PROSEGUR

Prosegur Compañía de Seguridad and Subsidiaries

Interim quarterly financial information

Interim financial statements for the first quarter of 2023

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

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I. Profit/(loss) from January to March 2023

Million of euros

CONSOLIDATED RESULTS	2022	2023	% Var.
Sales	**946.9**	**1,070.9**	**13.1%**
EBITDA	**102.5**	**117.4**	**14.5%**
Margin	*10.8%*	*11.0%*	
Depreciation and amortisation	(42.6)	(43.9)	**3.1%**
Adjusted EBITA	**60.0**	**73.6**	**22.7%**
Margin	*6.3%*	*6.9%*	
Amortisation and impairment of intangible assets	(8.1)	(8.8)	**8.9%**
EBIT	**51.9**	**64.8**	**24.8%**
Margin	*5.5%*	*6.0%*	
Financial Results	(15.3)	(29.5)	**93.0%**
Profit/ (loss) before tax	**36.6**	**35.3**	**-3.6%**
Margin	*3.9%*	*3.3%*	
Taxes	(22.4)	(19.7)	**-12.3%**
Net Result	**14.2**	**15.7**	**10.2%**
Non-controlling interests	3.6	2.9	**-18.2%**
Consolidated net profit/(loss)	**10.6**	**12.7**	**19.8%**
Margin	*1.1%*	*1.2%*	
Earnings per share (Euros per share)	**0.0**	**0.0**	**19.8%**

II. Performance in the period

Turnover increased by 13.1% compared to 2022, with 23.6% corresponding to pure organic growth, 2.2% to inorganic growth, while the joint effect of the exchange rate and the result of applying IAS 29 and IAS 21.42 has meant a negative impact of 12.7%.

The adjusted EBITA increased by 22.7% compared to financial year 2022, reaching EUR 73.6 million, with a margin on sales of 6.9%.

The consolidated net profit/(loss) reached EUR 12.7 million, representing a 19.8% increase with respect to 2022.

Interim financial statements (January – March 2023)

1. Performance of the business

Details of the business performance of the main consolidated income statement items for the period January-March 2023 and their comparison for the period January-March 2022 is detailed below:

a) Sales

Prosegur sales during the period from January to March 2023 totalled EUR 1,070.9 million, compared to EUR 946.9 million during the same period in 2022. This means an increase of 13.1% corresponding to a 23.6% increase of pure organic growth, a 2.2% increase to inorganic growth due to the acquisitions made by Prosegur in 2022, while the joint effect of the exchange rate and the result of applying IAS 29 and IAS 21.42 resulted in a decrease of 12.7%.

The inorganic growth relates mainly to Change Group acquisitions made during 2022, with presence in Europe, and likewise with the acquisitions made in Germany and Ecuador in 2022. All acquisitions begun to form part of the consolidation scope as of the same month of their acquisition.

The table below shows the breakdown of Prosegur's sales by business line:

Million of euros			
Sales	**Prosegur Total**		
	2022	**2023**	**% Var.**
Security	**469.2**	**521.3**	**11.1%**
% of total	*49.6%*	*48.7%*	
Cibersecurity	**3.8**	**3.4**	**-8.8%**
% of total	*0.4%*	*0.3%*	
Cash	**410.6**	**477.0**	**16.2%**
% of total	*43.4%*	*44.5%*	
AVOS	**20.7**	**23.6**	**13.9%**
% of total	*2.2%*	*2.2%*	
Alarms	**42.6**	**45.6**	**6.9%**
% of total	*4.5%*	*4.3%*	
Total sales	**946.9**	**1,070.9**	**13.1%**

In regard to the distribution of sales by business line, during the period from January to March 2023, Security sales have reached EUR 521.3 million with an increase of 11.1% over the same period the year before. This growth applies generally to all regions, while the positive performance of the operations in Spain, United States and Argentina are worthy of mention. Both Spain and the United States reflect the high acceptance of technological security solutions - now known as ‘Hybrid Security’ - that Prosegur has been promoting on the market since the pandemic. And in the case of Argentina, in addition to the customary growth of new sales on the market, the transfer of trade union agreements’ increases to the market accelerated successfully, the majority of which took place during the first quarter of the year.

Cybersecurity sales have decreased by 8.8% to EUR 3.4 million.

Cash sales increased by 16.2% to EUR 477.0 million, as a result of the full recovery of the activity and the favourable acceptance of the new products, leading to the steady growth of the business in all regions.

Alarm sales increased by 6.9%, reaching EUR 45.6 million.

AVOS sales increased by 13.9% to EUR 23.6 million.

b) Operating profit/(loss)

The adjusted EBITA for the first quarter of 2023 amounted to EUR 73.6 million, an increase of 22.7% on the same period in 2022 when the figure was EUR 60.0 million. This is the result of the steady growth of the Prosegur CASH business due to the full recovery of the activity, the transfer in the commercial flow of impacts arising as a result of inflationary pressures, and the positive performance of the New Products.

In addition, the rest of the business areas have also experienced improvements to their respective returns, supported by the advantages of operating leverage efficiencies that generate increased sale volumes but also, in the case of Security and AVOS, by the increased penetration of technology-based services that allow greater scalability of the investments and, therefore, greater profitability as the density of clients on the same infrastructure increases.

The adjusted EBITA margin on sales in the period from January to March 2022 was 6.3%, compared to 6.9% in 2023.

c) Financial profit/(loss)

The net financial expenses of Prosegur in the period from January to March of 2023 have reached EUR 29.5 million compared to EUR 15.3 million in the same period in 2022, which translates into an increase of EUR 14.2 million. The main changes in financial expenses were as follows:

- The net financial expenses from interest payments in the period from January to March 2023 were EUR 9.5 million, compared to EUR 7,9 million in 2022, representing an increase of EUR 1.6 million.

- Net financial expenses from exchange rate differences came to EUR 20.0 million in the period from January to March 2023, compared to EUR 7.4 million in 2022, representing an increased expense of EUR 12.6 million.

d) Net profit/(loss)

Net consolidated profit/(loss) in the period from January to March 2023 was EUR 12.7 million, compared to EUR 10.6 million for the same period in 2022, an increase of 19.8%, due mainly to the full recovery of the activity and to the improved profitability of all businesses.

The effective tax rate was 55.7% in the first quarter of 2023, compared to 61.2% in the first quarter of 2022, a decrease of 5.5 percentage points.

2. Significant events and transactions

Significant events

On 8 February 2023 Prosegur Compañía de Seguridad cancelled and repaid uncovered bonds amounting to EUR 700,000 thousand of principal, which matured on that date. The bonds traded in the secondary market, in the Irish Stock Exchange, and accrued an annual coupon of 1.00%, payable at the end of each year.

3. Consolidated financial information

The consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable at 31 March 2023. Such accounting standards have been applied both to financial years 2023 and 2022.

The treatment of Argentina as a hyperinflationary economy should be taken into account in order to understand the consolidated financial statements. The financial statements of the Argentine subsidiaries whose functional currency is the Argentine peso have been re-stated in terms of the current unit of measurement at the closing date of March 2023 and December 2022 before being included in the consolidated financial statements.

Million of euros

CONSOLIDATED BALANCE SHEET	31/12/2022	31/03/2023
Non current assets	**2,553.1**	**2,586.7**
Property, plant and equipment	655.8	659.2
Rights of use	112.9	114.7
Goodwill	696.8	706.4
Intangible assets	408.5	407.1
Property investment	64.8	58.5
Investments accounted for using the equity method	256.7	256.1
Non-current financial assets	220.0	248.0
Deferred tax assets	137.7	136.6
Current assets	**2,277.4**	**1,871.5**
Inventories	86.9	96.6
Debtors	891.6	954.5
Non current assets held for sale	121.4	94.9
Cash, cash equivalents and other financial assets	1,177.4	725.5
ASSETS	**4,830.5**	**4,458.2**
Equity	**790.3**	**860.2**
Share capital	32.7	32.7
Own shares	(30.2)	(29.7)
Retained earnings and other reserves	753.6	816.9
Non-controlling interests	34.2	40.3
Non-Current Liabilities	**1,965.4**	**2,106.5**
Financial liabilities	1,510.6	1,655.5
Non-current lease liabilities	90.2	90.1
Other non-current liabilities	364.5	360.9
Current Liabilities	**2,074.8**	**1,491.5**
Financial liabilities	998.8	473.0
Lease liabilities	38.7	40.7
Current assets held for sale	82.6	57.9
Trade and other payables	903.2	853.1
Other current liabilities	51.5	66.8
EQUITY AND LIABILITIES	**4,830.5**	**4,458.2**

The main variations in the consolidated balance sheet at 31 March 2023 compared to the close of financial year 2022 are summarised as follows:

a) Property, plant and equipment

Investments made in property, plant and equipment during the period from January to March 2023 have amounted to EUR 40.6 million.

b) Goodwill

During the quarter of 2023 no goodwill impairment losses were recorded.

c) Other non-current assets

Changes in non-current financial assets from January-March 2023 were mainly the result of the changes in the fair value of the shares in Telefónica, S.A. received as consideration for the sale of the 50% stake in the Alarms business in Spain in 2020.

d) Non-current assets held for sale

As a result of the fact that on 28 July 2022 Prosegur Australia Holding Pty, fully owned by Prosegur Cash, executed an agreement with Linfox Proprietary Limited (Linfox) to merge the cash transportation and management and ATM businesses of Prosegur Australia and Linfox Armaguard Pty Ltd, the assets and liabilities associated with PTY Limited and Precinct Hub Pty Limited are classified as held for sale at 31 March 2023.

The closing of the Transaction is conditioned upon the attainment, inter alia, of the corresponding regulatory authorisations, specifically the authorisation of the Australian Competition and Consumer Commission.

e) Equity

The changes in net equity from January to March 2023 arose as a result of net profit in the period, the reserve for cumulative translation differences, changes in the fair value of the equity instruments and the acquisition of own shares.

f) Net Debt

Prosegur calculates net debt as total bank borrowings (current and non-current) with credit institutions, minus cash and cash equivalents, and minus other current financial assets.

Net debt at 31 March 2023, excluding the effect of lease liabilities and including the fair value of Telefónica, S.A. shares, amounted to EUR 1,005.6 million, an increase of EUR 67.1 million on the figure at 31 December 2022 (EUR 938.5 million).

At 31 March 2023, the total net debt/annualised EBITDA ratio stood at 2.3 and the total net debt/shareholder equity ratio was 1.3. In both cases and in order to be comparable, this includes the debt associated with the application of IFRS 16 and the fair value of Telefónica, S.A. shares.

At 31 March 2023, financial liabilities correspond mainly to:

- Issue of uncovered bonds in April 2022 due in April 2029 for an amount of EUR 507 million (including interest).

- Issue of uncovered bonds via the subsidiary Prosegur Cash S.A., due in February 2026 for an amount of EUR 599 million (including interest).

- Prosegur, through its subsidiary Prosegur Australia Investments PTY Limited, contracted a syndicated credit financing operation as of April 2020, amounting to AUD 70 million over three years. The first maturity date was in the first half of 2021 in an amount of AUD 10 million. The second maturity was in the first half of 2022 for AUD 10 million. The third maturity will be in the second quarter of 2023 for AUD 50 million. At 31 March 2023, the drawn down capital corresponding to the loan amounts to AUD 50 million (at 31 March 2023 equivalent to: EUR 30.7 million).

- Syndicated financing agreement through the subsidiary Prosegur Cash, S.A. as a credit facility arranged in 2017, maturing February 2026 for the amount of EUR 140 million.

- Syndicated financing agreement as a credit facility, arranged in 2017, maturing in February 2026, for the amount of EUR 95 million.

- By means of its subsidiary in Peru, Prosegur Compañía de Seguridad, S.A. arranged a financing transaction in the amount of PEN 300 million to mature in 5 years. At 31 March 2023, drawn capital amounted to PEN 195 million (equivalent to: EUR 47.7 million).

- On 27 October 2021, Prosegur Compañía de Seguridad contracted a financing transaction with the European Investment Bank (EIB) with the aim of promoting investment in innovation, digital transformation and sustainability. The financing amounts to EUR 57.5 million with a term of 6 years. At 31 March 2023, the balance drawn down amounted to EUR 50 million.

- On 30 May 2022, Prosegur arranged a credit financing facility for EUR 100 million for a three-year term. At 31 March 2023 the balance drawn down amounted to EUR 100 million.

The following is the total net cash flow generated in the period from January to March 2023:

Million euros	
CONSOLIDATED CASH FLOW	**31/03/2023**
EBITDA	117.4
Adjustments to profit or loss	(12.8)
Income tax	(22.6)
Change in working capital	(68.4)
Interest payments	(10.9)
OPERATING CASH FLOW	**2.7**
Acquisition of Property, plant and equipment	(40.6)
Payments acquisition of subsidiaries	(9.3)
Dividend payments	(4.0)
Acquisition of treasury stock and other cash inflows/outflows	(29.1)
CASH FLOW FROM INVESTMENT / FINANCING	**(83.0)**
TOTAL NET CASH FLOW	**(80.3)**
INITIAL NET DEBT (31/12/2022)	**(1,106.5)**
Net (Decrease) / Increase in cash and cash equivalents	(80.3)
Exchange rate effect	(15.5)
NET DEBT AT THE END OF THE PERIOD (31/03/2023)	**(1,202.3)**
Financial investments	196.7
ADJUSTED NET DEBT AT THE END OF THE PERIOD (31/03/2023)	**(1,005.6)**

4. 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 Accounting 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 (excluding the short-term lease 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, payables and receivables and cash.
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 Group calculates inorganic growth for a period as the sum of the revenue of the companies acquired minus disinvestments. The income from these companies is considered inorganic for 12 months following their acquisition date.	Inorganic growth provides the growth experienced by the company through new acquisitions or divestments
Exchange rate effect	The Group calculates the exchange rate effect as the difference between the revenue for the current year less the revenue for the current year using the exchange rate of the previous year.	The exchange rate effect provides the impact of currencies on the revenue of the company.
Cash flow translation rate	The Group calculates the cash translation rate as the difference between EBITDA less the CAPEX on EBITDA.	The cash flow conversion rate provides the cash generation of the Company.
Gross Financial Debt	The Group calculates gross financial debt as all financial liabilities minus other non-bank debts corresponding to deferred payments for M&A acquisitions.	Gross financial debt reflects gross financial debt without including other non-bank debt corresponding to deferred payments for M&A acquisitions
Cash availability	The Group calculates cash availability as the sum of cash and other cash equivalents, other short-term financial assets, and any short- and long-term undrawn credit facilities.	Cash availability reflects available cash as well as potential cash available through undrawn credit facilities.
Net Financial Debt	The Group calculates net 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.
Adjusted EBITA	Adjusted EBITDA is calculated on the basis of the consolidated profit/(loss) for the period without including the profit/(loss) after taxes from discontinued operations, income taxes, financial income or costs, and adjusting the impairment losses on goodwill, amortisation expenses and impairment of client portfolios, trademarks and other intangible assets.	The adjusted EBITA provides an analysis of earnings before interest, taxes and depreciation, and impairment of intangible assets (except computer software).
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 cost of repayment or impairment of fixed assets, but including impairment of property, plant and equipment due to its inmateriality.	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 therefore of limited interest for investors.
Adjusted EBITA margin	The adjusted EBITA margin is calculated by dividing adjusted EBITA of the company by the total figure of revenue.	The adjusted EBITA Margin provides the profitability obtained prior to depreciation and impairment of intangible assets (except computer software) of the total revenue accrued.
Leverage ratio	The Group calculates the leverage ratio as net financial debt divided by total capital. Net financial debt is calculated as detailed above. Total capital is the sum of equity plus net financial debt.	The leverage ratio provides the weight of the net financial debt over all of the Company's own and third-party financing, shedding light on its financing structure.
Ratio of net financial debt to equity	The Group calculates the ratio of net financial debt to shareholder equity by dividing the net financial debt to shareholder equity as they appear in the Statement of Financial Position.	The ratio of net financial debt to shareholder equity offers the ratio of the Company's net financial debt to its equity.
Ratio of financial debt to EBITDA	The Group calculates the ratio of net financial debt to shareholder equity dividing the net financial debt to EBITDA generated over the last 12 months.	The ratio of net financial debt to EBITDA offers the ratio of the Company's net financial debt to its EBITDA, thus reflecting its payment capacity.

Working capital (in millions of Euros)	31.12.2022	31.03.2023
Inventories	86.9	96.6
Clients and other receivables	811.4	875.9
Current tax assets	80.2	78.7
Cash and cash equivalents	1,166.2	722.2
Other current financial assets	11.3	3.4
Non-current assets held for sale	121.4	94.9
Deferred tax asset	137.7	136.6
Suppliers and other payables	(753.8)	(700.1)
Current tax liabilities	(149.3)	(152.8)
Current financial liabilities	(998.8)	(473.0)
Other current liabilities	(51.5)	(66.8)
Deferred tax liabilities	(112.6)	(101.8)
Provisions	(217.4)	(225.0)
Liabilities associated with non-current assets held for sale	(82.6)	(57.9)
Total Working Capital	**49.1**	**230.9**

Organic growth (in millions of Euros)	31.03.2022	31.03.2023
Revenue current year	946.9	1,070.9
Less: revenue previous year	803.2	946.9
Less: inorganic growth	13.2	20.9
Exchange rate effect	2.3	(120.4)
Total Organic Growth	**128.3**	**223.5**

Inorganic growth (in millions of Euros)	31.03.2022	31.03.2023
Cash LatAm	17.7	1.2
Cash Europe	1.2	19.4
Cash ROW	-	0.3
AVOS LatAm	4.1	-
Security ROW	1.1	-
Disinvestments	(10.8)	-
Total Inorganic Growth	**13.2**	**20.9**

Exchange rate effect (in millions of Euros)	31.03.2022	31.03.2023
Revenue current year	946.9	1,070.9
Less: revenue from the year underway at the exchange rate of the previous year	944.6	1,191.3
Exchange rate effect	**2.3**	**(120.4)**

Cash flow translation rate (in millions of Euros)	31.03.2022	31.03.2023
EBITDA	102.5	117.4
CAPEX	24.3	40.6
Cash flow translation rate (EBITDA - CAPEX / EBITDA)	**76%**	**65%**

Gross financial debt (in millions of Euros)	31.12.2022	31.03.2023
Debentures and other negotiable securities	1,814.8	1,106.0
Bank borrowings	479.0	585.4
Credit accounts	47.9	274.9
Gross financial debt	**2,341.7**	**1,966.3**

Cash availability (in millions of Euros)	31.12.2022	31.03.2023
Cash and cash equivalents	1,166.2	722.2
Other current financial assets	11.3	3.4
Long-term credit availability	407.5	272.5
Short-term undrawn credit facilities	210.3	206.4
Cash availability	**1,795.3**	**1,204.5**

Net financial debt (in millions of Euros)	31.12.2022	31.03.2023
Financial liabilities	2,509.4	2,128.4
Plus: Finance lease liabilities excluding subleasing	118.9	121.6
Adjusted financial liabilities (A)	2,628.3	2,250.0
Cash and cash equivalents	*(1,166.2)*	*(722.2)*
Net debt associated with non-current assets held for sale	*(66.6)*	*(37.7)*
Less: adjusted cash and cash equivalents (B)	(1,232.8)	(759.9)
Less: other current financial assets (C)	-	-
Total Net Financial Debt (A+B+C)	**1,395.5**	**1,490.1**
Less: other non-bank borrowings (D)	(167.8)	(162.0)
Less: Finance lease liabilities excluding subleasing (E)	(118.9)	(121.6)
Less: Debt from lease payments and other non-bank borrowings associated with non-current assets held for sale (F)	(2.3)	(4.2)
Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A and financial debt from lease payments) (A+B+C+D+E+F)	**1,106.5**	**1,202.3**
Minus: equity instruments of listed companies (G)	(168.0)	(196.7)
Total Net Financial Debt (excluding other non-bank borrowings referring to deferred M&A payments, financial debt from lease payments and including the value of equity instruments of listed companies) (A+B+C+D+E+F+G)	**938.5**	**1,005.6**

Adjusted EBITA (in millions of Euros)	31.03.2022	31.03.2023
Consolidated profit/(loss) for the year	10.6	12.7
Non-controlling interests	3.6	2.9
Income taxes	22.4	19.7
Net financial expenses	15.3	29.5
PPE depreciation and impairment (excluding computer software)	8.1	8.8
Adjusted EBITA	**60.0**	**73.6**

EBITDA (in millions of Euros)	31.03.2022	31.03.2023
Consolidated profit/(loss) for the year	10.6	12.7
Non-controlling interests	3.6	2.9
Income taxes	22.4	19.7
Net financial expenses	15.3	29.5
Total repayments and impairment (excluding impairment of plant, property and equipment)	50.6	52.7
EBITDA	**102.5**	**117.4**

Adjusted EBITA margin (in millions of Euros)	31.03.2022	31.03.2023
Adjusted EBITA	60.0	73.6
Revenue	946.9	1,070.9
Adjusted EBITA margin	**6.3%**	**6.9%**

Leverage ratio (in millions of Euros)	31.12.2022	31.03.2023
Net financial debt (A)	938.5	1,005.6
Plus: Lease liabilities (B)	118.9	121.6
Plus: Liabilities from lease payments directly associated with non-current assets held for sale (C)	2.3	4.2
Total Net Financial Debt including lease liabilities (D=A+B+C)	**1,059.7**	**1,131.4**
Equity (E)	790.3	860.2
Total capital (F=E+D)	**1,850.0**	**1,991.6**
Leverage ratio (D/F)	**57.3%**	**56.8%**

Ratio of net financial debt to equity (in millions of Euros)	31.12.2022	31.03.2023
Equity (A)	790.3	860.2
Net financial debt including lease liabilities (B)	1,059.7	1,131.4
Ratio of net financial debt to shareholder equity (B/A)	**1.3**	**1.3**

Ratio of net financial debt to EBITDA (in millions of Euros)	31.12.2022	31.03.2023
EBITDA generated over the last 12 months (A)	468.1	483.0
Net financial debt including lease liabilities (B)	1,059.7	1,131.4
Ratio of net financial debt to EBITDA (S/A)	**2.3**	**2.3**