 10 million was made in innovative start-ups with technological solutions to accelerate Prosegur's digital transformation and to support clients.

In 2020, as a sign of Prosegur's commitment to Innovation, the Tech Studios were created developing prototypes and implementing new solutions based on disruptive technologies that will shape the future of security, such as Artificial Intelligence & Data, Internet of Things and Design Studio.

The Artificial Intelligence & Data Tech Studio is the innovation area responsible for managing the latest AI and Data Science technologies for the Company. That is why it is in charge of developing and validating technologies through proofs of concept and pilots in order to create completely new products and services that allow the company to grow technologically.

The Internet of Things (hereinafter, IoT) Tech Studio is responsible for converting all the power of the Internet of Things into actual solutions. It is responsible for knowing all current technologies and testing them in terms of concept ideas and pilots. It also develops integrated solutions and promotes their use and knowledge. Prosegur always seeks to stay up-to-date with new technologies, which is why the IOT Tech Studio is looking to find solutions to the challenges that may arise by means of sensors, networks, programming languages, circuits.

In Design Studio, users' needs are studied and highly functional and attractive products are designed always striving for maximum client satisfaction.

Continuing with the innovative line being developed in the Company in recent years, and in line with the new Strategic Plan 2021-2023, new initiatives have been launched in this area through Open Innovation Programmes, such as COME IN and THE BEST ROCKET. The COME IN programme is defined as an opportunity for all those start-ups that want to develop in the world of global security, cash management, alarms and cybersecurity. Prosegur offers the possibility of collaborating with entrepreneurs that develop innovative functions to tackle future challenges in the security area. THE BEST ROCKET is a programme that covers initiatives such as the internal conception competition, the company's intra-entrepreneurial programme or Venture Building, programmes to explore new markets.

Additionally, Prosegur has launched an ambitious internal training plan on Innovation, called "Innovation Deep Dive", which aims to give all its employees technological capabilities, allowing them to acquire knowledge in advanced technologies (IoT, Data Science, IA, Blockchain, Mixed Reality and Robotics), as well as in innovative management processes (Management 3.0, Design Thinking and Agile Methodology).

What's more, in Prosegur, innovation capacity is channelled into the development of products always oriented to meeting client expectations. Therefore, once current and future needs are known, a team of specialists takes charge of validating and testing them and putting them into production, so that they reach the highest number of clients securely and reliably.

## 8. Alternative Performance Measures

In order to comply with ESMA Guidelines on APMs, Prosegur presents this additional information to aid the comparability, reliability and understanding of its financial information. The Company presents its profit/(loss) in accordance with International Financial Reporting Standards (IFRS). However, Management considers that certain alternative performance measures provide additional useful financial information that should be taken into consideration when assessing its performance. Management also uses these APMs to make financial, operating and planning decisions, as well as to assess the Company's performance. Prosegur provides those APMs it deems appropriate and useful for users to make decisions and those it is convinced represent a true and fair view of its financial information.

APM	Definition and calculation	Purpose
Working capital	This is a finance measure that represents the operating liquidity available for the Company. Working capital is calculated as current assets less current liabilities plus deferred tax assets less deferred tax liabilities less non-current provisions.	Positive working capital is necessary to ensure that the Company can continue its operations and has sufficient funds to cover matured short-term debt as well as upcoming operating expenses. Working capital management consists of the management of inventories, accounts payable and receivable and cash.
EBIT margin	The EBIT margin is calculated by dividing the operating profit/(loss) of the company by the total figure of revenue.	The EBIT margin provides the profitability obtained of the total revenue accrued.
Organic Growth	Organic growth is calculated as an increase or decrease of income between two periods adjusted by acquisitions and disinvestments and the exchange rate effect.	Organic growth provides the comparison between years of the growth of the revenue excluding the currency effect.
Inorganic Growth	The Company calculates inorganic growth for a period as the sum of the revenue of the companies acquired. The income from these companies is considered inorganic for 12 months following their acquisition date.	Inorganic growth provides the growth of the company by means of new acquisitions or disinvestments.
Exchange rate effect	The Company calculates the exchange rate effect as the difference between the revenue for the current year less the revenue for the current year using the exchange rate of the previous year.	The exchange rate effect provides the impact of currencies on the revenue of the company.
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, minus equity instruments in listed companies (included under the non-current financial assets heading) and minus other current financial assets.	The net debt provides the gross debt less cash in absolute terms of a company.
EBITA	EBITA is calculated on the basis of the consolidated profit/(loss) for the period without including the profit/(loss) after taxes from discontinued operations, taxes on earnings, financial income or costs, or depreciations of Goodwill or the amortisation of intangible assets, but including the depreciation of 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 consolidated profit/(loss) for the period for a company, excluding earnings after taxes from discontinued operations, income taxes, financial income or costs, and amortisation expenses or depreciation on goodwill.	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.

<b>Working capital</b> (in millions of Euros)	<b>30/06/2021</b>	<b>31/12/2020</b>
Inventories	51.5	46.5
Clients and other receivables	725.0	675.7
Current tax assets	84.3	105.7
Cash and cash equivalents	582.4	767.0
Other current financial assets	—	150.0
Deferred tax assets	112.8	99.2
Suppliers and other payables	(698.8)	(714.9)
Current tax liabilities	(163.2)	(168.1)
Non-current financial liabilities	(190.2)	(325.3)
Other current liabilities	(38.1)	(30.7)
Deferred tax liabilities	(65.0)	(66.8)
Provisions	(193.6)	(191.5)
<b>Total Working Capital</b>	<b>207.1</b>	<b>346.9</b>

  

<b>EBIT margin</b> (in millions of Euros)	<b>30/06/2021</b>	<b>30.06.2020</b>
EBIT	78.3	442.4
Revenue	1,637.4	1,845.0
<b>EBIT margin</b>	<b>4.8 %</b>	<b>7.0 %</b>

  

<b>Organic Growth</b> (in millions of Euros)	<b>30/06/2021</b>	<b>30.06.2020</b>
Revenue current year	1,637.4	1,845.0
Less: revenue previous year	1,845.0	2,055.1
Less: Inorganic Growth	(77.4)	2.3
Exchange rate effect	(181.5)	(271.7)
<b>Total Organic Growth</b>	<b>51.2</b>	<b>59.4</b>

  

<b>Inorganic Growth</b> (in millions of Euros)	<b>30/06/2021</b>	<b>30.06.2020</b>
Cash LatAm	9.6	21.7
Cash Europe	0.8	4.0
Cash ROW	3.2	2.1
Security LatAm	—	12.3
Security ROW	—	30.9
Disinvestments	(90.9)	(68.8)
<b>Total Inorganic Growth</b>	<b>(77.4)</b>	<b>2.3</b>

  

<b>Exchange Rate Effect</b> (in millions of Euros)	<b>30/06/2021</b>	<b>30.06.2020</b>
Revenue current year	1,637.4	1,845.0
Less: Revenue from the year underway at the exchange rate of the previous year	1,818.9	2,116.9
<b>Exchange rate effect</b>	<b>(181.5)</b>	<b>(271.7)</b>

<b>Net financial debt</b> (In millions of Euros)	<b>30/06/2021</b>	<b>31/12/2020</b>
Financial liabilities	1,667.6	1,910.0
Finance lease liabilities	92.6	92.6
Adjusted financial liabilities (A)	1,760.3	2,002.6
Cash and cash equivalents	(582.4)	(767.0)
Less: adjusted cash and cash equivalents (B)	(582.4)	(767.0)
Less: Other current financial assets (C)	-	(150.0)
<b>Total Net Financial Debt (A+B+C)</b>	<b>1,177.9</b>	<b>1,085.5</b>
Less: other non-bank borrowings (D)	(127.4)	(103.6)
Less: Finance lease liabilities (E)	(92.6)	(92.6)
<b>Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&amp;A and financial debt from lease payments) (A+B+C+D+E)</b>	<b>957.8</b>	<b>889.4</b>
Minus: equity instruments of listed companies (F)	(195.2)	(160.8)
<b>Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&amp;A payments, financial debt from lease payments and including the value of equity instruments of listed companies) (A+B+C+D+E+F)</b>	<b>762.6</b>	<b>728.6</b>
<b>EBITA</b> (In millions of Euros)	<b>30/06/2021</b>	<b>30/06/2020</b>
Consolidated profit/(loss) for the year	26.3	315.6
Non-controlling interests	2.3	5.6
Income taxes	45.8	75.0
Net financial expenses	3.8	46.2
Depreciation and amortisation	14.5	69.4
<b>EBITA</b>	<b>92.7</b>	<b>511.8</b>
<b>EBITDA</b> (In millions of euros)	<b>30/06/2021</b>	<b>30/06/2020</b>
Consolidated profit/(loss) for the year	26.3	315.6
Non-controlling interests	2.3	5.6
Income taxes	45.8	75.0
Net financial expenses	3.8	46.2
Depreciation and amortisation	93.2	154.7
<b>EBITDA</b>	<b>171.4</b>	<b>597.2</b>

## **9. Subsequent events**

On 6 July 2021, the deed for the reduction of share capital (and resulting by-law amendment) of the Company was registered in the Mercantile Registry of Madrid, relating to the reduction of capital through the redemption of 21,589,296 own shares of the Company, each with a par value of EUR 0.02, thus reducing the share capital by EUR 431,785.92, from EUR 30,890,719.58 to EUR 30,458,933.66. The capital reduction was carried out without refund of contributions and was made against free reserves by provisioning an unavailable voluntary reserve for the same amount as the capital reduction (that is EUR 431,785.92), in accordance with article 335 (c) of the Spanish Companies Act.

This capital reduction was approved by the Shareholders General Meeting of the Company held on 28 October 2020, under item thirteen of its agenda.

## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL REPORT OF THE FIRST HALF OF 2021

The members of the Board of Directors of Prosegur Compañía de Seguridad, S.A. state, to the best of their knowledge, that the financial information selected from Prosegur Compañía de Seguridad, S.A., as well as the condensed interim consolidated financial statements of Prosegur Compañía de Seguridad, S.A. and their subsidiaries, for the first half of 2021, drawn up by the Board of Directors, at its meeting of 28 July 2021, and prepared in accordance with the applicable accounting principles, provide a true and fair view of the assets, financial position and the profit/(loss) of Prosegur Compañía de Seguridad, S.A., as well as of the subsidiaries included in the consolidation scope, taken as a whole, and that the respective directors' interim reports include a reliable analysis of the information required.

Madrid, 28 July 2021

Ms Helena Irene Revoredo Delvecchio  
President

Mr Isidro Fernández Barreiro  
Vice-President

Mr Christian Gut Revoredo  
Executive Director

Ms Chantal Gut Revoredo  
Director

Mr Eugenio Ruiz-Gálvez Priego  
Director

Mr Ángel Durández Adeva  
Director

Mr Fernando Vives Ruíz  
Director

Mr Fernando D'Ornellas Silva  
Director

Mr Rodrigo Zulueta Galilea  
Director



Proceeding to record that the Board of Directors of Prosegur Compañía de Seguridad, S.A. in the meeting held in Madrid on 28 July 2021 has drawn up the Half-Yearly Financial Report for the first half of 2021, consisting of the following documents: the individual financial information selected, the consolidated financial information selected, the condensed interim consolidated financial statements and the Directors' interim report of Prosegur Compañía de Seguridad, S.A. and its subsidiaries, and the statement of responsibility of the Directors, all corresponding to the first half of 2021, documentation which has been drawn up unanimously (by all the attending directors) by the Board of Directors of the Company, in accordance with the provisions of article 35 of Act 24/1988, of 29 July, on the Securities Market, in the meeting held on this date.

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

The declarations of responsibility on its content have been signed by the directors of Prosegur Compañía de Seguridad, S.A.

And all of which as Secretary of the Board of Directors, I attest to, in Madrid on 28 July 2021.

Signed: Mr Antonio Rubio Merino

(Non-Director Secretary)

